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l'Union européenne

Bruxelles, le 28 mars 2022  
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7662/22

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CODEC 380  
IA 33  
COMPET 186

#### NOTE DE TRANSMISSION

Origine:	Secrétariat général du Conseil
Destinataire:	Délégations
Objet:	Directive modifiant les directives 2013/34/UE, 2004/109/CE et 2006/43/CE ainsi que le règlement (UE) n°537/2014 en ce qui concerne la publication d'informations en matière de durabilité par les entreprises. - Tableau '4 colonnes'

Les délégations trouveront ci-joint le tableau '4 colonnes' de la Directive mentionnée en objet qui a été émis en vue du trilogue informel du 28 mars 2022.

**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 (Text with EEA relevance)**

**2021/0104(COD)**

**DRAFT [Avec EP amendts]**

**25-03-2022 at 14h57**

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Formula				
1	2021/0104 (COD)	2021/0104 (COD)	2021/0104 (COD)	Text Origin: Commission Proposal
Proposal Title				
2	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 (Text with EEA relevance)	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 (Text with EEA relevance)	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 (Text with EEA relevance)	Text Origin: Commission Proposal
Formula				
3	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,	Text Origin: Commission Proposal

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Citation 1				
4	Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 50 and 114 thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 50 and 114 thereof,	Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 50 and 114 thereof,	Text Origin: Commission Proposal
Citation 2				
5	Having regard to the proposal from the European Commission,	Having regard to the proposal from the European Commission,	Having regard to the proposal from the European Commission,	
Citation 3				
6	After transmission of the draft legislative act to the national parliaments,	After transmission of the draft legislative act to the national parliaments,	After transmission of the draft legislative act to the national parliaments,	
Citation 4				
7	Having regard to the opinion of the European Central Bank,	Having regard to the opinion of the European Central Bank,		
Citation 5				
8	Having regard to the opinion of the European Economic and Social Committee <sup>1</sup> ,  1. OJ C [...], [...], p. [...].	Having regard to the opinion of the European Economic and Social Committee <sup>1</sup> ,  1. OJ C [...], [...], p. [...].	Having regard to the opinion of the European Economic and Social Committee <sup>1</sup> ,  1. OJ C [...], [...], p. [...].	
Citation 6				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
9	Acting in accordance with the ordinary legislative procedure,	Acting in accordance with the ordinary legislative procedure,	Acting in accordance with the ordinary legislative procedure,	
Formula				
10	Whereas:	Whereas:	Whereas:	
Recital 1				
11	<p>(1) In its communication on the European Green Deal adopted on 11 December 2019<sup>1</sup>, 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.<sup>2</sup> 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</p>	<p>(1) <u>(1)</u> In its communication on the European Green Deal adopted on 11 December 2019<sup>30</sup>, 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.<sup>31</sup> 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</p>	<p>(1) In its communication on the European Green Deal adopted on 11 December 2019<sup>1</sup>, 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 <del>Commission</del><sup>2</sup> <b>Council</b>. 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</p>	



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	<p>transition to a sustainable economic system. It will contribute to the objective of building an economy that works for the people, strengthening the EU's social market economy, helping to ensure that it is future-ready and that it delivers stability, jobs, growth and investment. These goals are especially important considering the socio-economic damage caused by the COVID-19 pandemic and the need for a sustainable, inclusive and fair recovery. In its proposal of 4 March 2020 for a European Climate Law, the European Commission proposed to make the objective of climate neutrality by 2050 binding in the Union.<sup>3</sup></p> <p>1. COM(2019) 640 final. 2. 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). 3. Proposal for a Regulation of the European Parliament and of the Council establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (European Climate Law) [2020/0036 (COD)]</p>	<p>transition to a sustainable economic system <u>so that no person and no place is left behind</u>. 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 <u>sustainable</u> 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.<sup>332</sup></p> <p><del>1. COM(2019) 640 final. 2. 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). 3. Proposal for a Regulation of the European Parliament and of the Council establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (European Climate Law) [2020/0036 (COD)]</del></p>	<p>participate in a socially just transition to a sustainable economic system. It will contribute to the objective of building an economy that works for the people, strengthening the EU's social market economy, helping to ensure that it is future-ready and that it delivers stability, jobs, growth and investment. These goals are especially important considering the socio-economic damage caused by the COVID-19 pandemic and the need for a sustainable, inclusive and fair recovery. In its proposal of 4 March 2020 for a European Climate Law, the European Commission proposed to make the objective of climate neutrality by 2050 binding in the Union<sup>3</sup>.<sup>3</sup> <b>Moreover, in its Biodiversity Strategy for 2030, the European Commission commits to ensure that by 2050 all of the world's ecosystems are restored, resilient, and adequately protected. This strategy aims to put Europe's biodiversity on a path to recovery by 2030.</b></p> <p>1. [1] COM(2019) 640 final. 2. [2] 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</p>	

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			Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19). 3. [3] Proposal for a Regulation of the European Parliament and of the Council establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (European Climate Law) [2020/0036 (COD)]	
Recital 2				
12	(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 activity <sup>1</sup> . The disclosure by undertakings of relevant, comparable and reliable sustainability information is a prerequisite for meeting those objectives. The European Parliament and the Council adopted a number of legislative acts as part of the implementation of the Action Plan on Financing Sustainable Growth. Regulation (EU) 2019/2088 of the European Parliament and of the Council <sup>2</sup> governs how financial	(2) <u>(2)</u> 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 activity <sup>433</sup> . The disclosure by <u>certain categories of</u> undertakings of relevant, comparable and reliable sustainability information is a prerequisite for meeting those objectives. <u>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</u>	(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 activity <sup>1</sup> . The disclosure by undertakings of relevant, comparable and reliable sustainability information is a prerequisite for meeting those objectives. The European Parliament and the Council adopted a number of legislative acts as part of the implementation of the Action Plan on Financing Sustainable Growth. Regulation (EU) 2019/2088 of the European Parliament and of the Council <sup>2</sup> governs how financial	

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	<p>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 Council<sup>3</sup> 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<sup>4</sup>, complemented by Commission Delegated Regulations (EU) 2020/1816<sup>5</sup>, (EU) 2020/1817<sup>6</sup> and (EU) 2020/1818<sup>7</sup>, 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<sup>8</sup> 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</p>	<p><u>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.</u> 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 Council<sup>34</sup> 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 Council<sup>35</sup> 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<sup>436</sup>, complemented by Commission Delegated Regulations (EU) 2020/1816<sup>537</sup>, (EU) 2020/1817<sup>638</sup> and (EU) 2020/1818<sup>739</sup>, introduces environmental, social and governance ('ESG') disclosure requirements for benchmarks administrators and minimum</p>	<p>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 Council<sup>3</sup> 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<sup>4</sup>, complemented by Commission Delegated Regulations (EU) 2020/1816<sup>5</sup>, (EU) 2020/1817<sup>6</sup> and (EU) 2020/1818<sup>7</sup>, 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<sup>8</sup> 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</p>	

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	<p>Parliament and of the Council<sup>9</sup> and Directive (EU) 2019/2034 of the European Parliament and of the Council<sup>10</sup> 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.</p> <p>1. COM(2018) 97 final.  2. Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability- related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).  3. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).  4. Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks (OJ L 317, 9.12.2019, p. 17).  5. Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing</p>	<p>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<sup>40</sup> 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<sup>41</sup> and Directive (EU) 2019/2034 of the European Parliament and of the Council<sup>42</sup> 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.</p> <p><del>1. COM(2018) 97 final.  2. Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability- related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).  3. Regulation (EU) 2020/852 of the</del></p>	<p>Parliament and of the Council<sup>9</sup> and Directive (EU) 2019/2034 of the European Parliament and of the Council<sup>10</sup> 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.</p> <p>1. COM(2018) 97 final.  2. Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability- related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).  3. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).  4. Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks (OJ L 317, 9.12.2019, p. 17).  5. Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing</p>	

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	<p>Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).</p> <p>6. Commission Delegated Regulation (EU) 2020/1817 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation on how environmental, social and governance factors are reflected in the benchmark methodology (OJ L 406, 3.12.2020, p. 12).</p> <p>7. Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).</p> <p>8. Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).</p> <p>9. Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 5.12.2019, p. 1).</p> <p>10. Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 5.12.2019, p. 64).</p>	<p><i>European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).</i></p> <p><i>4. Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks (OJ L 317, 9.12.2019, p. 17).</i></p> <p><i>5. Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).</i></p> <p><i>6. Commission Delegated Regulation (EU) 2020/1817 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation on how environmental, social and governance factors are reflected in the benchmark methodology (OJ L 406, 3.12.2020, p. 12).</i></p> <p><i>7. Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).</i></p> <p><i>8. Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).</i></p>	<p>Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).</p> <p>6. Commission Delegated Regulation (EU) 2020/1817 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation on how environmental, social and governance factors are reflected in the benchmark methodology (OJ L 406, 3.12.2020, p. 12).</p> <p>7. Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).</p> <p>8. Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).</p> <p>9. Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 5.12.2019, p. 1).</p> <p>10. Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 5.12.2019, p. 64).</p>	

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		<p><i>9. Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 5.12.2019, p. 1).</i></p> <p><i>10. Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 5.12.2019, p. 64).</i></p>		
Recital 2a				
12a		<p><u>(2a) (2 a) Diversity on company boards might have an influence on decision making, corporate governance and resilience.</u></p>		
Recital 3				
13	<p>(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.</p>	<p>(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.</p>	<p>(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.</p>	



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Recital 4				
14	<p>(4) In its resolution on sustainable finance of 29 May 2018<sup>1</sup>, 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<sup>2</sup>, 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.</p> <p><sup>1</sup>. 2018/2007(INI). <sup>2</sup>. A9-0240/2020 (INI).</p>	<p>(4) In its resolution on sustainable finance of 29 May 2018<sup>1</sup>, 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<sup>2</sup>, 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.</p> <p><sup>1</sup>. 2018/2007(INI). <sup>2</sup>. A9-0240/2020 (INI).</p>	<p>(4) In its resolution on sustainable finance of 29 May 2018<sup>1</sup>, 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<sup>2</sup>, 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.</p> <p><sup>1</sup>. [1] 2018/2007(INI). <sup>2</sup>. [2] A9-0240/2020 (INI).</p>	
Recital 5				
15	<p>(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</p>	<p>(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</p>	<p>(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</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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.<sup>1</sup> 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.<sup>2</sup></p> <p>1. COM(2016) 739 final 2. Council conclusions "A sustainable European future: The EU response to the 2030 Agenda for Sustainable Development", 20 June 2017.</p>	<p>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.<sup>1</sup> 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.<sup>2</sup></p> <p>1. COM(2016) 739 final 2. Council conclusions "A sustainable European future: The EU response to the 2030 Agenda for Sustainable Development", 20 June 2017.</p>	<p>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.<sup>1</sup> 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<sup>2, 3</sup>.</p> <p>1. [1] COM(2016) 739 final 2. [2] Council conclusions "A sustainable European future: The EU response to the 2030 Agenda for Sustainable Development", 20 June 2017.</p>	
Recital 6				
16	<p>(6) Directive 2014/95/EU of the European Parliament and the Council<sup>1</sup> amended Directive 2013/34/EU as regards disclosure of non-financial information by certain</p>	<p>(6) Directive 2014/95/EU of the European Parliament and the Council<sup>1</sup> amended Directive 2013/34/EU as regards disclosure of non-financial information by certain</p>	<p>(6) Directive 2014/95/EU of the European Parliament and the Council<sup>1</sup> amended Directive 2013/34/EU as regards disclosure of non-financial information by certain</p>	



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	<p>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.</p> <p>1. 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).</p>	<p>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.</p> <p>1. 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).</p>	<p>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.</p> <p>1. <b>[1]</b> 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).</p>	
<b>Recital 7</b>				
17	<p>(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</p>	<p>(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</p>	<p>(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</p>	

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	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.	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.	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.	
Recital 8				
18	(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-	(8) <u>(8)</u> The ultimate beneficiaries of better sustainability reporting by undertakings are <u>public authorities, individual citizens, including workers, and savers, trade unions and workers’ representatives to be adequately informed, and thereby to better engage in social dialogue</u> . Savers who want to invest <u>ethically and</u> 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 <del>two</del> <u>three</u> primary groups (‘users’). The first group of users consists of <u>policymakers and public authorities. The second group of users consists of</u> investors,	(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-	

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	<p>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.</p>	<p>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 <del>second</del><u>third</u> group of users consists of <del>organisations</del><u>civil society actors</u>, including non-governmental organisations and social partners, that wish to better hold undertakings to account for their impacts on people and the environment <u>or in the case of worker's representatives wish to take part in the design of those reports</u>. Other stakeholders may also make use of sustainability information disclosed in annual reports, <u>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</u>. 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</p>	<p>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.</p>	

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		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.		
Recital 8a				
18a		<u>(8a) (8a) The market for sustainability information is rapidly growing, and the role of data providers is gaining in importance with the new obligations that investors and asset managers need to fulfil. With the increased availability of disaggregated data, sustainability information should come at a more reasonable cost. The amended Directive 2013/34 is expected to increase the comparability of data and harmonise standards. It is expected that the practices of data providers should converge and that expertise will grow in this area, with a vast potential for job creation. In the event that the review of this</u>		

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		<u><i>Directive concludes that the practices of data providers remain fragmented, rules should be introduced in order to further standardise those practices and increase their reliability.</i></u>		
Recital 9				
19	(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	(9) <u>(9)</u> There has been a very significant increase in demand for corporate sustainability information in recent years, especially on the part of the investment community <u>and civil society</u> . 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 <del>of</del> <u>is also growing on</u> the risks <u>and opportunities</u> to undertakings and to investments resulting from other environmental <u>and climate</u> issues and from <u>health and</u> social issues, including <del>health issues, is also growing on</del> <u>child and forced labour</u> . 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 <u>and</u>	(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, <b>such as biodiversity loss</b> , 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	

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	<p>Regulation (EU) 2019/2088 and Regulation (EU) 2020/852. Some of the increase would have happened in any case, due to fast-changing citizen awareness, consumer preferences and market practices. The COVID-19 pandemic will further accelerate the increase in users' information needs, in particular as it has exposed the vulnerabilities of workers and of undertaking's value chains. Information on environmental impacts is also relevant in the context of mitigating future pandemics with human disturbance of ecosystems increasingly linked to the occurrence and spread of diseases.</p>	<p><u>to ensure coherence with the ambition of the Paris Agreement, Convention on Biological diversity and Union policies.</u> Part of that increase is the logical consequence of previously adopted Union legislation, notably Regulation (EU) 2019/2088 and Regulation (EU) 2020/852. Some of the increase would have happened in any case, due to fast-changing citizen awareness, consumer preferences and market practices. The COVID-19 pandemic will further accelerate the increase in users' information needs, in particular as it has exposed the vulnerabilities of workers and of undertaking's value chains. Information on environmental impacts is also relevant in the context of mitigating future pandemics with human disturbance of ecosystems increasingly linked to the occurrence and spread of diseases.</p>	<p>Union legislation, notably Regulation (EU) 2019/2088 and Regulation (EU) 2020/852. Some of the increase would have happened in any case, due to fast-changing citizen awareness, consumer preferences and market practices. The COVID-19 pandemic will further accelerate the increase in users' information needs, in particular as it has exposed the vulnerabilities of workers and of undertaking's value chains. Information on environmental impacts is also relevant in the context of mitigating future pandemics with human disturbance of ecosystems increasingly linked to the occurrence and spread of diseases.</p>	
Recital 9a				
19a		<p><u>(9a) (9c) Legislative bodies should provide legal certainty. Undertakings, customers and trade unions, among others, should be allowed to agree upon guidelines that might support the application of this Directive.</u></p>		

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Recital 10				
20	(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.	(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.	(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. <b>Moreover, a consistent basis for sustainability reporting by undertakings in the form of reporting standards should provide for the relevant and sufficient information and thus significantly decrease ad hoc requests for information.</b>	
Recital 10a				
20a		<u>(10a) (9c) Legislative bodies should provide legal certainty.</u>		

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		<u>Undertakings, customers and trade unions, among others, should be allowed to agree upon guidelines that might support the application of this Directive.</u>		
Recital 11				
21	<p>(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<sup>1</sup>. There is significant evidence that many undertakings do not disclose material information on all major sustainability-related topics. The report also identified as significant problems the limited comparability and reliability of sustainability information. Additionally, many undertakings from which users need sustainability information are not obliged to report such information.</p> <p><sup>1</sup>. Publication office: please insert reference to Report from the Commission to the European Parliament, the Council and the European Economic and Social Committee on the review clauses in Directives 2013/34/EU, 2014/95/EU, and 2013/50/EU, and accompanying SWD- Fitness Check.</p>	<p>(11) <u>(11)</u> 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<sup>148</sup>. There is significant evidence that many undertakings do not disclose material information on all major sustainability-related topics, <u>especially climate-related information including all green-house gas emission and factors that affect biodiversity</u>. 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 <u>which underlines the need for a robust and affordable monitoring, reporting and verification framework and effective auditing within corporate sustainability reporting to ensure</u></p>	<p>(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<sup>1</sup>. There is significant evidence that many undertakings do not disclose material information on all major sustainability-related topics. The report also identified as significant problems the limited comparability and reliability of sustainability information. Additionally, many undertakings from which users need sustainability information are not obliged to report such information.</p> <p><sup>1</sup>. [1] Publication office: please insert reference to Report from the Commission to the European Parliament, the Council and the European Economic and Social Committee on the review clauses in Directives 2013/34/EU, 2014/95/EU, and 2013/50/EU, and accompanying SWD- Fitness Check.</p>	



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		<p><u><a href="#">the reliability of data and avoid greenwashing and/or double accounting.</a></u></p> <p><del><i>1. Publication office: please insert reference to Report from the Commission to the European Parliament, the Council and the European Economic and Social Committee on the review clauses in Directives 2013/34/EU, 2014/95/EU, and 2013/50/EU, and accompanying SWD – Fitness Check.</i></del></p>		
Recital 12				
22	<p>(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</p>	<p>(12) <u>(12)</u> 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</p>	<p>(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</p>	

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	<p>undertakings and economic activities that address and do not exacerbate social and environmental problems, which undermines the objectives of the European Green Deal and the Action Plan on Financing Sustainable Growth. Non-governmental organisations, social partners, communities affected by undertakings' activities, and other stakeholders are less able to hold undertakings accountable for their impacts on people and the environment. 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.</p>	<p>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 <u>and the objectives of the Paris agreement</u>. 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 <u>and the climate</u>. 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. <u>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.</u></p>	<p>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.</p> <p>Non-governmental organisations, social partners, communities affected by undertakings' activities, and other stakeholders are less able to hold undertakings accountable for their impacts on people and the environment. This creates an accountability deficit, and may contribute to lower levels of citizen trust in businesses, which in turn may have negative impacts on the efficient functioning of the social market economy. The lack of generally accepted metrics and methods for measuring, valuing, and managing sustainability-related risks is also an obstacle to the efforts of undertakings to ensure that their business models and activities are sustainable.</p>	

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Recital 13				
23	(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.	(13) <u>(13)</u> 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, <del>ongoing expectations on undertakings to use</del> 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.	(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 <del>information</del> requests for <del>information</del> <b>STTI</b> 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.	
Recital 14				
24	(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	(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	(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	

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	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.	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.	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.	
Recital 15				
25	(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	(15) <u>(15)</u> 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 <del>and all undertakings listed on regulated markets, except micro undertakings,</del> to report detailed sustainability	(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	

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	information. In addition, all undertakings that are parent undertakings of large groups should prepare sustainability reporting at group level.	information. In addition, all undertakings that are parent undertakings of large groups should prepare sustainability reporting at group level.	information. <b>Articles 19a and 29a explicitly set out the scope of the reporting requirements with reference to Articles 2 and 3 of Directive 2013/34/EU. Therefore, Articles 19a and 29a do not ‘simplify’ or ‘modify’ another requirement and the restriction of exemptions for public-interest entities in Article 40 of Directive 2013/34/EU does not apply. In particular, public-interest entities should not be treated as large undertakings for the purposes of the reporting obligations of Articles 19a and 29a, i.e. small and medium sized public-interest entities should be allowed to report according to the simplified SME sustainability reporting standards.</b> In addition, all undertakings that are parent undertakings of large groups should prepare sustainability reporting at group level.	
Recital 16				
26	(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	(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	(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	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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.	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.	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.	
Recital 17				
27	(17) The requirement that undertakings not established in the Union but with securities listed on regulated markets should also disclose information on sustainability matters responds to the needs of financial market participants for information from such undertakings in order to understand the risks and impacts of their investments, and to comply with the disclosure requirements laid down in Regulation (EU) 2019/2088.	(17) The requirement that undertakings not established in the Union but with securities listed on regulated markets should also disclose information on sustainability matters responds to the needs of financial market participants for information from such undertakings in order to understand the risks and impacts of their investments, and to comply with the disclosure requirements laid down in Regulation (EU) 2019/2088.	(17) The requirement that undertakings not established in the Union but with securities listed on regulated markets should also disclose information on sustainability matters responds to the needs of financial market participants for information from such undertakings in order to understand the risks and impacts of their investments, and to comply with the disclosure requirements laid down in Regulation (EU) 2019/2088.	
Recital 17a				
27a		<u>(17a) (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</u>		

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		<u><i>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.</i></u>		
Recital 18				
28	(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	(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	(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	

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	<p>also necessary to ensure that financial market participants have the information they need from investee undertakings to be able to comply with their own sustainability disclosure requirements laid down in Regulation (EU) 2019/2088. SMEs listed on regulated markets should, however, be provided with sufficient time to prepare for the application of the requirement to report sustainability information, due to their smaller size and more limited resources, and taking account of the difficult economic circumstances created by the COVID-19 pandemic. They should also be given the possibility to report according to standards that are proportionate to the capacities and resources of SMEs. Non-listed SMEs can also choose to use these proportionate standards on a voluntary basis. The SME standards will set a reference for undertakings that are within the scope of the Directive regarding the level of sustainability information that they could reasonably request from SME suppliers and clients in their value chains.</p>	<p>also necessary to ensure that financial market participants have the information they need from investee undertakings to be able to comply with their own sustainability disclosure requirements laid down in Regulation (EU) 2019/2088. SMEs listed on regulated markets should, however, be provided with sufficient time to prepare for the application of the requirement to report sustainability information, due to their smaller size and more limited resources, and taking account of the difficult economic circumstances created by the COVID-19 pandemic. They should also be given the possibility to report according to standards that are proportionate to the capacities and resources of SMEs. Non-listed SMEs can also choose to use these proportionate standards on a voluntary basis. The SME standards will set a reference for undertakings that are within the scope of the Directive regarding the level of sustainability information that they could reasonably request from SME suppliers and clients in their value chains.</p>	<p>also necessary to ensure that financial market participants have the information they need from investee undertakings to be able to comply with their own sustainability disclosure requirements laid down in Regulation (EU) 2019/2088. SMEs listed on regulated markets should, however, be provided with sufficient time to prepare for the application of the requirement to report sustainability information, due to their smaller size and more limited resources, and taking account of the difficult economic circumstances created by the COVID-19 pandemic. They should also be given the possibility to report according to standards that are proportionate to the capacities and resources of SMEs, <b>and relevant to the scale and complexity of their activities.</b> 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.</p>	
Recital 18a				
28a				



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>(18a) (18a) 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.</u>		
Recital 18b				
28b		<u>(18b) (18 b) 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 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.</u>		
Recital 18c				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
28c		<p><u>(18c) (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</u></p>		

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		<u><i>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.</i></u>		
Recital 19				
29	<p>(19) Directive 2004/109/EC of the European Parliament and of the Council<sup>1</sup> applies to all undertakings with securities listed on regulated markets. In order to ensure that all undertakings with securities listed on regulated markets, including third country issuers, fall under the same sustainability reporting requirements, Directive 2004/109/EC should contain the necessary cross-references to any requirement on sustainability reporting in the annual financial report.</p> <p>1. Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).</p>	<p>(19) <u>(19)</u> Directive 2004/109/EC of the European Parliament and of the Council<sup>149</sup> applies to all undertakings with securities listed on regulated markets. In order to ensure that all <u>large</u> undertakings with securities listed on regulated markets <u>or business activities in the EU internal market</u>, 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.</p> <p><del>1. Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC</del></p>	<p>(19) Directive 2004/109/EC of the European Parliament and of the Council<sup>1</sup> applies to all undertakings with securities listed on regulated markets. In order to ensure that all undertakings with securities listed on regulated markets, including third country issuers, fall under the same sustainability reporting requirements, Directive 2004/109/EC should contain the necessary cross-references to any requirement on sustainability reporting in the annual financial report.</p> <p>1. [1] Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).</p>	

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		<del>(OJ L 390, 31.12.2004, p. 38).</del>		
Recital 20				
30	<p>(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</p>	<p>(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</p>	<p>(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, <b>similar to existing Commission Regulation (EC) No 1569/2007<sup>1</sup> which sets out the criteria for the determination of equivalence of accounting standards applied by third</b></p>	

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	issuers. Those amendments will ensure consistent equivalence regimes for sustainability reporting obligations and for financial reporting obligations regarding the annual financial report.	issuers. Those amendments will ensure consistent equivalence regimes for sustainability reporting obligations and for financial reporting obligations regarding the annual financial report.	<p><b>country issuers.</b> 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 <del>third country</del> <b>third country</b> issuers. <b>The competent authority of the home Member State of a third country issuer may consider that the third country issuer is compliant with the EU sustainability reporting obligations if it reports according to equivalent sustainability reporting standards.</b> Those amendments will ensure consistent equivalence regimes for sustainability reporting obligations and for financial reporting obligations regarding the annual financial report.</p> <p>1. [1] Commission Regulation (EC) No 1569/2007 of 21 December 2007 establishing a mechanism for the determination of equivalence of accounting standards applied by third country issuers of securities pursuant to Directives 2003/71/EC and 2004/109/EC of the European Parliament and of the Council (OJ L 340, 22.12.2007, p. 66).</p>	
Recital 21				
31	(21) Articles 19a(3) and 29a(3) of Directive 2013/34/EU currently exempt all subsidiary undertakings	(21) <u>(21)</u> Articles 19a(3) and 29a(3) of Directive 2013/34/EU currently exempt all subsidiary	(21) Articles 19a(3) and 29a(3) of Directive 2013/34/EU currently exempt all subsidiary undertakings	

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	<p>from the obligation to report non-financial information where such undertakings and their subsidiary undertakings are included in the consolidated management report of their parent undertaking, provided this includes the required non-financial information. It is necessary, however to ensure that sustainability information is easily accessible for users, and to bring transparency about which is the parent undertaking of the exempted subsidiary undertaking which is reporting at consolidated level. It is therefore necessary to require those subsidiary undertakings to publish the consolidated management report of their parent undertaking and to include a reference in their management report to the fact that they are exempted from reporting sustainability information. That exemption should also apply where the parent undertaking reporting at consolidated level is a third country undertaking reporting sustainability information in accordance with the requirements of this Directive or in a manner equivalent to EU sustainability reporting standards.</p>	<p>undertakings from <del>the obligation</del> <u>obligations</u> to report <u>some</u> 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 <u>and that certain information are broken down for each consolidated entity</u>. 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 <del>sustainability information. That exemption should also apply where the parent undertaking reporting at consolidated level is a third country undertaking reporting</del> <u>some</u> sustainability information in <del>accordance with the requirements of this Directive or in a manner equivalent to EU sustainability reporting standards.</del> <u>their own</u></p>	<p>from the obligation to report non-financial information where such undertakings and their subsidiary undertakings are included in the consolidated management report of their parent undertaking, provided this includes <del>the required non-financial information. It is necessary, however to ensure that</del> <b>non-financial information reported according to EU requirements. That exemption should also apply where the parent undertaking reporting at consolidated level is a third country undertaking reporting</b> sustainability information is <del>easily accessible for users, and to bring transparency about which is the parent undertaking of the exempted subsidiary undertaking which is reporting at consolidated level. It is therefore necessary to require those subsidiary undertakings to publish the consolidated management report of their parent undertaking and to include a reference in their management report to the fact that they are exempted from reporting sustainability information. That exemption should also apply where the parent</del> <b>in accordance with equivalent sustainability reporting standards. Given that Directive 2004/109/EC would foresee appropriate mechanisms to determine the equivalence of</b></p>	

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		<p><a href="#"><u>management report.</u></a></p>	<p>sustainability reporting standards, and given that both undertakings with and without securities listed on regulated markets should be required to report according to the same sustainability reporting standards, the measures adopted pursuant to Article 23(4), first subparagraph, point (i), and Article 23(4), fourth subparagraph of Directive 2004/109/EC establishing a mechanism for the determination of equivalence of standards should be put to use for determining the exemption of subsidiary undertakings of non-EU parent undertakings under the regime of Directive 2013/34/EU. In this sense, the subsidiary undertaking reporting at consolidated level is a third country undertaking reporting sustainability reporting is drawn up in a manner equivalent to European sustainability information reporting standards, determined in accordance with the requirements of this Directive or in a manner equivalent to EU sustainability reporting standards relevant measures adopted pursuant to Article 23(4), first subparagraph, point (i), and Article 23(4), fourth subparagraph of Directive 2004/109/EC.</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Recital 22				
32	<p>(22) Article 23 of Directive 2013/34/EU exempts parent undertakings from the obligation to prepare consolidated financial statements and a consolidated management report where those undertakings are subsidiaries of another parent undertaking that complies with that obligation. It should be specified, however, that the exemption regime for consolidated financial statements and consolidated management reports operates independently from the exemption regime for consolidated sustainability reporting. An undertaking can therefore be exempted from consolidated financial reporting obligations 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.</p>	<p>(22) <u>(22)</u> 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. <del>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</del> <u>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</u> consolidated financial statements and consolidated management reports <del>in accordance with Union law, or in accordance with equivalent requirements if the undertaking is</del></p>	<p>(22) Article 23 of Directive 2013/34/EU exempts parent undertakings from the obligation to prepare consolidated financial statements and a consolidated management report where those undertakings are subsidiaries of another parent undertaking that complies with that obligation. It should be specified, however, that the exemption regime for consolidated financial statements and consolidated management reports operates independently from the exemption regime for consolidated sustainability reporting. An undertaking can therefore be exempted from consolidated financial reporting obligations 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.</p>	



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		<i>established in a third country, but does not prepare</i> <u>operates independently from the exemption regime for consolidated sustainability reporting in accordance with EU law, or in accordance with equivalent requirements if the undertaking is established in a third country.</u>		
Recital 23				
33	(23) Credit institutions and insurance undertakings play a key role in the transition towards a fully sustainable and inclusive economic and financial system in line with the European Green Deal. They can have significant positive and negative impacts via their lending, investment and underwriting activities. Credit institutions and insurance undertakings other than those that are required to comply with Directive 2013/34/EU, including cooperatives and mutual undertakings, should therefore be subject to sustainability reporting requirements provided that they meet certain size criteria. Users of that information would thus be enabled to assess both the impacts of these undertakings on society and the environment and the risks arising from sustainability matters that these	(23) <u>(23)</u> 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, <u>as well as for-profit legal entities organised as trusts or under similar legal arrangements.</u> 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	(23) Credit institutions and insurance undertakings play a key role in the transition towards a fully sustainable and inclusive economic and financial system in line with the European Green Deal. They can have significant positive and negative impacts via their lending, investment and underwriting activities. Credit institutions and insurance undertakings other than those that are required to comply with Directive 2013/34/EU, including cooperatives and mutual undertakings, should therefore be subject to sustainability reporting requirements provided that they meet certain size criteria. Users of that information would thus be enabled to assess both the impacts of these undertakings on society and the risks arising from sustainability matters that these	

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	<p>undertakings could face. To ensure coherence with the reporting requirements of Council Directive 86/635/EEC<sup>1</sup> on the annual accounts and consolidated accounts of banks and other financial institutions, sustainability reporting Member States may choose not to apply sustainability reporting requirements to credit institutions listed in Article 2(5) of Directive 2013/36/EU of the European Parliament and of the Council<sup>2</sup>.</p> <p>1. Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions (OJ L 372, 31.12.1986, p. 1).</p> <p>2. Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).</p>	<p>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/EEC<sup>1</sup> on the annual accounts and consolidated accounts of banks and other financial institutions, sustainability reporting Member States may choose not to apply sustainability reporting requirements to credit institutions listed in Article 2(5) of Directive 2013/36/EU of the European Parliament and of the Council<sup>2</sup>.</p> <p><del>1. Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions (OJ L 372, 31.12.1986, p. 1).</del></p> <p><del>2. Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).</del></p>	<p>undertakings could face. <b>The Accounting Directive applies three possible criteria to determine whether an undertaking is considered to be a "large undertaking", which are the balance sheet total, net turnover and average number of employees during the financial year. The criterion of net turnover needs to be adapted for credit institutions and for insurance undertakings by referring to the definition of net turnover in Directive 1986/635 and in Directive 1991/674 instead of the general definition of Directive 2013/34/EU.</b> To ensure coherence with the reporting requirements of Council Directive 86/635/EEC<sup>1</sup> on the annual accounts and consolidated accounts of banks and other financial institutions, sustainability reporting Member States may choose not to apply sustainability reporting requirements to credit institutions listed in Article 2(5) of Directive 2013/36/EU of the European Parliament and of the Council<sup>2</sup>.</p> <p>1. [1] Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions (OJ L 372, 31.12.1986, p. 1).</p> <p>2. [2] Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of</p>	

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			credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).	
Recital 24				
34	(24) The list of sustainability matters on which undertakings are required to report should be as coherent as possible with the definition of ‘sustainability factors’ laid down in Regulation (EU) 2019/2088. That list should also correspond to the needs and expectations of users and undertakings themselves, who often use the terms ‘environmental’, ‘social’ and ‘governance’ as a means to categorise the three main sustainability matters. The list of sustainability factors laid down in Regulation (EU) 2019/2088 does not explicitly include governance matters. The definition of sustainability matters in Directive 2013/34/EU should therefore be based on the definition of ‘sustainability factors’ laid down in Regulation (EU) 2019/2088, but with the addition of governance matters.	(24) <u>(24)</u> 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, <u>and prevent a mismatch of information required by data users and to be reported by data preparers</u> . 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, <u>indicators and methodologies</u> of ‘sustainability factors’ laid down in Regulation (EU) 2019/2088 <u>and delegated acts</u> .	(24) The list of sustainability matters on which undertakings are required to report should be as coherent as possible with the definition of ‘sustainability factors’ laid down in Regulation (EU) 2019/2088. That list should also correspond to the needs and expectations of users and undertakings themselves, who often use the terms ‘environmental’, ‘social’ and ‘governance’ as a means to categorise the three main sustainability matters. The list of sustainability factors laid down in Regulation (EU) 2019/2088 does not explicitly include governance matters. The definition of sustainability matters in Directive 2013/34/EU should therefore <b>relate to environmental, social and human rights and governance factors, and</b> be based on the definition of ‘sustainability factors’ laid down in Regulation (EU) 2019/2088, <del>but with the addition of governance matters.</del>	

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		but with the addition of governance matters. <u>The list is a minimum requirement, which will not lower existing national reporting requirements. The list of environmentally sustainable matters should be based on, and take account of, underlying indicators and methodologies set out in Regulation (EU) 2020/852 and in various delegated acts adopted pursuant to it, as they jointly create a classification system for environmentally sustainable economic activities.</u>		
Recital 25				
35	(25) Articles 19a and 29a of Directive 2013/34/EU require reporting not only on information ‘to the extent necessary for an understanding of the undertaking’s development, performance, position’, but also on information necessary for an understanding of the impact of the undertaking’s activities on environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters. Those articles therefore require undertakings to report both on how various sustainability matters affect the undertaking, and on the impacts of	(25) <u>(25)</u> 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, <u>climate-related</u> , social and employee matters, respect for human rights, <u>gender equality</u> , anti-corruption and bribery matters. Those articles therefore require undertakings to report both on how various sustainability matters affect the	(25) Articles 19a and 29a of Directive 2013/34/EU require reporting not only on information ‘to the extent necessary for an understanding of the undertaking’s development, performance, position’, but also on information necessary for an understanding of the impact of the undertaking’s activities on environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters. Those articles therefore require undertakings to report both on <del>how various sustainability matters affect the undertaking, and on the impacts of</del>	

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	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.	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, <u>bearing in mind that double-materiality is fundamental to understanding a company's long-term value creation.</u>	the activities of the undertaking on people and the environment <b>and on how various sustainability matters affect the undertaking.</b> 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.	
Recital 26				
36	(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	(26) <u>(26)</u> 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	(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	

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	<p>the business. Article 19a(1) of Directive 2013/34/EU does not contain explicit references to other reporting areas that users of information consider relevant, some of which align with disclosures included in international frameworks, including the recommendations of the Task Force on Climate-related Financial Disclosures. Disclosure requirements should be specified in sufficient detail to ensure that undertakings report information on their resilience to risks related to sustainability matters. In addition to the reporting areas identified in Articles 19a(1) and 29a(1) of Directive 2013/34/EU, undertakings should therefore be required to disclose information about their business strategy and the resilience of the business model and strategy to risks related to sustainability matters, any plans they may have to ensure that their business model and strategy are compatible with the transition to a sustainable and climate-neutral economy; whether and how their business model and strategy take account of the interests of stakeholders; any opportunities for the undertaking arising from sustainability matters; the implementation of the aspects of the business strategy which affect, or are</p>	<p>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 <u>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;</u></p>	<p>the business. Article 19a(1) of Directive 2013/34/EU does not contain explicit references to other reporting areas that users of information consider relevant, some of which align with disclosures included in international frameworks, including the recommendations of the Task Force on Climate-related Financial Disclosures. Disclosure requirements should be specified in sufficient detail to ensure that undertakings report information on their resilience to risks related to sustainability matters. In addition to the reporting areas identified in Articles 19a(1) and 29a(1) of Directive 2013/34/EU, undertakings should therefore be required to disclose information about their business strategy and the resilience of the business model and strategy to risks related to sustainability matters, any plans they may have to ensure that their business model and strategy are compatible with the transition to a sustainable and climate-neutral economy; whether and how their business model and strategy take account of the interests of stakeholders; any opportunities for the undertaking arising from sustainability matters; the implementation of the aspects of the business strategy which affect, or are</p>	

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	<p>affected by sustainability matters; any sustainability targets set by the undertaking and the progress made towards achieving them; the role of the board and management with regard to sustainability matters; the principal actual and potential adverse impacts connected with the undertaking's activities; and how the undertaking has identified the information that they report on. Once the disclosure of elements such as targets and the progress towards achieving them is required, the separate requirement to disclose the outcomes of policies is no longer necessary.</p>	<p><u><a href="#">pollution prevention and control; and protection and restoration of biodiversity and ecosystems</a></u>; whether and how their business model and strategy take account of the interests of stakeholders, <u><a href="#">including workers, indigenous people and local communities</a></u>; 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 <u><a href="#">science-based and time-bound short-term, mid-term and long-term</a></u> 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; <u><a href="#">a description of the due diligence strategy; the</a></u><del>the</del> <del>principal</del> actual and potential adverse impacts connected with the undertaking's activities; and how the undertaking has identified <u><a href="#">and evaluated</a></u> 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.</p>	<p>affected by sustainability matters; any sustainability targets set by the undertaking and the progress made towards achieving them; the role of the board and management with regard to sustainability matters; the principal actual and potential adverse impacts connected with the undertaking's activities; and how the undertaking has identified the information that they report on. Once the disclosure of elements such as targets and the progress towards achieving them is required, the separate requirement to disclose the outcomes of policies is no longer necessary.</p>	
Recital 27				



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



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	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.	Rights, an actual or potential <del>adverse</del> impact is to be considered <del>principal</del> <del>where it measures among the greatest impacts connected with the undertaking's activities</del> <u>adverse</u> 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.	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.	
Recital 28				
38	(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,	(28) <u>(28)</u> 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	(28) Directive 2013/34/EU does not require the disclosure of information on <del>intangibles</del> <b>intangible resources</b> 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	

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	<p>adequate reporting on intangibles should be required. It is therefore necessary to require undertakings to disclose information on intangibles other than intangible assets recognised in the balance sheet, including intellectual capital, human capital, including skills development, and social and relationship capital, including reputation capital. Information on intangibles should also include information related to research and development.</p>	<p>in many sectors of the economy, adequate reporting on intangibles should be required. It is therefore necessary to require undertakings to disclose <u>relevant</u> information on intangibles <del>other than intangible assets recognised</del> <u>that are consistent with intangibles reported</u> in the <del>balance sheet</del> <u>financial statement</u>, including <u>when material on</u> 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.</p>	<p>in many sectors of the economy, adequate reporting on intangibles should be required. <del>It is therefore necessary to require</del> <b>from all large undertakings and all undertakings listed on regulated markets, except micro undertakings. Nonetheless, certain information on intangibles other than intangible assets recognised in the balance sheet, including intellectual capital, human capital, including skills development, and intangible resources is intrinsic to sustainability matters, and will therefore be part of sustainability reporting. For example, information about employees' skills, competencies, experience, loyalty to the undertaking and motivation for improving processes, goods and services, is sustainability information regarding social matters that could also be considered as information on intangible resources. Likewise, information about the quality of the relationships between the undertaking and its stakeholders and relationship capital, including reputation capital, customers, suppliers and communities affected by the activities of the undertaking, is sustainability information on intangibles should also</b></p>	

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			include relevant to social or governance matters that could also be considered as information related to research and development on intangible resources. These examples illustrate how in some cases it is not possible to distinguish information on intangible resources from information on sustainability matters.	
Recital 29				
39	(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	(29) <u>(29)</u> 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 <u>that is based on science-based, harmonised, comparable and uniform indicators, while not endangering the commercial position of the undertaking</u> . Reported sustainability	(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	

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	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.	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. <u><i>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.</i></u>	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.	
Recital 29a				
39a		<u><i>(29a) (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</i></u>		

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		<a href="#"><u>Secrets Directive).</u></a>		
Recital 30				
40	(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.	(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.	(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.	
Recital 31				
41	(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	(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	(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	

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	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.	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.	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.	
Recital 32				
42	(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	(32) <u>(32)</u> 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	(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	

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	<p>under the scope of that Directive<sup>1</sup>. In 2019, the Commission published additional guidelines, specifically on reporting climate-related information<sup>2</sup>. 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</p>	<p>under the scope of that Directive<sup>52</sup>. In 2019, the Commission published additional guidelines, specifically on reporting climate-related information<sup>53</sup>. 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, <u>reliability and sincerity of the</u> <del>of</del> 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, <u>reliable and sincere</u> 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</p>	<p>under the scope of that Directive<sup>1</sup>. In 2019, the Commission published additional guidelines, specifically on reporting climate-related information<sup>2</sup>. 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</p>	

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	<p>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.</p> <p>1. Communication from the Commission Guidelines on non-financial reporting (methodology for reporting non-financial information) (C/2017/4234).</p> <p>2. Communication from the Commission Guidelines on non-financial reporting: Supplement on reporting climate-related information (C/2019/4490).</p>	<p>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. <u>When defining such standards, it is essential to give due consideration to the main sustainability reporting standards used worldwide today.</u></p> <p><del>1. Communication from the Commission Guidelines on non-financial reporting (methodology for reporting non-financial information) (C/2017/4234).</del></p> <p><del>2. Communication from the Commission Guidelines on non-financial reporting: Supplement on reporting climate-related information (C/2019/4490).</del></p>	<p>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. <b>The adoption of sustainability reporting standards by means of Delegated Regulations will ensure harmonised sustainability reporting across the Union. Therefore, an undertaking would be compliant with the requirements of Articles 19a and 29a by reporting according to the sustainability reporting standards.</b></p> <p>1. [1] Communication from the Commission Guidelines on non-financial reporting (methodology for reporting non-financial information) (C/2017/4234).</p> <p>2. [2] Communication from the Commission Guidelines on non-financial reporting: Supplement on reporting climate-related information (C/2019/4490).</p>	
Recital 33				
43	<p>(33) No existing standard or framework satisfies the Union's needs for detailed sustainability reporting by itself. Information required by Directive 2013/34/EU needs to cover information relevant from each of the materiality perspectives, needs to cover all sustainability matters and needs to</p>	<p>(33) <u>(33)</u> No existing standard or framework satisfies the Union's needs for detailed sustainability reporting by itself. Information required by Directive 2013/34/EU needs to cover information relevant from each of the materiality perspectives, needs to cover all sustainability matters and needs to</p>	<p>(33) No existing standard or framework satisfies the Union's needs for detailed sustainability reporting by itself. Information required by Directive 2013/34/EU needs to cover information relevant from each of the materiality perspectives, needs to cover all sustainability matters and needs to</p>	



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>be aligned, where appropriate, with other obligations under Union law to disclose sustainability information, including obligations laid down in Regulation (EU) 2020/852 and Regulation (EU) 2019/2088. In addition, mandatory sustainability reporting standards for Union undertakings must be commensurate with the level of ambition of the European Green Deal and the Union's climate-neutrality objective for 2050. It is therefore necessary to empower the Commission to adopt Union sustainability reporting standards, enabling their rapid adoption and ensuring that the content of sustainability reporting standards are consistent with the Union's needs.</p>	<p>be aligned, <del>where appropriate, with other obligations under Union law to disclose sustainability information, including</del> <u>including</u> obligations laid down in Regulation (EU) 2020/852 and Regulation (EU) 2019/2088 <u>and with the EU acquis. This information must be based on science-based, harmonised, comparable and uniform indicators.</u> 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 <u>as well as intermediate targets under Regulation (EU) 2021/1119.</u> 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, <u>while ensuring consistency with international standards.</u></p>	<p>be aligned, where appropriate, with other obligations under Union law to disclose sustainability information, including obligations laid down in Regulation (EU) 2020/852 and Regulation (EU) 2019/2088. In addition, mandatory sustainability reporting standards for Union undertakings must be commensurate with the level of ambition of the European Green Deal and the Union's climate-neutrality objective for 2050. It is therefore necessary to empower the Commission to adopt Union sustainability reporting standards, enabling their rapid adoption and ensuring that the content of sustainability reporting standards are consistent with the Union's needs.</p>	
Recital 34				
44	<p>(34) The European Financial Reporting Advisory Group (EFRAG) is a non-profit association</p>	<p>(34) <u>(34)</u> The European Financial Reporting Advisory Group (EFRAG) is a non-profit association</p>	<p>(34) The European Financial Reporting Advisory Group (EFRAG) is a non-profit association</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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</p>	<p>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</p>	<p>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</p>	

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	<p>technical advice about sustainability reporting standards. These recommendations include offsetting up within EFRAG a new sustainability reporting pillar while not significantly modifying the existing financial reporting pillar. When adopting sustainability reporting standards, the Commission should take account of technical advice that EFRAG will develop. In order to ensure high-quality standards that contribute to the European public good and meet the needs of undertakings and of users of the information reported, EFRAG's technical advice should be developed with proper due process, public oversight and transparency, accompanied by cost benefit analyses, and be developed with the expertise of relevant stakeholders. To ensure that Union sustainability reporting standards take account of the views of the Member States of the Union, before adopting the standards the Commission should consult the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU) 2020/852 on EFRAG's technical advice. The European Securities and Markets Authority (ESMA) plays a role in drafting regulatory technical standards pursuant to Regulation</p>	<p>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. <u><a href="#">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.</a></u> When adopting sustainability reporting standards, the Commission should take account of technical advice that EFRAG will develop. In order to ensure <u><a href="#">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.</a></u> 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</p>	<p>technical advice about sustainability reporting standards.</p> <p>These recommendations include offsetting up within EFRAG a new sustainability reporting pillar while not significantly modifying the existing financial reporting pillar. When adopting sustainability reporting standards, the Commission should take account of technical advice that EFRAG will develop. In order to ensure high-quality standards that contribute to the European public good and meet the needs of undertakings and of users of the information reported, EFRAG's technical advice should be developed with proper due process, public oversight and transparency, accompanied by cost benefit analyses, and be developed with the expertise of relevant stakeholders. To ensure that Union sustainability reporting standards take account of the views of the Member States of the Union, before adopting the standards the Commission should consult the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU) 2020/852 <b>and the Accounting Regulatory Committee referred to in Article 6 of Regulation (EU) 1606/2002</b> on EFRAG's technical advice. The</p>	

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	<p>(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 Council<sup>1</sup>, 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</p>	<p>analyses, and be developed with the expertise of <u>a balanced representation</u> relevant stakeholders, <u>including social partners, NGOs and consumer organisations, who should be able to participate in the standard setting process on equal footing.</u> <u>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.</u> <u>The Commission should guarantee a transparent process avoiding any risk of conflict of interest, as well as the full inclusion in the development of sustainability reporting standards of trade unions, consumer organisations, NGOs and all other relevant stakeholders, such as international organisations or governments from countries where the undertaking or its value and supply chain will operate, in order to represent the interests of all groups of users.</u> 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)</p>	<p>European Securities and Markets Authority (ESMA), <b>the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA)</b> <del>play</del> 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 Council<sup>1</sup>, 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, <b>EBA and EIOPA</b> should be required to provide an opinion on EFRAG's technical advice.</p> <p>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 <del>European Banking Authority, the European Insurance and Occupational Pensions Authority, the European Environment Agency,</del></p>	

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	<p>two months from the date of being consulted by the Commission.</p> <p>1. Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).</p>	<p>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 Council<sup>454</sup>, 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</p>	<p>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.</p> <p>1. [1] Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).</p>	

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		<p>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.</p> <p><del><i>1. Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).</i></del></p>		
Recital 34a				
44a		<p><u><i>(34a) 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.</i></u></p>		
Recital 35				
45	(35) Sustainability reporting standards should be coherent with other Union legislation. Those	(35) Sustainability reporting standards should be coherent with other Union legislation. Those	(35) Sustainability reporting standards should be coherent with other Union legislation. Those	



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	<p>standards should in particular be aligned with the disclosure requirements laid down in Regulation (EU) 2019/2088, and they should take account of underlying indicators and methodologies set out in the various delegated acts adopted pursuant to Regulation (EU) 2020/852, disclosure requirements applicable to benchmark administrators pursuant to Regulation (EU) 2016/1011 of the European Parliament and of the Council<sup>1</sup>, 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 Council<sup>2</sup> and Regulation (EC) No 1221/2009 of the European Parliament and of the Council<sup>3</sup>, and should take account of Commission Recommendation 2013/179/EU<sup>4</sup> and its annexes, and their updates. Other relevant Union legislation, including Directive 2010/75/EU of the European Parliament and of the Council<sup>5</sup>, and requirements laid</p>	<p>standards should in particular be aligned with the disclosure requirements laid down in Regulation (EU) 2019/2088, and they should <del>take account of</del> <u>be consistent with the</u> 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 Council<sup>455</sup>, 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 Council<sup>256</sup> and Regulation (EC) No 1221/2009 of the European Parliament and of the Council<sup>357</sup>, and should take account of Commission Recommendation 2013/179/EU<sup>458</sup> and its annexes, and their updates. Other relevant Union legislation, including Directive 2010/75/EU of the European</p>	<p>standards should in particular be aligned with the disclosure requirements laid down in Regulation (EU) 2019/2088, and they should take account of underlying indicators and methodologies set out in the various delegated acts adopted pursuant to Regulation (EU) 2020/852, disclosure requirements applicable to benchmark administrators pursuant to Regulation (EU) 2016/1011 of the European Parliament and of the Council<sup>1</sup>, 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 Council<sup>2</sup> and Regulation (EC) No 1221/2009 of the European Parliament and of the Council<sup>3</sup>, and should take account of Commission Recommendation 2013/179/EU<sup>4</sup> and its annexes, and their updates.</p> <p>Other relevant Union legislation, including Directive 2010/75/EU of the European Parliament and of the</p>	

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	<p>down in Union law for undertakings as regards directors' duties and due diligence, should also be taken into account.</p> <p>1. Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).</p> <p>2. Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).</p> <p>3. Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), repealing Regulation (EC) No 761/2001 and Commission Decisions 2001/681/EC and 2006/193/EC (OJ L 342, 22.12.2009, p. 1).</p> <p>4. Commission Recommendation 2013/179/EU of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 124, 4.5.2013, p. 1).</p> <p>5. Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).</p>	<p>Parliament and of the Council<sup>59</sup>, and requirements laid down in Union law for undertakings as regards directors' duties and due diligence, should also be taken into account.</p> <p><del>1. Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).</del></p> <p><del>2. Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).</del></p> <p><del>3. Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), repealing Regulation (EC) No 761/2001 and Commission Decisions 2001/681/EC and 2006/193/EC (OJ L 342, 22.12.2009, p. 1).</del></p> <p><del>4. Commission Recommendation 2013/179/EU of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 124, 4.5.2013, p. 1).</del></p> <p><del>5. Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).</del></p>	<p>Council<sup>5</sup>, and requirements laid down in Union law for undertakings as regards directors' duties and due diligence, should also be taken into account.</p> <p>1. [1] Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).</p> <p>2. [2] Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).</p> <p>3. [3] Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), repealing Regulation (EC) No 761/2001 and Commission Decisions 2001/681/EC and 2006/193/EC (OJ L 342, 22.12.2009, p. 1).</p> <p>4. [4] Commission Recommendation 2013/179/EU of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 124, 4.5.2013, p. 1).</p> <p>5. [5] Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).</p>	



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Recital 36				
46	<p>(36) Sustainability reporting standards should take account of the Commission guidelines on non-financial reporting<sup>1</sup> and the Commission guidelines on reporting climate-related information<sup>2</sup>. 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.</p> <p><sup>1</sup>. 2017/C 215/01. <sup>2</sup>. 2019/C 209/01.</p>	<p>(36) Sustainability reporting standards should take account of the Commission guidelines on non-financial reporting<sup>+60</sup> and the Commission guidelines on reporting climate-related information<sup>2</sup>, <u>including the KPIs of these guidelines<sup>61</sup></u>. 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.</p> <p><del>1. 2017/C 215/01.</del> <del>2. 2019/C 209/01.</del></p>	<p>(36) Sustainability reporting standards should take account of the Commission guidelines on non-financial reporting<sup>1</sup> and the Commission guidelines on reporting climate-related information<sup>2</sup>. 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.</p> <p><sup>1</sup>. [1] 2017/C 215/01. <sup>2</sup>. [2] 2019/C 209/01.</p>	
Recital 37				
47	<p>(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</p>	<p>(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</p>	<p>(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</p>	

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

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		reporting standards at global level <a href="#"><u>by supporting the work of the International Sustainability Standards Board (ISSB).</u></a>		
Recital 38				
48	(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.	(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.	(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.	

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	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.	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.	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.	
Recital 39				
49	(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	(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	(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	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Principles for Responsible Investment.	Principles for Responsible Investment.	Principles for Responsible Investment.	
Recital 40				
50	<p>(40) It should be ensured that the information reported by undertakings in accordance with the sustainability reporting standards meet the needs of users. The reporting standards should therefore specify the information that undertakings are to disclose on all major environmental factors, including their impacts and dependencies on climate, air, land, water and biodiversity. Regulation (EU) 2020/852 provides a classification of the environmental objectives of the Union. For reasons of coherence, it is appropriate to use a similar classification to identify the environmental factors that should be addressed by sustainability reporting standards. The reporting standards should consider and specify any geographical or other contextual information that undertakings should disclose to provide an understanding of their principal impacts on sustainability matters and the principal risks to the undertaking arising from sustainability matters.</p>	<p>(40) It should be ensured that the information reported by undertakings in accordance with the sustainability reporting standards meet the needs of users <u>and do not place a disproportionate burden in effort and costs on those reporting</u>. 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.</p>	<p>(40) It should be ensured that the information reported by undertakings in accordance with the sustainability reporting standards meet the needs of users. The reporting standards should therefore specify the information that undertakings are to disclose on all major environmental factors, including their impacts and dependencies on climate, air, land, water and biodiversity. Regulation (EU) 2020/852 provides a classification of the environmental objectives of the Union. For reasons of coherence, it is appropriate to use a similar classification to identify the environmental factors that should be addressed by sustainability reporting standards. The reporting standards should consider and specify any geographical or other contextual information that undertakings should disclose to provide an understanding of their principal impacts on sustainability matters and the principal risks to the undertaking arising from sustainability matters.</p>	

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		<u><i>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.</i></u>		
Recital 41				
51	(41) With regard to climate-related information, users are interested in knowing about undertakings' physical and transition risks, and about their resilience to different climate scenarios. They are also interested in the level and scope of greenhouse gas emissions and removals attributed to the undertaking, including the extent to which the undertaking uses offsets and the source of those offsets. Achieving a climate neutral economy requires the alignment of greenhouse gas accounting and offset standards. Users need reliable information regarding offsets that addresses concerns regarding possible double-counting and overestimations, given the risks to the achievement of climate-related targets that double-counting and overestimations can create. The	(41) With regard to climate-related information, users, <u>including consumers</u> , are interested in knowing about undertakings' physical and transition risks, and about their resilience <u>and plans to adapt</u> to different climate scenarios <u>and to the EU's climate neutrality goal</u> . 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 <del>overestimations</del> <u>over estimations</u> , given the risks to the achievement of	(41) With regard to climate-related information, users are interested in knowing about undertakings' physical and transition risks, and about their resilience to different climate scenarios. They are also interested in the level and scope of greenhouse gas emissions and removals attributed to the undertaking, including the extent to which the undertaking uses offsets and the source of those offsets. Achieving a climate neutral economy requires the alignment of greenhouse gas accounting and offset standards. Users need reliable information regarding offsets that addresses concerns regarding possible double-counting and overestimations, given the risks to the achievement of climate-related targets that double-counting and overestimations can create. The	

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	reporting standards should therefore specify the information undertakings should report with regard to those matters.	climate-related targets that double-counting and overestimations can create. <u>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 adaption strategies.</u> The reporting standards should therefore specify the information undertakings should report with regard to those matters.	reporting standards should therefore specify the information undertakings should report with regard to those matters.	
Recital 42				
52	(42) Achieving a climate neutral and circular economy and a toxic-free environment requires the full mobilisation of all economic sectors. Reducing energy use and increasing energy efficiency is key in this respect as energy is used across supply chains. Energy aspects should therefore be duly considered in sustainability reporting standards, in particular in relation to environmental matters.	(42) Achieving a climate neutral and circular economy <del>and a toxic-free environment</del> <u>without diffuse pollution</u> 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 <u>and climate related</u> matters.	(42) Achieving a climate neutral and circular economy and a toxic-free environment requires the full mobilisation of all economic sectors. Reducing energy use and increasing energy efficiency is key in this respect as energy is used across supply chains. Energy aspects should therefore be duly considered in sustainability reporting standards, in particular in relation to environmental matters-	
Recital 43				
53	(43) Sustainability reporting standards should specify the information that undertakings should	(43) <u>(43)</u> Sustainability reporting standards should specify the information that undertakings should	(43) Sustainability reporting standards should specify the information that undertakings should	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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</p>	<p>disclose on social factors, including <del>employee factors</del> <u>working conditions, workers' rights, social partner involvement, collective bargaining, equality, non-discrimination, prevention of workplace violence and harassment diversity and inclusion</u>, and human rights. Such information should <u>be disclosed country-by country, where relevant, in close consultation with trade unions and workers' representatives and</u> cover the impacts of undertakings on <del>people,</del> <u>including its workers, people and</u> on human health. <u>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 that is provided for under national law and practices.</u> The information that undertakings disclose about human rights should include information about forced labour <u>and child labour</u> in their value chains where relevant. Reporting <u>requirements on forced labour should not replace the public authorities' responsibility to address the import of goods, produced as a result of human rights abuses, including forced labour, through trade policy and diplomatic means.</u> Undertakings</p>	<p>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</p>	



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	Rights of the European Union.	<p><u>should also be able to report on possible risks and negative trends regarding employment and incomes, due to the absence of a just transition process. Reporting</u> standards that address social factors should specify the information that undertakings should disclose with regard to the <u>20</u> principles of the European Pillar of Social Rights <del>that are relevant to businesses, including,</del> <u>particularly</u> equal opportunities for all and <u>fair</u> 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, <u>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,</u> the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the fundamental conventions of the International</p>	Rights of the European Union.	

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		Labour Organisation, <u><a href="#">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, and the Charter of Fundamental Rights of the European Union and the OECD Guidelines for Multinational Enterprises. Reporting carried out on social factors should be proportionate to the scope and the goals of this Directive.</a></u>		
Recital 44				
54	(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,	(44) Users need information about governance factors, including information on the role of an undertaking's administrative, management and supervisory bodies <u><a href="#">and committees</a></u> , including with regard to sustainability matters, the composition of <del>such</del> <u><a href="#">those, particularly with regard to workers' and women's participation and gender balance and whether the company has a policy in terms of incentives offered to members of these</a></u> bodies <u><a href="#">which are linked to</a></u>	(44) Users need information about governance factors. <b>Governance factors that are most relevant to users are listed by authoritative reporting frameworks such as the Global Reporting Initiative and the Task Force on Climate-related Financial Disclosures, as well as by authoritative global frameworks such as the Global Governance Principles of the International Corporate Governance Network and the G20 OECD principles of Corporate Governance.</b>	

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	<p>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<sup>1</sup> 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.</p> <p><small>1. 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,</small></p>	<p><u>sustainability matters</u>, 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<sup>42</sup> 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</p>	<p><b>Sustainability reporting standards should specify the, including information that undertakings should disclose on governance factors. Such information should cover on the role of an undertaking's administrative, management and supervisory bodies, including with regard to sustainability matters, the composition of such bodies, and their access to expertise and skills to fulfil this role through their own expertise or through access to the necessary expertise, and information on an undertaking's internal control and risk management systems, including in relation to the sustainability reporting process.</b></p> <p>Users also need information about undertakings' corporate culture and approach to business ethics, <b>which are recognised elements of authoritative frameworks on corporate governance such as the Global Governance Principles of the International Corporate Governance Network</b>, including <b>information about</b> anti-corruption and anti-bribery, and about <del>their</del><b>the undertaking's</b> political engagements, including lobbying activities. Information about the management of the undertaking and the quality of relationships with</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	23.2.2011, p. 1).	<p>practices, access information about the businesses they trade with, and negotiate fairer payment terms.</p> <p><i><del>1. 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).</del></i></p>	<p><del>business partners,</del>  <b>including customers, suppliers and communities affected by the activities of the undertaking helps users to understand an undertaking's risks as well as its impacts on sustainability matters. Information about relationships with suppliers, includes</b> 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<sup>1</sup> on late payment in commercial transactions, <del>helps users to understand an undertaking's risks as well as its impacts on sustainability matters.</del> 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.</p> <p><small>1. [1] Directive 2011/7/EU of the European Parliament and of the Council of</small></p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			16 February 2011 on combating late payment in commercial transactions (OJ L 48, 23.2.2011, p. 1).	
Recital 44a				
54a		<u>(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.</u>		
Recital 45				
55	(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	(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	(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	

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	out to identify the sustainability information that should be included in the management report.	out to identify the sustainability information that should be included in the management report.	out to identify the sustainability information that should be included in the management report, <b>since an undertaking should only be required to disclose the information relevant to understand its impacts on sustainability matters, and the information relevant to understand how sustainability matters affect its development, performance and position.</b>	
Recital 45a				
55a		<u>(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.</u>		
Recital 46				
56	(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	(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	(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	

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	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.	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.	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.	
Recital 47				
57	(47) To meet the information needs from users in a timely manner, and in particular given the urgency to meet the information needs of financial market participants subject to the requirements laid down in the delegated acts adopted pursuant to Article 4, paragraphs 6 and 7 of Regulation (EU) 2019/2088, the Commission should adopt a first set of reporting standards by 31 October 2022. That set of reporting standards should specify the information that undertakings should disclose with regard to all reporting areas and sustainability matters, and that	(47) <del>(47)</del> 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 <del>31 October 2022</del> <u>30 April 2023</u> . That set of reporting standards should specify the information that undertakings should disclose with regard to all	(47) To meet the information needs from users in a timely manner, and in particular given the urgency to meet the information needs of financial market participants subject to the requirements laid down in the delegated acts adopted pursuant to Article 4, paragraphs 6 and 7 of Regulation (EU) 2019/2088, the Commission should adopt a first set of reporting standards by 31 October 2022. That set of reporting standards should specify the information that undertakings should disclose with regard to all reporting areas and sustainability matters, and that	

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	<p>financial market participants need to comply with the disclosure obligations laid down in Regulation (EU) 2019/2088. The Commission should adopt a second set of reporting standards at the latest by 31 October 2023, specifying complementary information that undertakings should disclose about sustainability matters and reporting areas where necessary, and information that is specific to the sector in which an undertaking operates. The Commission should review the standards every 3 years to take account of relevant developments, including the development of international standards.</p>	<p>reporting areas and sustainability matters, and that financial market participants need to comply with the disclosure obligations laid down in Regulation (EU) 2019/2088. <u>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.</u> The Commission should adopt a second set of reporting standards at the latest by 31 <del>October 2023</del> <u>January 2024</u>, 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</p>	<p>financial market participants need to comply with the disclosure obligations laid down in Regulation (EU) 2019/2088. The Commission should adopt a second set of reporting standards at the latest by 31 October 2023, specifying complementary information that undertakings should disclose about sustainability matters and reporting areas where necessary, and information that is specific to the sector in which an undertaking operates. The Commission should review the standards, <b>including the standards for SMEs</b>, every 3 years to take account of relevant developments, including the development of international standards.</p>	



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		developments, including the development of international standards.		
Recital 47a				
57a		<u>(47a) (47 a) Undertakings in certain high emitting sectors such as the extractive and fossil fuel industries, should take into account the relevant sectoral guidance from the IPCC and the International Energy Agency. Undertakings active in the extractive industry as defined in Article 41(1) of Directive 2013/34/EU should be subject to additional sustainability disclosure, as they have high sustainability risks and impacts in terms of greenhouse gas emissions, pollution, biodiversity and human health, thereby bringing particular exposure to the climate and energy transformation in terms of their risks and opportunities.</u>		
Recital 48				
58	(48) Directive 2013/34/EU does not require that the financial statements or the management report are provided in a digital format, which hinders the findability and usability of the reported information. Users of	(48) <u>(48)</u> 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, <u>accessibility</u> and usability of the	(48) Directive 2013/34/EU does not require that the <del>financial statements</del> <del>or the management report are</del> provided in a digital format, which hinders the findability and usability of the reported information. Users of	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>sustainability information increasingly expect such information to be findable and machine-readable in digital formats. Digitalisation creates opportunities to exploit information more efficiently and holds the potential for significant cost savings for both users and undertakings. Undertakings should therefore be required to prepare their financial statements and their management report in XHTML format in accordance with Article 3 of Commission Delegated Regulation (EU) 2019/815,<sup>1</sup> 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 <i>A European strategy for data</i><sup>2</sup> and in the Digital Finance Strategy for the EU.<sup>3</sup> 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</p>	<p>reported information. Users of sustainability information increasingly expect such information to be findable, <u>comparable</u> and machine-readable in digital formats <u>and fully accessible, including to persons with disabilities</u>. Digitalisation creates opportunities to exploit information more efficiently and holds the potential for significant cost savings for both users and undertakings. <u>Digitalisation also enables the centralisation at Union and Member State level of data in an open and accessible format that facilitates reading and allows for the comparison of data.</u> Undertakings should therefore be required to prepare <u>and make publicly available</u> their financial statements and their management report in XHTML format in accordance with Article 3 of Commission Delegated Regulation (EU) 2019/815,<sup>463</sup> 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</p>	<p>sustainability information increasingly expect such information to be findable and machine-readable in digital formats. Digitalisation creates opportunities to exploit information more efficiently and holds the potential for significant cost savings for both users and undertakings. Undertakings should therefore be required to prepare their <del>financial statements and their management report in XHTML</del> <b>the format referred to in</b> Article 3 of Commission Delegated Regulation (EU) 2019/815,<sup>1</sup> <b>XHTML format</b>, and to mark-up sustainability information, including the disclosures required by Article 8 of Regulation (EU) 2020/852, in accordance with <b>the format referred to in</b> that Delegated Regulation <b>once this is determined</b>. A digital taxonomy to the Union sustainability reporting standards will be necessary to allow for the <b>reported</b> information <del>reported</del> to be tagged in accordance with those standards. These requirements should feed into the work on digitalisation announced by the Commission in its Communication <i>A European strategy for data</i><sup>2</sup> and in the <i>Digital Finance Strategy for the EU</i>.<sup>3</sup> Digital Finance Strategy for the</p>	

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	<p>considers the need for structured data.</p> <p>1. Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (OJ L 143, 29.5.2019, p. 1).  2. <a href="https://ec.europa.eu/digital-single-market/en/european-strategy-data">https://ec.europa.eu/digital-single-market/en/european-strategy-data</a>  3. <a href="https://ec.europa.eu/info/publications/200924-digital-finance-proposals_en">https://ec.europa.eu/info/publications/200924-digital-finance-proposals_en</a></p>	<p>should feed into the work on digitalisation announced by the Commission in its Communication A European strategy for data<sup>364</sup> and in the Digital Finance Strategy for the EU.<sup>365</sup> 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.</p> <p><del>1. Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (OJ L 143, 29.5.2019, p. 1).</del>  <del>2. <a href="https://ec.europa.eu/digital-single-market/en/european-strategy-data">https://ec.europa.eu/digital-single-market/en/european-strategy-data</a></del>  <del>3. <a href="https://ec.europa.eu/info/publications/200924-digital-finance-proposals_en">https://ec.europa.eu/info/publications/200924-digital-finance-proposals_en</a></del></p>	<p>EU.<sup>3</sup> 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.</p> <p>1. [1] Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (OJ L 143, 29.5.2019, p. 1).  2. [2] <a href="https://ec.europa.eu/digital-single-market/en/european-strategy-data">https://ec.europa.eu/digital-single-market/en/european-strategy-data</a>  3. [3] <a href="https://ec.europa.eu/info/publications/200924-digital-finance-proposals_en">https://ec.europa.eu/info/publications/200924-digital-finance-proposals_en</a></p>	
Recital 49				
59	<p>(49) To allow for the inclusion of the reported sustainability information in the European single access point, Member States should ensure that undertakings publish the duly approved annual financial statements and the management report in the prescribed electronic</p>	<p>(49) <b>(49)</b> 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</p>	<p>(49) To allow for the inclusion of the reported sustainability information in the European single access point, Member States should ensure that undertakings <del>publish the duly approved annual financial statements and the</del> <b>with no securities listed in regulated markets publish</b></p>	

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	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.	prescribed <u>machine readable</u> electronic format, and ensure that management reports containing sustainability reporting are made available, <del>without delay</del> following their publication, to the relevant officially appointed mechanism referred to in Article 21(2) of Directive 2004/109/EC.	<del>their management report in the prescribed electronic format, and ensure that management reports containing, including 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,</del> <b>in the electronic format prescribed in Commission Delegated Regulation (EU) 2019/815.</b>	
Recital 50				
60	(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	(50) <u>(50)</u> 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	(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	

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	<p>statement referred to in Article 29(a)(4) of Directive 2013/34/EU. Twenty Member States have used that option. The possibility to publish a separate report hinders, however, the availability of information that connects financial and information on sustainability matters. It also hinders the findability and accessibility of information for users, especially investors, who are interested in both financial and sustainability information. Possible different publication times for financial and sustainability information exacerbate this problem. Publication in a separate report can also give the impression, internally and externally, that sustainability information belongs to a category of less relevant information, which can impact negatively on the perceived reliability of the information. Undertakings should therefore report sustainability information in the management report and Member States should no longer be allowed to exempt undertakings from the obligation to include in the management report information on sustainability matters. Such obligation also helps to clarify the role of national competent authorities in supervising sustainability reporting, as part of</p>	<p>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 <u>but they should, at consolidated level, be allowed to publish sustainability matters information in a specific</u></p>	<p>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 a <b>clearly identifiable dedicated section of</b> the management report and Member States should no longer be allowed to exempt undertakings from the obligation to include in the management report information on sustainability matters. Such obligation also helps to clarify the role of national competent authorities in supervising</p>	

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	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.	<u>section of the management report and in a format equivalent to, and compatible with, that laid down for the publication of the financial statements</u> . 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 <del>publically</del> <u>publicly</u> available.	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.	
Recital 51				
61	(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	(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	(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	

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	<p>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.</p>	<p>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, <u>as well as other aspects of policies such as, age, or educational and professional backgrounds or disabilities</u> 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.</p>	<p>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 <b>to</b> 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. <b>If they decide to do so, the corporate governance statement needs to include a reference to the undertaking's sustainability reporting, and the information compliant with Article 20 of Directive 2013/34/EU should remain subject to the assurance requirements of the corporate governance statement.</b></p>	
Recital 52				
62	(52) Article 33 of Directive 2013/34/EU requires Member States to ensure that the members of the	(52) Article 33 of Directive 2013/34/EU requires Member States to ensure that the members of the	(52) Article 33 of Directive 2013/34/EU requires Member States to ensure that the members of the	



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	administrative, management and supervisory bodies of an undertaking have collective responsibility for ensuring that the (consolidated) annual financial statements, the (consolidated) management report and the (consolidated) corporate governance statement are drawn up and published in accordance with the requirements of that Directive. That collective responsibility should be extended to the digitalisation requirements laid down in Delegated Regulation (EU) 2019/815, to the requirement to comply with Union sustainability reporting standards and to the requirement to mark up sustainability reporting.	administrative, management and supervisory bodies of an undertaking have collective responsibility <u>that is well defined</u> 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.	administrative, management and supervisory bodies of an undertaking have collective responsibility for ensuring that the (consolidated) annual financial statements, the (consolidated) management report and the (consolidated) corporate governance statement are drawn up and published in accordance with the requirements of that Directive. That collective responsibility should be extended to the digitalisation requirements laid down in Delegated Regulation (EU) 2019/815, to the requirement to comply with Union sustainability reporting standards and to the requirement to mark up sustainability reporting.	
Recital 53				
63	(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	(53) <u>(53)</u> 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	(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	

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	<p>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</p>	<p>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. <del>Article 19</del><a href="#">Article 19</a>a(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</p>	<p>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.</p> <p>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</p>	

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	<p>meet the needs of the intended users of that information. Although the objective is to have a similar level of assurance for financial and sustainability reporting, the absence of a commonly agreed standard for the assurance of sustainability reporting creates the risk of different understandings and expectations of what a reasonable assurance engagement would consist of for different categories of sustainability information, especially with regard to forward looking and qualitative disclosures. Therefore, a progressive approach to enhance the level of the assurance required for sustainability information should be considered, starting with an obligation on the statutory auditor or audit firm to express an opinion about the compliance of the sustainability reporting with Union requirements based on a limited assurance engagement. This opinion should cover the compliance of the sustainability reporting with Union sustainability reporting standards, the process carried out by the undertaking to identify the information reported pursuant to the sustainability reporting standards and compliance with the requirement to mark-up sustainability reporting. The auditor should also assess whether the undertaking's reporting</p>	<p>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 <u>and conditioned</u> 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</p>	<p>sustainability information disclosed, thus failing to meet the needs of the intended users of that information. Although the objective is to have a similar level of assurance for financial and sustainability reporting, the absence of a commonly agreed standard for the assurance of sustainability reporting creates the risk of different understandings and expectations of what a reasonable assurance engagement would consist of for different categories of sustainability information, especially with regard to forward looking and qualitative disclosures. Therefore, a progressive approach to enhance the level of the assurance required for sustainability information should be considered, starting with an obligation on the statutory auditor or audit firm to express an opinion about the compliance of the sustainability reporting with Union requirements based on a limited assurance engagement. This opinion should cover the compliance of the sustainability reporting with Union sustainability reporting standards, the process carried out by the undertaking to identify the information reported pursuant to the sustainability reporting standards and compliance with the requirement to mark-up sustainability reporting.</p>	

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	<p>complies with the reporting requirements of Article 8 of Regulation (EU) 2020/852. To guarantee a common understanding and expectations of what a reasonable assurance engagement would consist of, the statutory auditor or audit firm should be required to express an opinion based on a reasonable assurance engagement about the compliance of the sustainability reporting with Union requirements, should the Commission adopt assurance standards for reasonable assurance of sustainability reporting. This would also allow for the progressive development of the assurance market for sustainability information, and of undertakings' reporting practices. Finally, this progressive approach would phase in the increase in costs for reporting undertakings, given that reasonable assurance is more costly than limited assurance.</p>	<p>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 <u>then</u> be required to express an opinion based on a reasonable assurance engagement about the compliance of the sustainability reporting with Union requirements, <del>should</del><u>after</u> the Commission <del>adopt</del><u>adopts</u> assurance standards for reasonable assurance of sustainability reporting. <del>This would also allow for the progressive development of the assurance market for sustainability information, and of undertakings' reporting practices. Finally, this progressive approach would phase in the increase in costs for reporting undertakings, given that reasonable assurance is more costly than limited assurance and</del> <u>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.</u></p>	<p>The auditor should also assess whether the undertaking's reporting complies with the reporting requirements of Article 8 of Regulation (EU) 2020/852.</p> <p>To guarantee a common understanding and expectations of what a reasonable assurance engagement would consist of, the statutory auditor or audit firm should be required to express an opinion based on a reasonable assurance engagement about the compliance of the sustainability reporting with Union requirements, <del>should</del><u>when</u> the Commission <del>adopt</del><u>adopts</u> assurance standards for reasonable assurance of sustainability reporting <b>six years after the assurance and reporting requirements have applied for the first time. The gradual approach from limited to reasonable assurance.</b> This would also allow for the progressive development of the assurance market for sustainability information, and of undertakings' reporting practices. Finally, this progressive approach would phase in the increase in costs for reporting undertakings, given that reasonable assurance is more costly than limited assurance.</p> <p><b>Undertakings subject to sustainability reporting</b></p>	

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			requirements can decide to have an opinion on their sustainability reporting based on a reasonable assurance engagement if they wish so, and in this case they would be deemed to have complied with the obligation to have an opinion based on a limited assurance engagement. It should be noted that the reasonable assurance opinion on forward-looking information is only an assurance that such information has been prepared in accordance with applicable standards.	
Recital 54				
64	(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	(54) <u>(54)</u> 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	(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 <b>fees or fees relating to the</b> <del>of</del> assurance	

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	<p>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<sup>1</sup> to provide an opinion on sustainability reporting, which should be published together with the management report. Member States should set out requirements that ensure consistent outcomes in the assurance of sustainability reporting carried out by different assurance service providers. Therefore, all independent assurance services providers should be subject to requirements that are consistent with those set out in Directive 2006/43/EC as regards the assurance of sustainability reporting. This will also guarantee a level playing field among all persons and firms allowed by Member States to provide the opinion on the assurance of sustainability reporting, including statutory auditors. If an undertaking seeks the opinion of an accredited independent assurance services provider other than the statutory auditor on its sustainability reporting, it should not in addition need to request this opinion from the</p>	<p>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<sup>66</sup> 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 <del>consistent with</del> <u>equivalent to</u> 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</p>	<p><del>fees</del><b>engagements of sustainability reporting.</b> It is therefore desirable to offer undertakings a broader choice of independent assurance <del>services</del><b>services</b> 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<sup>1</sup> to provide an opinion on sustainability reporting, which should be published together with the management report. <b>In addition,</b> Member States should <del>set out requirements that ensure consistent outcomes in</del> <b>be given the option to allow a statutory auditor other than the one(s) carrying out the statutory audit of the financial statements to express an opinion on sustainability reporting.</b> Furthermore, if they allow independent assurance service providers to carry out the assurance of sustainability reporting <b>Member States should at the same time allow a statutory auditor other than the one(s) carrying out the statutory audit of the financial statements to express an opinion on sustainability reporting.</b></p>	



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	<p>statutory auditor.</p> <p>1. Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93 (OJ L 218, 13.8.2008, p. 30).</p>	<p>need to request this opinion from the statutory auditor. <u>Furthermore, a high level of independence should been 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.</u></p> <p><del>1. Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93 (OJ L 218, 13.8.2008, p. 30).</del></p>	<p><b>Member States should set out requirements that ensure the quality of the assurance engagement</b> carried out by <del>different</del> <b>independent</b> assurance <del>services</del> <b>providers and consistent outcomes in the assurance of sustainability reporting.</b> Therefore, all independent assurance services providers should be subject to requirements that are <del>consistent with</del> <b>equivalent to</b> those set out in Directive 2006/43/EC as regards the assurance of sustainability reporting, <b>while being adapted to the characteristics of independent assurance services providers which do not carry out statutory audits. In particular, Member States should set out equivalent requirements as regards training and examination, continuing education, quality assurance systems, professional ethics, independence, objectivity confidentiality and professional secrecy, appointment and dismissal, the organisation of the work of the independent assurance services providers, investigations and sanctions, and reporting irregularities.</b> This will also guarantee a level playing field among all persons and firms allowed by Member States to provide the</p>	



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			<p>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. <b>Independent assurance services providers that have already been accredited by a Member State for the assurance of sustainability reporting should continue to be allowed to carry out assurance engagements of sustainability reporting. Likewise Member States should ensure that independent assurance services providers that by the date of the entry into application of the new requirements on training and examination are undergoing their accreditation process, are not subject to these new accreditation requirements provided they finish the process within the following two years. Member States should, however, ensure that all the independent assurance services providers accredited by a Member State for the assurance of sustainability reporting before two years after the entry into application of the new accreditation requirements,</b></p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p><b>acquire the necessary knowledge in sustainability reporting and the assurance of sustainability reporting via continued professional education.</b></p> <p>1. [1] Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93 (OJ L 218, 13.8.2008, p. 30).</p>	
Recital 55				
65	<p>(55) Directive 2006/43/EC of the European Parliament and of the Council<sup>1</sup> 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.</p> <p>1. Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive</p>	<p>(55) Directive 2006/43/EC of the European Parliament and of the Council<sup>1</sup> 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.</p> <p>1. Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive</p>	<p>(55) Directive 2006/43/EC of the European Parliament and of the Council<sup>1</sup> 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 <del>the</del> a statutory auditor or audit firm <del>carrying out the statutory audit of financial statements..</del></p> <p>1. [1] Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council</p>	

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	84/253/EEC (OJ L 157, 9.6.2006, p. 87).	84/253/EEC (OJ L 157, 9.6.2006, p. 87).	Directive 84/253/EEC (OJ L 157, 9.6.2006, p. 87).	
Recital 56				
66	<p>(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. 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.</p>	<p>(56) <b>(56)</b> 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. <u><i>This knowledge could also be based on previous employment experiences and professional equivalences.</i></u> 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.</p>	<p>(56) The rules on the approval and recognition of statutory auditors and audit firms should <b>allow for the additional qualification of statutory auditors for the assurance of sustainability reporting. Member States should ensure that statutory auditors who want to qualify for the assurance of sustainability reporting</b> 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. However, statutory auditors that have already been approved or recognised by a Member State should continue to be allowed to carry out <del>statutory audits and assurance engagements of sustainability reporting.</del> <b>Likewise Member States should be allowed to carry out ensure that natural persons who are undergoing the approval process by the date of the entry into application of these new requirements for the assurance engagements of sustainability reporting, are not subject to these provided they finish the process</b></p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p><b>within the following two years.</b> Member States should, however, ensure that <del>already</del> <b>statutory auditors</b> approved <del>statutory auditors</del> <b>before two years after the entry into application of the new requirements and who want to carry out assurance engagements of sustainability reporting</b>, acquire the necessary knowledge in sustainability reporting and the assurance of sustainability reporting via continued professional education. <b>Natural persons who decide to be approved as statutory auditors for financial audit only may decide at a later point in time to qualify for the assurance of sustainability reporting.</b></p> <p><b>In order to do so, they should meet the necessary requirements set out by Member States to ensure that statutory auditors who want to qualify for the assurance of sustainability reporting 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. Therefore, they should complete at that point in time the required eight months practical training in the assurance of annual and consolidated sustainability</b></p>	

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			reporting or other sustainability related services.	
Recital 57				
67	<p>(57) It should be ensured that the requirements imposed on auditors as regards their work on the statutory audit and the assurance of sustainability reporting are consistent. It should therefore be laid down that, where the opinion on sustainability reporting is given by the statutory auditor or audit firm carrying out the statutory audit of financial statements, the key audit partners are actively involved in conducting the assurance of sustainability reporting. When carrying out the assurance of sustainability reporting, statutory auditors should be required to devote sufficient time to the engagement and assign sufficient resources to enable them to carry out their duties appropriately. Finally, the client account record should specify the fees charged for the assurance of sustainability reporting and the audit file should include information related to the assurance of sustainability reporting.</p>	<p>(57) <u>(57)</u> 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 <u>and expertise</u> 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.</p>	<p>(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, <del>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</del> <b>there should be at least a key sustainability partner who is</b> actively involved in conducting the assurance of sustainability reporting. When carrying out the assurance of sustainability reporting, statutory auditors should be required to devote sufficient time to the engagement and assign sufficient resources to enable them to carry out their duties appropriately. Finally, the client account record should specify the fees charged for the assurance of sustainability reporting and <del>the audit</del> <b>an assurance file should be created to</b> include information related to the assurance of sustainability reporting. <b>Where the same statutory auditor carries out</b></p>	

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			the statutory audit of annual financial statements and the assurance of sustainability reporting, the assurance file may be included in the audit file. However, requirements imposed on statutory auditors relating to the assurance of sustainability reporting should only apply to statutory auditors that carry out the assurance of sustainability reporting.	
Recital 57a				
67a		<u>(57a) (57 a) 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.</u>		
Recital 58				
68	(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	(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	(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	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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.	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.	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.	
Recital 59				
69	(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.	(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.	(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 <b>be given the possibility to</b> 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. <b>With a view to facilitating the harmonisation of the assurance of sustainability reporting across Member States,</b>	



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			the CEAOB is encouraged to adopt non-binding guidelines to set out the procedures to be performed when expressing an opinion on the sustainability reporting until the Commission adopts an assurance standard covering the same subject-matter.	
Recital 60				
70	(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.	(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.	(60) Article 27 of Directive 2006/43/EC sets out rules on the statutory audit of a group of undertakings. <del>Those</del> <b>Similar</b> rules should be <del>extended to</del> <b>set out for</b> the assurance of consolidated sustainability reporting, <del>where the statutory auditor performs the statutory audit.</del>	
Recital 61				
71	(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.	(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.	(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. <del>That requirement</del> <b>Similar rules</b> should be <del>extended to</del> <b>set out for</b> the assurance of sustainability reporting. <b>The results of the engagement should be presented in an assurance report. Where the same statutory</b>	

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			auditor carries out the statutory audit of annual financial statements and the assurance of sustainability reporting, the information about <del>to ensure that the results of the assurance</del> engagement of sustainability reporting <del>are</del> may be presented in the same audit report.	
Recital 62				
72	(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, that requirement to set up a system of quality assurance review should be extended to the assurance of sustainability reporting.	(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, that requirement to set up a system of quality assurance review should be extended to the assurance of sustainability reporting.	(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, that requirement to set up a system of quality assurance review should be extended to the assurance of sustainability reporting. <b>As a transition, until 31 December 2025, the persons who carry out quality assurance reviews relating to the assurance of sustainability reporting should be exempted</b>	

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			from the requirement to have relevant experience in the assurance of sustainability reporting and sustainability reporting or other sustainability related services.	
Recital 63				
73	(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.	(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.	(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.	
Recital 64				

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74	(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.	(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.	(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.	
Recital 65				
75	(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.	(65) <u>(65)</u> 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. <u>Some companies have set up Sustainable</u>	(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. <b>Member States should be able to</b>	

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		<u>Corporate Reporting Committees. Companies may decide to involve both the audit committee and any other committees involved on sustainable reporting.</u>	allow that the functions assigned to the audit committee relating to sustainability reporting and the assurance of sustainability reporting are performed by the administrative or supervisory body as a whole or by a dedicated body established by the administrative or supervisory body.	
Recital 66				
76	(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.	(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.	(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.	
Recital 67				
77	(67) Regulation (EU) No 537/2014 of the European Parliament and of the Council <sup>1</sup> 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	(67) Regulation (EU) No 537/2014 of the European Parliament and of the Council <sup>1</sup> 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	(67) Regulation (EU) No 537/2014 of the European Parliament and of the Council <sup>1</sup> applies to statutory auditors and audit firms carrying out statutory audits of public-interest entities. To ensure the independence of the statutory auditor <b>when</b>	

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	<p>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.</p> <p>1. Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (OJ L 158, 27.5.2014, p. 77).</p>	<p>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.</p> <p>1. Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (OJ L 158, 27.5.2014, p. 77).</p>	<p><b>carrying out a statutory audit, that Regulation establishes a limit to the fees for other services that he or she can obtain. It is important to clarify that the assurance of sustainability reporting should not count in the calculation of that limit. In addition</b>, Article 5 of that Regulation prohibits the provision of certain non-audit services over certain time periods <b>when the statutory auditor is carrying out the financial audit. Services related to the preparation of sustainability reporting, including any consulting services,</b><del>That independence should also be ensured for the work of statutory auditors and audit firms carrying out</del> <b>considered as prohibited services over the time period prescribed in the Regulation. These prohibitions should apply in all cases where the statutory auditor carries out the statutory audits of public-interest entities on the assurance of sustainability reporting. Consulting</b><del>audit of financial statements. To ensure the independence of the statutory auditor, certain non-audit services for the preparation should also be prohibited when he or she is carrying out the assurance of sustainability reporting. Article 7 of Regulation (EU) No 537/2014</del></p>	

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			<p><b>requires statutory auditors to report irregularities to the audited entity and, under certain circumstances, to authorities as designated by the Member States responsible for investigating such irregularities. These obligations should therefore be included in the list of prohibited non-audit services also be extended as appropriate to statutory auditors and audit firms as regards their work on the assurance of sustainability reporting of public-interest entities.</b></p> <p>1. [1] Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (OJ L 158, 27.5.2014, p. 77).</p>	
Recital 68				
78	(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	(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		



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

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Recital 69a				
79a		<p><u>(69a) (69 a) 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.</u></p>		
Recital 70				
80	<p>(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</p>		<p>(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</p>	

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	<p>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.</p>		<p>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.</p> <p><b>These guidelines should only apply to the supervision of undertakings with securities listed on regulated markets.</b></p>	
Recital 71				
81	(71) Member States are invited to		(71) Member States are invited to	

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	<p>assess the impact of their transposition act on SMEs in order to ensure that they are not disproportionately affected, giving specific attention to micro-enterprises and to the administrative burden, and to publish the results of such assessments. Member States should consider introducing measures to support SMEs in applying the voluntary simplified reporting standards.</p>		<p>assess the impact of their transposition act on SMEs in order to ensure that they are not disproportionately affected, giving specific attention to micro-enterprises and to the administrative burden, and to publish the results of such assessments. Member States should consider introducing measures to support SMEs in applying the voluntary simplified reporting standards.</p>	
Recital 71a				
81a		<p><u>(71a) (71 a) 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</u></p>		

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		<u><a href="#">operating in Europe based in third-countries.</a></u>		
Recital 72				
82	(72) Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014 should therefore be amended accordingly,	(72) Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014 should therefore be amended accordingly,	(72) Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014 should therefore be amended accordingly,	
Formula				
83	HAVE ADOPTED THIS DIRECTIVE:	HAVE ADOPTED THIS DIRECTIVE:	HAVE ADOPTED THIS DIRECTIVE:	
Article 1				
84	Article 1 Amendments to Directive 2013/34/EU	Article 1 Amendments to Directive 2013/34/EU	Article 1 Amendments to Directive 2013/34/EU	
Article 1, first paragraph, introductory part				
85	Directive 2013/34/EU is amended as follows:	Directive 2013/34/EU is amended as follows:	Directive 2013/34/EU is amended as follows:	
Article 1, first paragraph, point (1), introductory part				
86	(1) in Article 1, the following paragraph 3 is added:	(1) in Article 1, the following paragraph 3 is added:	(1) in Article 1, the following paragraph 3 is added: <del>paragraph 3 is</del> <b>paragraphs 3 and 3a are added:</b>	

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Article 1, first paragraph, point (1), amending provision, numbered paragraph (3), introductory part				
87	<p>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:</p>	<p>3. <u>3.</u> 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:</p>	<p>3. The coordination measures prescribed by Articles 19a, <del>19d</del><b>29d</b>, 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: <b>provided they are large undertakings or small and medium sized undertakings which are undertakings referred to in Article 2, point (1), point (a) of this Directive:</b></p>	
Article 1, first paragraph, point (1), amending provision, numbered paragraph (3)(a)				
88	<p>(a) insurance undertakings within the meaning of Article 2(1) of Council Directive 91/674/EEC*<sup>1</sup>;</p>	<p>(a) insurance undertakings within the meaning of Article 2(1) of Council Directive 91/674/EEC*<sup>1</sup>;</p>	<p>(a) insurance undertakings within the meaning of Article 2(1) of Council Directive 91/674/EEC*<sup>1</sup>;</p>	
Article 1, first paragraph, point (1), amending provision, numbered paragraph (3)(b)				
89	<p>(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*<sup>2</sup>.</p>	<p>(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*<sup>2</sup>.</p>	<p>(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*<sup>2</sup>.</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 1, first paragraph, point (1), amending provision, numbered paragraph (3)(ba)				
89a		<u><i>(ba) for profit legal entities organised as trusts or as similar legal arrangements.</i></u>		
Article 1, first paragraph, point (1), amending provision, numbered paragraph (3), first paragraph				
90	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* <sup>3</sup> .	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* <sup>3</sup> .	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* <sup>3</sup> .	
Article 1, first paragraph, point (1), amending provision, numbered paragraph (3), first paragraph a				
90a		<u><i>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.</i></u>		



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Article 1, first paragraph, point (1), amending provision, numbered paragraph (3), second paragraph				
91	_____	_____		
Article 1, first paragraph, point (1), amending provision, numbered paragraph (3), third paragraph				
92	*1 Council Directive 91/674/EEC of 19 December 1991 on the annual accounts of insurance undertakings ( OJ L 374, 31.12.1991, p. 7).	*1 Council Directive 91/674/EEC of 19 December 1991 on the annual accounts of insurance undertakings ( OJ L 374, 31.12.1991, p. 7).		
Article 1, first paragraph, point (1), amending provision, numbered paragraph (3), fourth paragraph				
93	*2 Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).	*2 Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).		
Article 1, first paragraph, point (1), amending provision, numbered paragraph (3), fifth paragraph				
94	*3 Directive 2013/36/EU of the European Parliament and of the	*3 Directive 2013/36/EU of the European Parliament and of the		

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	Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).;	Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).;		
Article 1, first paragraph, point (1), amending provision, numbered paragraph (3a)				
94a			<b>3a. The coordination measures prescribed by Articles 19a, 29d and 29a, shall not apply to financial products referred to in Article 2, point 12, points (b) and (f) of Regulation (EU) 2019/2088 of the European Parliament and of the Council, provided the financial product is not self-managed.'</b>	
Article 1, first paragraph, point (2), introductory part				
95	(2) in Article 2, the following points (17) to (20) are added:	(2) in Article 2, the following points (17) to (20) are added:	(2) in Article 2, the following points (17) to (20) are added <b>is amended as follows:</b>	
Article 1, first paragraph, point (2), amending provision, numbered paragraph				
95a			<b>"</b> <b>a) point (5) is replaced by the following:</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 1, first paragraph, point (2), amending provision, numbered paragraph				
95b			'(5) 'net turnover' means the amounts derived from the sale of products and the provision of services after deducting sales rebates and value added tax and other taxes directly linked to turnover for credit institutions referred to in point (b) of Article 1(3) of this Directive 'net turnover' shall be defined according to point (c) of Article 43(2) of Directive 1986/635 of the Council; for insurance undertakings referred to in point (a) of Article 1(3) of this Directive, 'net turnover' shall be defined according to Article 35 of Directive 1991/674 of the Council'; "	
Article 1, first paragraph, point (2), amending provision, numbered paragraph (-1)				
95c			' <b>b) the following points (17) to (20) are added:</b>	
Article 1, first paragraph, point (2), amending provision, numbered paragraph (17)				
96	' (17) 'sustainability matters' means sustainability factors as defined in	' (17) 'sustainability matters' means sustainability factors as defined in	'(17) 'sustainability matters' means <b>environmental, social and human rights, and governance factors,</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Article 2, point (24) of Regulation (EU) 2019/2088 of the European Parliament and of the Council <sup>4</sup> , and governance factors;	Article 2, point (24) of Regulation (EU) 2019/2088 of the European Parliament and of the Council <sup>4</sup> , and <u>further specified in the standards and delegated acts referred to in Article 4 thereof, as well as</u> governance factors;	<b>including</b> sustainability factors as defined in Article 2, point (24) of Regulation (EU) 2019/2088 of the European Parliament and of the Council <sup>4</sup> ; <del>and governance factors<sup>1</sup>;</del>  1. [1] Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability- related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).	
Article 1, first paragraph, point (2), amending provision, numbered paragraph (18)				
97	(18) 'sustainability reporting' means reporting information related to sustainability matters in accordance with Articles 19a, 19d and 29a of this Directive;	(18) 'sustainability reporting' means reporting information related to sustainability matters in accordance with Articles 19a, 19d and 29a of this Directive;	(18) 'sustainability reporting' means reporting information related to sustainability matters in accordance with Articles 19a, <del>19d and 29a</del> <b>and 29a and 29d</b> of this Directive;	
Article 1, first paragraph, point (2), amending provision, numbered paragraph (19)				
98	(19) 'intangibles' means non-physical resources that contribute to the undertaking's value creation;	(19) 'intangibles' means non-physical resources that contribute to the undertaking's value creation <u>and are consistent with intangible assets already reported in the financial reporting framework</u> ;	(19) <del>'intangibles'</del> <b>'key intangible resources'</b> means <del>non-physical</del> resources <del>that contribute to</del> <b>without physical substance on which the business model of the undertaking's fundamentally depends and that are a source of creation of the value creation of the undertaking</b> ;	
Article 1, first paragraph, point (2), amending provision, numbered paragraph (20), introductory part				
99				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	(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* <sup>5</sup> for the specific conformity assessment activity referred to in Article 34(1), second subparagraph, point (aa) of this Directive.	(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* <sup>5</sup> for the specific conformity assessment activity referred to in Article 34(1), second subparagraph, point (aa) of this Directive.	(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 <sup>1*5</sup> for the specific conformity assessment activity referred to in Article 34(1), second subparagraph, point (aa) of this Directive.’  <u>1. [1] Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93 (OJ L 218, 13.8.2008, p. 30).’;</u>	
Article 1, first paragraph, point (2), amending provision, numbered paragraph (20), first paragraph				
100	_____	_____		
	_____	_____		
	_____	_____		
Article 1, first paragraph, point (2), amending provision, numbered paragraph (20), second paragraph				
101	* <sup>4</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability- related disclosures in the financial services sector (OJ L	* <sup>4</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability- related disclosures in the financial services sector (OJ L		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	317, 9.12.2019, p. 1).	317, 9.12.2019, p. 1).		
Article 1, first paragraph, point (2), amending provision, numbered paragraph (20), third paragraph				
102	*5 Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93 (OJ L 218, 13.8.2008, p. 30).;	*5 Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93 (OJ L 218, 13.8.2008, p. 30).;		
Article 1, first paragraph, point (2), amending provision, numbered paragraph (20a)				
102a			<b>(2a) In Article 19, the following subparagraph is inserted:</b>	
Article 1, first paragraph, point (2), amending provision, numbered paragraph (20a)				
102b		<u><i>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</i></u>		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<a href="#"><i>specific sustainability matters.</i></a>		
Article 1, first paragraph, point (2), amending provision, numbered paragraph (20b)				
102c			<p><b>‘Large undertakings referred to in Article 3 point (4) and small and medium-sized undertakings as defined in Article 3(2) and 3(3) which are undertakings as referred to in Article 2, point (1), point (a) shall report information on the key intangible resources on which the business model of the undertaking fundamentally depends, and explain this dependency and how they are a source of value creation for the undertaking’.</b></p>	
Article 1, first paragraph, point (3), introductory part				
103	(3) Article 19a is replaced by the following:	(3) Article 19a is replaced by the following:	(3) Article 19a is replaced by the following:	
Article 1, first paragraph, point (3), amending provision, first paragraph				
104	‘ Article 19a	‘ Article 19a	Article 19a	
Article 1, first paragraph, point (3), amending provision, second paragraph				
105				



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Sustainability Reporting	Sustainability Reporting	Sustainability reporting	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (1)				
106	1. Large undertakings and, as of 1 January 2026, small and medium-sized undertakings which are undertakings referred to in Article 2, point (1), point (a), shall include in the management report information necessary to understand the undertaking's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking's development, performance and position.	1. Large undertakings <del>and, as of 1 January 2026, small and medium-sized undertakings which are undertakings referred to in Article 2, point (1), point (a),</del> 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.	1. Large undertakings <del>and, as of 1 January 2026,</del> <b>referred to in Article 3 point (4) and</b> small and medium-sized undertakings <b>as defined in Article 3(2) and 3(3)</b> which are undertakings <b>as</b> referred to in Article 2, point (1), point (a) <b>and which are not micro-undertakings as defined in Article 3 (1),</b> shall include in the management report information necessary to understand the undertaking's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking's development, performance and position. <b>This information shall be clearly identifiable within the management report, through a dedicated section of the management report.</b>	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (1a)				
106a		<u><b>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</b></u>		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u><i>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.</i></u>		
Article 1, first paragraph, point (3), amending provision, numbered paragraph (2), introductory part				
107	2. The information referred to in paragraph 1 shall contain in particular:	2. The information referred to in paragraph 1 shall contain in particular:	2. The information referred to in paragraph 1 shall contain <del>in</del> particular:	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (2)(a), introductory part				
108	(a) a brief description of the undertaking's business model and strategy, including:	(a) a brief description of the undertaking's business model and strategy, including:	(a) a brief description of the undertaking's business model and strategy, including:	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (2)(a)(i)				
109	(i) the resilience of the undertaking's business model and	(i) the resilience of the undertaking's business model and	(i) the resilience of the undertaking's business model and strategy to risks	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	strategy to risks related to sustainability matters;	strategy to risks related to sustainability matters;	related to sustainability matters;	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (2)(a)(ii)				
110	(ii) the opportunities for the undertaking related to sustainability matters;	(ii) the opportunities for the undertaking related to sustainability matters;	(ii) the opportunities for the undertaking related to sustainability matters;	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (2)(a)(ia)				
110a		<u>(ia) 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;</u>		
Article 1, first paragraph, point (3), amending provision, numbered paragraph (2)(a)(iii)				
111	(iii) the plans of the undertaking to ensure that its business model and strategy are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement;	<u>(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,</u> to	(iii) the plans of the undertaking to ensure that its business model and strategy are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement;	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p>ensure that its <u>overall</u> business model and strategy are compatible with the transition to a sustainable economy and with the limiting of global warming to <del>±.5</del><u>1,5</u> °C in line with the Paris Agreement, <u>with no or limited overshoot and pursuant to the latest recommendations of the IPCC and the European Scientific Advisory Board on Climate Change, and that the undertaking's operations within the Union are aligned with the objective to achieve climate neutrality by 2050 at the latest, set out in the European Climate Law; and</u></p> <p>- <u>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) No1893/2006, insofar as they relate to coal, oil, gas-related activities;</u></p> <p>- <u>where relevant, undertakings the activities of which particularly impact natural resources and/or that operate in sectors particularly relying on natural resources, shall disclose the nature-related impacts on and risks for 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 line with the latest</u></p>		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>science</u> ;		
Article 1, first paragraph, point (3), amending provision, numbered paragraph (2)(a)(iv)				
112	(iv) how the undertaking's business model and strategy take account of the interests of the undertaking's stakeholders and of the impacts of the undertaking on sustainability matters;	(iv) how the undertaking's business model and strategy take account of the interests of the undertaking's stakeholders and of the impacts of the undertaking on sustainability matters;	(iv) how the undertaking's business model and strategy take account of the interests of the undertaking's stakeholders and of the impacts of the undertaking on sustainability matters;	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (2)(a)(v)				
113	(v) how the undertaking's strategy has been implemented with regard to sustainability matters;	(v) how the undertaking's strategy has been implemented with regard to sustainability matters <u>and science-based targets</u> ;	(v) how the undertaking's strategy has been implemented with regard to sustainability matters;	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (2)(b)				
114	(b) a description of the targets related to sustainability matters set by the undertaking and of the progress the undertaking has made towards achieving those targets;	(b) a description of the <u>time-bound short-term, mid-term and long-term</u> targets related to sustainability matters set by the undertaking <u>with respect to the undertaking's risks and opportunities and adverse impacts on sustainability matters, whether such targets are science-based</u> and of the progress the undertaking has made towards achieving those targets <u>including a</u>	(b) a description of the targets related to sustainability matters set by the undertaking and of the progress <del>of the undertaking has made</del> towards achieving those targets;	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>clearly defined path and implementing actions to reach those;</u>		
Article 1, first paragraph, point (3), amending provision, numbered paragraph (2)(c)				
115	(c) a description of the role of the administrative, management and supervisory bodies with regard to sustainability matters;	(c) a description of the role <u>and expertise</u> of the administrative, management and supervisory bodies with regard to sustainability matters;	(c) a description of the role of the administrative, management and supervisory bodies with regard to sustainability matters;	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (2)(d)				
116	(d) a description of the undertaking's policies in relation to sustainability matters;	(d) a description of the undertaking's policies in relation to sustainability matters;	(d) a description of the undertaking's policies in relation to sustainability matters;	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (2)(da)				
116a		<u>(da) information about the existence of incentive schemes offered to members of the administrative, management and supervisory bodies which are linked to sustainability matters;</u>		
Article 1, first paragraph, point (3), amending provision, numbered paragraph (2)(e), introductory part				
117	(e) a description of:	(e) a description of:	(e) a description of:	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (2)(e)(i)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
118	(i) the due diligence process implemented with regard to sustainability matters;	(i) the due diligence process implemented with regard to sustainability matters <u>and, where applicable, pursuant to EU and/or national legislation</u> ;	(i) the due diligence process implemented <b>by the undertaking</b> with regard to sustainability matters;	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (2)(e)(ii)				
119	(ii) the principal actual or potential adverse impacts connected with the undertaking's value chain, including its own operations, its products and services, its business relationships and its supply chain;	(ii) the principal actual or potential adverse impacts connected with the undertaking's value chain, including its own operations, its products and services, its business relationships and its supply chain;	(ii) the principal actual or potential adverse impacts connected with the undertaking's value chain, including its own operations, its products and services, its business relationships and its supply chain;	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (2)(e)(iii)				
120	(iii) any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;	(iii) any actions taken, and the result of such actions, to <u>identify, track, prevent, mitigate, remediate or cease-or-remediate</u> actual or potential adverse impacts;	(iii) any actions taken <b>by the undertaking</b> , and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (2)(f)				
121	(f) a description of the principal risks to the undertaking related to sustainability matters, including the undertaking's principal dependencies on such matters, and	(f) a description of the principal risks to the undertaking related to sustainability matters, including the undertaking's principal dependencies on such matters, and	(f) a description of the principal risks to the undertaking related to sustainability matters, including the undertaking's principal dependencies on such matters, and	



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	how the undertaking manages those risks;	how the undertaking manages those risks;	how the undertaking manages those risks;	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (2)(g)				
122	(g) indicators relevant to the disclosures referred to in points (a) to (f).	(g) indicators <u>and time-bound targets</u> relevant to the disclosures referred to in points (a) to (f)– <del>based on the guidelines developed by the European Commission.</del>	(g) indicators relevant to the disclosures referred to in points (a) to (f).	
Article 1, first paragraph, point (3), amending provision, fifth paragraph				
123	Undertakings shall also disclose information on intangibles, including information on intellectual, human, and social and relationship capital.	Undertakings shall also disclose information on intangibles, including information on intellectual, human, and social and relationship capital.		
Article 1, first paragraph, point (3), amending provision, sixth paragraph				
124	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 in this process they shall take account of short, medium and long-term horizons.	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 <u>2.</u> in this process they shall take account of short, medium and long-term <del>horizons</del> <u>objectives, strategies and targets.</u>	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 in this process they shall take account of short, medium and long-term horizons.	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (3), introductory part				
125				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	3. The information referred to in paragraphs 1 and 2 shall contain forward-looking and retrospective information, and qualitative and quantitative information.	3. The information referred to in paragraphs 1 and 2 shall contain forward-looking and retrospective information, and qualitative and quantitative information.		
Article 1, first paragraph, point (3), amending provision, numbered paragraph (3), first paragraph				
126	Where appropriate, the information referred to in paragraphs 1 and 2 shall contain information about the undertaking's value chain, including the undertaking's own operations, products and services, its business relationships and its supply chain.	Where <del>appropriate</del> <b>applicable</b> , 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.	<b>3.</b> Where <del>appropriate</del> <b>applicable</b> , 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.	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (3), second paragraph				
127	Where appropriate, 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.	Where <del>appropriate</del> <b>applicable</b> , 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.	Where <del>appropriate</del> <b>applicable</b> , 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.	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (3), third paragraph				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
128	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.	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.	Member States may allow information relating to impending <del>developments</del> <b>developments</b> or matters in the course of negotiation to be omitted in <del>exceptional</del> <b>exceptional</b> 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 <del>understanding</del> <b>understanding</b> of the undertaking's development, performance, position and impact of its activity.	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (4)				
129	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.	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.	4. Undertakings shall report the information referred to in paragraphs 1 to 3 in accordance with the sustainability reporting standards referred to in Article <del>19b</del> <b>29b</b> .	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (4a)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
129a		<u>4a. The Commission shall prepare non-binding guidelines, on appropriate methodologies to generate the forward-looking information to be provided in the reporting.</u>		
Article 1, first paragraph, point (3), amending provision, numbered paragraph (5)				
130	5. By way of derogation from Article 19a, paragraphs 1 to 4, 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.	<del>5. By way of derogation from Article 19a, paragraphs 1 to 4, 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.</del> <u>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.</u>	5. By way of derogation from Article 19a, paragraphs 1 to 4, <b>and without prejudice to paragraphs 7 and 7a</b> , small and <del>medium sized</del> <b>medium-sized</b> undertakings referred to in <b>paragraph 1, small and non-complex institutions as defined in Article 24(1), point (1),</b> point (a), may report in accordance with the sustainability reporting standards for small and medium sized <b>(145) of Regulation (EU) No 575/2013, and captive insurance undertakings as defined in Article 13 (2) of Directive 2009/138/EC and captive reinsurance undertakings referred to as defined in Article 19c.</b> <b>13 (5) of Directive 2009/138/EC may limit their sustainability reporting to the following information:</b>	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (5)(a)				
130a				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			(a) A brief description of the undertaking's business model and strategy;	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (5)(b)				
130b			(b) A description of the undertaking's policies in relation to sustainability matters;	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (5)(c)				
130c			(c) The principal actual or potential adverse impacts of the undertaking with regard to sustainability matters, and any actions taken to prevent, mitigate or remediate such actual or potential adverse impacts;	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (5)(d)				
130d			(d) The principal risks to the undertaking related to sustainability matters and how the undertaking manages those risks;	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (5)(e)				
130e			(e) Key indicators necessary to the disclosures referred to in points (a) to (d).	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 1, first paragraph, point (3), amending provision, numbered paragraph				
130f			<b>Small and medium-sized undertakings, small and non-complex institutions and captive insurance and reinsurance undertakings that use this derogation shall report in accordance with the sustainability reporting standards for small and medium-sized undertakings referred to in Article 29c.</b>	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (6)				
131	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).	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).	6. Undertakings that comply with the requirements set out in paragraphs 1 to 4 <b>and undertakings making use of the derogation in paragraph 5</b> shall be deemed to have complied with the requirement set out in the third subparagraph of Article 19(1).	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7), introductory part				
132	7. An undertaking which is a subsidiary undertaking shall be exempted from the obligations set out in paragraphs 1 to 4 if that undertaking and its subsidiary undertakings are included in the consolidated management report of a	7. <del>An undertaking which is a subsidiary undertaking shall be exempted from the obligations set out in paragraphs 1 to 4 if that undertaking and its subsidiary undertakings are included in the consolidated management report of</del>	7. An undertaking ( <b>‘the exempted subsidiary undertaking’</b> ) which is a subsidiary undertaking shall be exempted from the obligations set out in paragraphs 1 to 4 if that undertaking and its subsidiary undertakings are included in the	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>parent undertaking, drawn up in accordance with Articles 29 and 29a. 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 Council<sup>*6</sup>, to the manner required by the sustainability reporting standards referred to in Article 19b of this Directive.</p>	<p><del>a parent undertaking, drawn up in accordance with Articles 29 and 29a. 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 Council<sup>*6</sup>, to the manner required by the sustainability reporting standards referred to in Article 19b of this Directive.</del>  <a href="#">deleted</a></p>	<p>consolidated management report of a parent undertaking, drawn up in accordance with Articles 29 and 29a. 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 reportsustainability reporting is drawn up in a manner that may be considered equivalent, equivalent to sustainability reporting standards adopted pursuant to Articles 29b of this Directive, determined in accordance with the relevant implementing measures adopted pursuant to Article 23(4), first subparagraph, point (i), and Article 23(4), fourth subparagraph of Directive 2004/109/EC of the European Parliament and of the Council<sup>*6</sup>, to the manner required by the sustainability reporting standards referred to in Article 19b of this Directive.<sup>1</sup>.</p> <p><sup>1</sup>. [1] Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information</p>	

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			about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).’;	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7), first paragraph -a, introductory part				
132a			The exemption in subparagraph 1 is subject to the following conditions:	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7), first paragraph -a(a), introductory part				
132b			(i) the management report of the exempted subsidiary undertaking contains all of the following information:	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7), first paragraph -a(a)(1)				
132c			(a) the name and registered office of the parent undertaking that reports information at group level in accordance with Articles 29 and 29a of this Directive, or in a manner equivalent to sustainability reporting standards adopted pursuant to Article 29b of this Directive, determined in accordance with the measures adopted pursuant to Article 23(4),	



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			first subparagraph, point (i), and Article 23(4), fourth subparagraph of Directive 2004/109/EC;	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7), first paragraph -a(a)(2)				
132d			(b) the web links to the consolidated management report of the parent undertaking referred to in the first subparagraph and to the opinion referred to in Article 34(1), second subparagraph, point (aa) of this Directive or the opinion referred to in point (ii) of this subparagraph;	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7), first paragraph -a(a)(3)				
132e			(c) the fact that the undertaking is exempted from the obligations set out in paragraphs 1 to 4 of this Article.	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7), first paragraph -a(b)				
132f			(ii) When the parent undertaking referred to in the first subparagraph is established in a third country, its consolidated management report and the	

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			<p><b>opinion based on a limited assurance engagement given by one or more person(s) or firm(s) authorised to give an opinion on the assurance of sustainability reporting under the national law governing the undertaking which drew up that consolidated management report, shall be published in accordance with Article 30, in the manner prescribed by the law of the Member State by which the exempted subsidiary undertaking is governed.</b></p>	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7), first paragraph -b				
132g			<p><b>The Member State by which the exempted subsidiary undertaking is governed, may require that the consolidated management report of the parent undertaking is published in a language that it accepts, and that any necessary translation into those languages is certified.</b></p>	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7), first paragraph -c				
132h			<p><b>Undertakings which are exempted from preparing a management</b></p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			report according to Article 37 of this Directive, need not to provide the information of points (a), (b) and (c) of point (i) of the second subparagraph, provided they publish the consolidated management report referred to in the first subparagraph of this paragraph in accordance with Article 37 of this Directive.	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7), first paragraph -d				
132i			For the purposes of the first subparagraph, and where Article 10 of Regulation (EU) No 575/2013 applies, credit institutions referred to in Article 1, point (3), point (b) of this Directive that are permanently affiliated to a central body which supervises them under the conditions laid down in that same article shall be treated as subsidiaries of the central body.	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7), first paragraph -e				
132j			For the purposes of the first subparagraph, insurance undertakings referred to in Article 1(3), point (a) of this Directive that are part of a group on the basis of	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			a relationship referred to in Article 212(1)(c)(ii) of Directive 2009/138/EC which is subject to group supervision in accordance with Article 213(2), points (a), (b) and (c) of that Directive shall be treated as subsidiaries of the parent undertaking of that group.	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7), first paragraph				
133	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 that is exempted from the obligations set out in paragraphs 1 to 4 is governed.	The consolidated management report of <del>the</del> parent undertaking <del>referred to in subparagraph 1</del> shall be published in accordance with Article 30, in the manner prescribed by the law of the Member State by which the undertaking <del>that is exempted from the obligations set out</del> <u>which meets the requirements referred to</u> in paragraphs 1 to 4 is governed.		
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7), second paragraph				
134	The Member State by which the undertaking that is exempted from the obligations set out in paragraphs 1 to 4 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	The Member State by which the undertaking <del>that is exempted from the obligations set out</del> <u>which meets the requirements referred to</u> in paragraphs 1 to 4 is governed, may require that the consolidated management report <del>referred to in the first subparagraph of this</del>		

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	State or in a language customary in the sphere of international finance, and that any necessary translation into those languages is certified.	<del>paragraph</del> <u>of a parent undertaking</u> 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 certified.		
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7), third paragraph, introductory part				
135	The management report of an undertaking that is exempted from the obligations set out in paragraphs 1 to 4 shall contain all of the following information:	The management report of an undertaking that is exempted from the obligations set out in paragraphs 1 to 4 shall contain all of the following information:		
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7), third paragraph(a)				
136	(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;	(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;		
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7),				

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third paragraph(b)				
137	(b) the fact that the undertaking is exempted from the obligations set out in paragraphs 1 to 4 of this Article.	(b) the fact that the undertaking is exempted from the obligations set out in paragraphs 1 to 4 of this Article.		
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7), fourth paragraph				
138	_____	_____ _____ <del>deleted</del>		
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7), fifth paragraph				
139	*6 Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).;	<del>*6 Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).</del> <del>deleted</del>		
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7), fifth paragraph a				
139a			<b>7. a The exemption of paragraph</b>	

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			7 shall also apply to public interest entities subject to the requirements of this Article.	
Article 1, first paragraph, point (3), amending provision, numbered paragraph (7a)				
139b		<p><u>7a. The Commission shall be empowered to adopt delegated acts in accordance with Article 49 to establish and amend a list of activities that shall include economic activities in the following high-risk sectors:</u></p> <ul style="list-style-type: none"> <li><u>- Garment and footwear, including manufacturing of textile,</u></li> <li><u>- Agriculture, including manufacturing of food and beverage,</u></li> <li><u>- Extractive sector (mining, oil and gas industries),</u></li> <li><u>- Minerals, including tin, tantalum, tungsten and gold, as well as all other mineral resources.</u></li> </ul> <p><u>The list should correspond to the European NACE codes and take into account, when possible, the lowest classification level.</u></p>		
Article 1, first paragraph, point (4), introductory part				
140	(4) the following Articles 19b, 19c and 19d are inserted:	(4) the following Articles 19b, 19c and 19d are inserted:		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 1, first paragraph, point (4), amending provision, first paragraph				
141	Article 19b	Article 19b		
Article 1, first paragraph, point (4), amending provision, second paragraph				
142	Sustainability reporting standards	Sustainability reporting standards		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (1), introductory part				
143	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:	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:		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (1)(a)				
144	(a) by 31 October 2022, 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	(a) by <del>31 October 2022</del> <u>30 April 2023</u> , 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		



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	specifying information corresponding to the needs of financial market participants subject to the disclosure obligations of Regulation (EU) 2019/2088.	specifying information corresponding to the needs of financial market participants subject to the disclosure obligations of Regulation (EU) 2019/2088.		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (1)(b), introductory part				
145	(b) by 31 October 2023, the Commission shall adopt delegated acts specifying:	(b) by <del>31 October 2023</del> <u>1 January 2024</u> , the Commission shall adopt delegated acts specifying:		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (1)(b)(i)				
146	(i) complementary information that undertakings shall report with regard to the sustainability matters and reporting areas listed in Article 19a(2), where necessary;	(i) complementary information that undertakings shall report with regard to the sustainability matters and reporting areas listed in Article 19a(2), where necessary;		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (1)(b)(ii)				
147	(ii) information that undertakings shall report that is specific to the sector in which they operate.	(ii) information that undertakings shall report that is specific to the sector in which they operate; <del>1</del> <u>prioritising information in economic activities in high-risk sectors referred to in Article 19a (7a);</u>		
Article 1, first paragraph, point (4), amending provision, numbered paragraph				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
(1)(b)(iia)				
147a		<u><i>(iia) the specific measurable objectives based on scientific evidence set out in Article 2, point(20a);</i></u>		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (1)(ba), introductory part				
147b		<u><i>IIb the criteria and implementing rules for sustainability reporting for undertakings operating economic activities in high-risk sectors referred to in Article 19a (7a);</i></u>		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (1)(ba)(1)				
147c		<u><i>IIc 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.</i></u>		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (1), first paragraph				
148	The Commission shall, at least every	The Commission shall, at least every		

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	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.	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.		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), introductory part				
149	2. The sustainability reporting standards referred to in paragraph 1 shall require that the information to be reported is understandable, relevant, representative, verifiable, comparable, and is represented in a faithful manner.	2. The sustainability reporting standards referred to in paragraph 1 shall <del>require that the</del> <u>ensure the quality and relevance of reported information, by requiring that its representative, verifiable, reliable, easily accessible</u> <del>to be reported is understandable, relevant, representative, verifiable,</del> comparable, and is represented in a faithful manner <u>and, where possible, based on specific measurable science-based objectives as described in article 19b) 1 b.iii).</u>		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph, introductory part				
150	The sustainability reporting	The sustainability reporting		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	standards shall, taking into account the subject matter of a particular standard:	standards shall, taking into account the subject matter of a particular standard:		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(a), introductory part				
151	(a) specify the information that undertakings are to disclose about environmental factors, including information about:	(a) specify the information that undertakings are to disclose about environmental factors, including information about:		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(a)(i)				
152	(i) climate change mitigation;	(i) climate change mitigation <u>including:</u> <u>- emissions on all scopes of greenhouse gas emissions, including Scope 1, 2 and 3 GHG emissions, and other relevant indicators, as appropriate;</u> <u>- 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</u> <u>- 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.</u>		

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Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(a)(ii)				
153	(ii) climate change adaptation;	(ii) climate change adaptation;		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(a)(iii)				
154	(iii) water and marine resources;	(iii) <u>the sustainable use and protection of</u> water, <u>marine and soil</u> <del>and marine</del> resources;		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(a)(iv)				
155	(iv) resource use and circular economy;	(iv) <del>resource use and</del> <u>the transition to</u> circular economy, <u>including resource use</u> ;		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(a)(v)				
156	(v) pollution;	(v) pollution <u>prevention and control</u> ;		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(a)(vi)				
157	(vi) biodiversity and ecosystems;	(vi) <u>protection and restoration of</u> biodiversity and ecosystems;		

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Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(b), introductory part				
158	(b) specify the information that undertakings are to disclose about social factors, including information about:	(b) specify the information that undertakings are to disclose about social factors, including information about:		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(b)(i)				
159	(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;	(i) equal <u>treatment and</u> opportunities for all, including gender equality and equal pay for <u>work of</u> equal <del>work</del> <u>value, diversity at all levels as defined under existing EU legislation, pay transparency, measures against violence and harassment</u> , training and skills development, <u>in particular the rate and breakdown of workers participating in training</u> , and employment and inclusion of people with disabilities, <u>specifying information on accessibility measures, on a country-by-country basis</u> ;		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(b)(ia)				
159a		<u>(ia) the composition of the</u>		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u>workforce disaggregated by sex, on a country-by-country basis;</u>		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(b)(ib)				
159b		<u>I<b>IIb</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;</u>		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(b)(ii)				
160	(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;	(ii) working conditions, including secure <u>employment, adequate and fair wages, working time</u> <del>and adaptable employment, wages,</del> social dialogue, <u>freedom of association</u> , collective bargaining and the <del>involvement</del> <u>information, consultation and participation rights</u> of workers, <u>including with regard to their participation in administrative and supervisory boards</u> , work-life balance, <u>maternity, paternity and parental leave, and health and safety, and the rate of workers injured and sick at work;</u> <u>In accordance with the Union</u>		

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		<p><u>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</u><del>and a healthy, safe and well-adapted work</del> environment; <u>and people.</u></p> <p><u>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.</u></p> <p><u>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 Union legal framework, such as Directive 2002/14/EC, Directive 2009/38/EC, Directive 2001/86/ EC and 2003/72/ EC.</u></p>		



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Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(b)(iii)				
161	(iii) respect for the human rights, fundamental freedoms, democratic principles and standards established in the International Bill of Human Rights and other core UN human rights conventions, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the ILO fundamental conventions and the Charter of Fundamental Rights of the European Union.	(iii) respect for the human rights, fundamental freedoms, democratic principles and standards established in the International Bill of Human Rights, <u>the UN Guiding Principles on Business and Human Rights</u> and other core UN human rights conventions, <u>including the UN Convention on Persons with Disabilities, the UN Declaration on the Rights of Indigenous Peoples,</u> the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the ILO fundamental <u>and governance</u> conventions, <u>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,</u> <del>and</del> the Charter of Fundamental Rights of the European Union, <u>the OECD Guidelines on Multinational Enterprises and the EU labour law acquis.</u>		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(c), introductory part				

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162	(c) specify the information that undertakings are to disclose about governance factors, including information about:	(c) specify the information that undertakings are to disclose about governance factors, including information about:		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(c)(i)				
163	(i) the role of the undertaking's administrative, management and supervisory bodies, including with regard to sustainability matters, and their composition;	(i) the role <u>and expertise</u> of the undertaking's administrative, management and supervisory bodies <u>and committees</u> , including with regard to sustainability matters, and their composition;		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(c)(ii)				
164	(ii) business ethics and corporate culture, including anti-corruption and anti-bribery;	(ii) business ethics and corporate culture, including anti-corruption and anti-bribery <u>and internal arrangements within the undertaking for protecting whistle-blowers and animal welfare where applicable</u> ;		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(c)(iii)				
165	(iii) political engagements of the undertaking, including its lobbying activities;	(iii) political <del>engagements</del> <u>influence</u> of the undertaking, including its lobbying activities <u>and political</u>		

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		<u><a href="#">donations</a></u> ;		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(c)(iv)				
166	(iv) the management and quality of relationships with business partners, including payment practices;	(iv) the management and quality of relationships with business partners, including payment practices, <u><a href="#">especially towards SMEs</a></u> ;		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph(c)(v)				
167	(v) the undertaking's internal control and risk management systems, including in relation to the undertaking's reporting process.	(v) the undertaking's internal control and risk management systems, including in relation to the undertaking's reporting <u><a href="#">and decision-making</a></u> process.		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2a)				
167a		<u><a href="#">2a. 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.</a></u>		

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Article 1, first paragraph, point (4), amending provision, numbered paragraph (3), introductory part				
168	3. When adopting delegated acts pursuant to paragraph 1, the Commission shall take account of:	3. When adopting delegated acts pursuant to paragraph 1, the Commission shall take account of:		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(a)				
169	(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;	(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;		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(aa)				
169a		<u>(aa) administrative costs of the reporting for undertakings;</u>		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(b)				
170	(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;	(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;		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(c)				

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171	(c) the criteria set out in the delegated acts adopted pursuant to Regulation (EU) 2020/852* <sup>7</sup> ;	(c) <u>(c)</u> the criteria, <u>indicators and methodologies</u> set out in the delegated acts adopted pursuant to Regulation (EU) 2020/852* <sup>7</sup> , <u>including inter alia technical screening criteria, criteria for substantial contribution, DNSH criteria.</u>		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(d)				
172	(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* <sup>8</sup> , (EU) 2020/1817* <sup>9</sup> and (EU) 2020/1818* <sup>10</sup> ;	(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* <sup>8</sup> , (EU) 2020/1817* <sup>9</sup> and (EU) 2020/1818* <sup>10</sup> ;		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(e)				
173	(e) the disclosures specified in the implementing acts adopted pursuant to Article 434a of Regulation (EU) No 575/2013* <sup>11</sup> ;	(e) the disclosures specified in the implementing acts adopted pursuant to Article 434a of Regulation (EU) No 575/2013* <sup>11</sup> ;		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(f)				
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	(f) Commission Recommendation 2013/179/EU* <sup>12</sup> ;	(f) Commission Recommendation 2013/179/EU* <sup>12</sup> ;		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(g)				
175	(g) Directive 2003/87/EC of the European Parliament and of the Council* <sup>13</sup> ;	(g) <del>Directive 2003/87/EC</del> <u>(g) Regulation (EU) 2021/1119</u> of the European Parliament and of the Council* <sup>13</sup> ;		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(h), introductory part				
176	(h) Regulation (EC) No 1221/2009 of the European Parliament and of the Council* <sup>14</sup> .	(h) Regulation (EC) No 1221/2009 of the European Parliament and of the Council* <sup>14</sup> .		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(h), first paragraph -a				
176a		<u>(h a) Directive (EU) 2019/1937 of the European Parliament and of the Council.</u>		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(h), first paragraph				
177	_____	_____		
	_____	_____		
	_____	_____		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(h),				

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second paragraph				
178	*7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).	*7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(h), third paragraph				
179	*8 Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).	*8 Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(h), fourth paragraph				
180	*9 Commission Delegated Regulation (EU) 2020/1817 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European	*9 Commission Delegated Regulation (EU) 2020/1817 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European		

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	Parliament and of the Council as regards the minimum content of the explanation on how environmental, social and governance factors are reflected in the benchmark methodology (OJ L 406, 3.12.2020, p. 12).	Parliament and of the Council as regards the minimum content of the explanation on how environmental, social and governance factors are reflected in the benchmark methodology (OJ L 406, 3.12.2020, p. 12).		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(h), fifth paragraph				
181	*10 Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).	*10 Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(h), sixth paragraph				
182	*11 Commission Implementing Regulation laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council (C(2021)1595)	*11 Commission Implementing Regulation laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council (C(2021)1595)		



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Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(h), seventh paragraph				
183	* <sup>12</sup> Commission Recommendation 2013/179/EU of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 124, 4.5.2013, p. 1).	* <sup>12</sup> Commission Recommendation 2013/179/EU of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 124, 4.5.2013, p. 1).		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(h), eighth paragraph				
184	* <sup>13</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).	* <sup>13</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (3)(h), ninth paragraph				
185	* <sup>14</sup> Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary	* <sup>14</sup> Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary		

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	participation by organisations in a Community eco-management and audit scheme (EMAS), repealing Regulation (EC) No 761/2001 and Commission Decisions 2001/681/EC and 2006/193/EC (OJ L 342, 22.12.2009, p. 1).	participation by organisations in a Community eco-management and audit scheme (EMAS), repealing Regulation (EC) No 761/2001 and Commission Decisions 2001/681/EC and 2006/193/EC (OJ L 342, 22.12.2009, p. 1).		
Article 1, first paragraph, point (4), amending provision, sixth paragraph				
186	Article 19c	Article 19c		
Article 1, first paragraph, point (4), amending provision, seventh paragraph				
187	Sustainability reporting standards for SMEs	<u>Voluntary</u> sustainability reporting standards for SMEs		
Article 1, first paragraph, point (4), amending provision, eighth paragraph				
188	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 referred to in Article 2, point (1)(a) shall report. They shall take into account the criteria set out in Article 19b, paragraphs 2 and 3.	<u>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 <del>referred to in Article 2, point (1)(a)</del> that choose to use sustainability reporting standards for SMEs on a voluntary basis</u>		

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	They shall also, where relevant, specify the structure in which that information shall be reported.	<u>while meeting the requirements and obligations of this Directive concerning the content, auditing and publication of the management report</u> , 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.		
Article 1, first paragraph, point (4), amending provision, eighth paragraph a				
188a		<u>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.</u>		
Article 1, first paragraph, point (4), amending provision, eighth paragraph b				
188b		<u>Voluntary sustainability reporting standards should set a reference for undertakings that are within the</u>		

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		<u><i>scope of the Directive regarding the level of sustainability information that they could reasonably request from SME suppliers and clients in their value chains.</i></u>		
Article 1, first paragraph, point (4), amending provision, ninth paragraph				
189	The Commission shall adopt those delegated acts at the latest by 31 October 2023.	The Commission shall adopt those delegated acts at the latest by 31 October 2023.		
Article 1, first paragraph, point (4), amending provision, tenth paragraph				
190	Article 19d	Article 19d		
Article 1, first paragraph, point (4), amending provision, eleventh paragraph				
191	Single electronic reporting format	Single electronic reporting format		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (1)				
192	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* <sup>15</sup> and shall mark-up their sustainability reporting, including the disclosures laid down in Article 8 of Regulation (EU) 2020/852, in accordance with	1. <u><i>I.</i></u> 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* <sup>15</sup> and shall mark-up their sustainability reporting, including the disclosures laid down in Article 8 of Regulation (EU)		

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	that Delegated Regulation.	2020/852, in accordance with that Delegated Regulation. <u><i>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'.</i></u>		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (1a)				
192a		<u><i>1a. 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.</i></u>		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), introductory part				
193	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	2. <u><i>2.</i></u> 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		

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	8 of Regulation (EU) 2020/852.	8 of Regulation (EU) 2020/852. <u><a href="#">The mark-up must be compatible with the format specified in paragraph 1.</a></u>		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), first paragraph				
194	_____	_____		
	_____	_____		
	_____	_____		
Article 1, first paragraph, point (4), amending provision, numbered paragraph (2), second paragraph				
195	*15 Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (OJ L 143, 29.5.2019, p. 1).;	*15 Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (OJ L 143, 29.5.2019, p. 1).;		
Article 1, first paragraph, point (5), introductory part				
196	(5) Article 20(1) is amended as follows:	(5) Article 20(1) is amended as follows:	(5) Article 20(1) is amended as follows:	
Article 1, first paragraph, point (5)(a), introductory part				

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197	(a) point (g) is replaced by the following:	(a) point (g) is replaced by the following:	(a) point (g) is replaced by the following:	
Article 1, first paragraph, point (5)(a), amending provision, first paragraph				
198	‘ (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.; ’	‘ (g) <u>(g)</u> 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 <u>or disabilities</u> , 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 <del>statement</del> <u>shall statements hall</u> contain an explanation as to why this is the case.; ’	(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.’;	
Article 1, first paragraph, point (5)(b), introductory part				
199	(b) the following subparagraph is added:	(b) the following subparagraph is added:	(b) the following subparagraph is added:	
Article 1, first paragraph, point (5)(b), amending provision, first paragraph				
200	‘ Undertakings subject to Article 19a may comply with the obligation laid	‘ Undertakings subject to Article 19a may comply with the obligation laid	‘Undertakings subject to Article 19a may comply with the obligation laid down in <del>points (e), (f) and</del> point (g)	

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	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.;	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.;	of the first subparagraph of this Article where they include the information required under those points as part of their sustainability reporting <b>and a reference is included in the corporate governance statement.</b> ’;	
Article 1, first paragraph, point (6), introductory part				
201	(6) Article 23 is amended as follows:	(6) Article 23 is amended as follows:	(6) Article 23 is amended as follows:	
Article 1, first paragraph, point (6)(a), introductory part				
202	(a) in paragraph 4, point (b) is replaced by the following:	(a) in paragraph 4, point (b) is replaced by the following:	(a) in paragraph 4, point (b) is replaced by the following:	
Article 1, first paragraph, point (6)(a), amending provision, first paragraph				
203	‘ (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	‘ (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	(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	



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	accounting standards adopted in accordance with Regulation (EC) No 1606/2002;;	accounting standards adopted in accordance with Regulation (EC) No 1606/2002;;	accordance with Regulation (EC) No 1606/2002;’;	
Article 1, first paragraph, point (6)(b), introductory part				
204	(b) in paragraph 8, point (b)(i) is replaced by the following:	(b) in paragraph 8, point (b)(i) is replaced by the following:	(b) in paragraph 8, point (b)(i) is replaced by the following:	
Article 1, first paragraph, point (6)(b), amending provision, first paragraph				
205	‘ (i) in accordance with this Directive, with the exception of the requirements laid down in Article 29a,;	‘ (i) in accordance with this Directive, with the exception of the requirements laid down in Article 29a,;	(i) in accordance with this Directive, with the exception of the requirements laid down in Article 29a,’;	
Article 1, first paragraph, point (6)(c), introductory part				
206	(c) in paragraph 8, (b)(iii) is replaced by the following:	(c) in paragraph 8, (b)(iii) is replaced by the following:	(c) in paragraph 8, (b)(iii) is replaced by the following:	
Article 1, first paragraph, point (6)(c), amending provision, first paragraph				
207	‘ (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	‘ (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	(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’;	

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	Article 29a, or;	Article 29a, or;		
Article 1, first paragraph, point (7), introductory part				
208	(7) Article 29a is replaced by the following:	(7) Article 29a is replaced by the following:	(7) Article 29a is replaced by the following:	
Article 1, first paragraph, point (7), amending provision, first paragraph				
209	‘ Article 29a	‘ Article 29a	Article 29a	
Article 1, first paragraph, point (7), amending provision, second paragraph				
210	Consolidated sustainability reporting	Consolidated sustainability reporting	Consolidated sustainability reporting	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (1)				
211	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.	1. <u><b>1.</b></u> 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. <u><b>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</b></u>	1. Parent undertakings of a large group <b>as referred to in Article 3, point (7)</b> 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. <b>This information shall be clearly identifiable within the consolidated management report,</b>	

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		<u>the publication of the financial statements.</u>	through a dedicated section of the management report.	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (2), introductory part				
212	2. The information referred to in paragraph 1 shall contain in particular:	2. <u>2.</u> The information referred to in paragraph 1 shall contain: <del>in particular:</del>	2. The information referred to in paragraph 1 shall contain <del>in particular:</del>	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (2)(a), introductory part				
213	(a) a brief description of the group's business model and strategy, including:	(a) <u>(a)</u> a <del>brief</del> description of the group's business model and strategy, including:	(a) a brief description of the group's business model and strategy, including:	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (2)(a)(i)				
214	(i) the resilience of the group's business model and strategy to risks related to sustainability matters;	(i) the resilience of the group's business model and strategy to risks related to sustainability matters;	(i) the resilience of the group's business model and strategy to risks related to sustainability matters;	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (2)(a)(ii)				
215	(ii) the opportunities for the group related to sustainability matters;	(ii) the opportunities for the group related to sustainability matters;	(ii) the opportunities for the group related to sustainability matters;	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (2)(a)(iii)				

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216	(iii) the plans of the group to ensure that the group's business model and strategy 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;	(iii) <del>(iii)</del> the plans of the <del>group</del> <u>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,</u> to ensure that <del>the group's</del> <u>its overall</u> business model and strategy <u>are</u> compatible with the transition to a sustainable economy and with the limiting of global warming to <del>1.5 °C in line</del> <u>1,5 °C inline</u> with the Paris Agreement, <u>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</u>	(iii) the plans of the group to ensure that the group's business model and strategy <b>are</b> 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;	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (2)(a)(iv)				
217				

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	(iv) how the group's business model and strategy take account of the interests of the group's stakeholders and of the impacts of the group on sustainability matters;	(iv) <u>(iv)</u> how the <del>group</del> <u>undertaking</u> 's business model and strategy take account of the interests of the <del>group</del> <u>undertaking</u> 's stakeholders and of the <del>impacts</del> <u>impact</u> of the <del>group</del> <u>undertaking</u> on sustainability matters;	(iv) how the group's business model and strategy take account of the interests of the group's stakeholders and of the impacts of the group on sustainability matters;	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (2)(a)(v)				
218	(v) how the group's strategy has been implemented with regard to sustainability matters;	(v) <u>(v)</u> how the <del>group</del> <u>undertaking</u> 's strategy has been implemented with regard to sustainability matters <u>and science-based targets</u> ;	(v) how the group's strategy has been implemented with regard to sustainability matters;	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (2)(b)				
219	(b) a description of the targets related to sustainability matters set by the group and of the progress of the undertaking towards achieving them;	(b) <u>(b)</u> a description of the <del>time-bound</del> targets related to sustainability matters set by the <del>group</del> <u>undertaking with respect to the undertaking's risks and opportunities and adverse impacts on sustainability matters, whether such targets are science-based</u> and of the progress <del>of</del> the undertaking <u>has made</u> towards achieving <del>them</del> <u>those targets including a clearly defined path and implementing actions to reach those</u> ;	(b) a description of the targets related to sustainability matters set by the group and of the progress of the <del>undertaking</del> <u>group</u> towards achieving <del>them</del> <u>those targets</u> ;	

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Article 1, first paragraph, point (7), amending provision, numbered paragraph (2)(c)				
220	(c) a description of the role of the administrative, management and supervisory bodies with regard to sustainability matters;	(c) <u>(c)</u> a description of the role <u>and expertise</u> of the administrative, management and supervisory bodies with regard to sustainability matters;	(c) a description of the role of the administrative, management and supervisory bodies with regard to sustainability matters;	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (2)(d)				
221	(d) a description of the group's policies in relation to sustainability matters;	(d) a description of the <del>group</del> <u>undertaking</u> 's policies, in relation to sustainability matters;	(d) a description of the group's policies in relation to sustainability matters;	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (2)(da)				
221a		<u>(da) (da) information about the existence of incentive schemes offered to members of the administrative, management and supervisory bodies which are linked to sustainability matters;</u>		
Article 1, first paragraph, point (7), amending provision, numbered paragraph (2)(e), introductory part				
222	(e) a description of:	(e) a description of:	(e) a description of:	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (2)(e)(i)				
223	(i) the due diligence process implemented with regard to	(i) <u>(i)</u> the due diligence process implemented with regard to	(i) the due diligence process implemented <b>by the group</b> with	

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	sustainability matters;	sustainability matters <u>and, where applicable, pursuant to EU and/or national legislation</u> ;	regard to sustainability matters;	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (2)(e)(ii)				
224	(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;	(ii) <u>(ii)</u> the <del>principal</del> actual or potential adverse impacts connected with the <del>group</del> <u>undertaking</u> 's value chain, including its own operations, its products and services, its business relationships and its supply chain;	(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;	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (2)(e)(iii)				
225	(iii) any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;	(iii) <u>(iii)</u> any actions taken, and the result of such actions, to <u>identify, track, prevent, and mitigate, remediate or cease</u> <del>or remediate</del> actual or potential adverse impacts;	(iii) any actions taken <b>by the group</b> , and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (2)(f)				
226	(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;	(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;	(f) a description of the principal risks to the group related to sustainability matters, including the group's principal dependencies on such <del>factors</del> <b>matters</b> , and how the group manages those risks;	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (2)(g)				

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227	(g) indicators relevant to the disclosures referred to in points (a) to (f).	(g) <u>(g)</u> indicators <del>relevant to the</del> <u>and time-bound targets</u> relevant to the disclosures referred to in points (a) to (f) <u>based on the guidelines developed by the European Commission</u> .	(g) indicators relevant to the disclosures referred to in points (a) to (f).	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (2), first paragraph				
228	Parent undertakings shall also report information on intangibles, including information on intellectual, human, and social and relationship capital.	Parent undertakings shall also report information on intangibles, including information on intellectual, human, and social and relationship capital.	Parent undertakings shall <del>also report information on intangibles, including</del> <b>the process carried out to identify the information on intellectual, human, and social and relationship capital that they have included in the consolidated management report in accordance with paragraph 1 and in this process they shall take account of short, medium and long-term horizons.</b>	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (2), second paragraph				
229	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.	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.		



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Article 1, first paragraph, point (7), amending provision, numbered paragraph (3), introductory part				
230	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, where appropriate.	3. <u>3.</u> 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 <del>information shall</del> <u>informationshall</u> take into account short, medium and long-term time <del>horizons</del> <u>objectives, strategies and targets</u> , where appropriate.		
Article 1, first paragraph, point (7), amending provision, numbered paragraph (3), first paragraph				
231	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.	<u>The</u> 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 <del>appropriate</del> <u>applicable</u> .		
Article 1, first paragraph, point (7), amending provision, numbered paragraph (3), second paragraph				
232	The information referred to in paragraphs 1 and 2 shall also, where appropriate, include references to, and additional explanations of, other information included in the	<u>The</u> information referred to in paragraphs 1 and 2 shall also, where <del>appropriate</del> <u>applicable</u> , include references to, and additional explanations of, other information		

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	consolidated management report in accordance with Article 29 of this Directive and amounts reported in the consolidated financial statements.	included in the consolidated management report in accordance with Article 29 of this Directive and amounts reported in the consolidated financial statements.		
Article 1, first paragraph, point (7), amending provision, numbered paragraph (3), second paragraph a				
232a			<b>3 Where applicable, 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,.</b>	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (3), second paragraph b				
232b			<b>Where applicable, the information referred to in paragraphs 1 and 2 shall also, 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</b>	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (3), third paragraph				

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233	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.	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.	Member States may allow information relating to impending <del>developments</del> <b>developments</b> or matters in the course of negotiation to be omitted in <del>exceptional</del> <b>exceptional</b> 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 <del>understanding</del> <b>understanding</b> of the group's development, performance, position and impact of its activity.	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (4)				
234	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.	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.	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 <del>19b</del> <b>29b</b> .	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (4a)				
234a		<u><a href="#">4a.</a></u> <u><a href="#">4 a.</a></u> <u><a href="#">The Commission shall</a></u>		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u><i>prepare non-binding guidelines, on appropriate methodologies to generate the forward-looking information to be provided in the reporting.</i></u>		
Article 1, first paragraph, point (7), amending provision, numbered paragraph (5)				
235	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.	5. <u><i>5.</i></u> 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. <u><i>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.</i></u>		
Article 1, first paragraph, point (7), amending provision, numbered paragraph (5a)				
235a		<u><i>5a. 5a. 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</i></u>		

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		<u>relevant administrative, management or supervisory bodies.</u>		
Article 1, first paragraph, point (7), amending provision, numbered paragraph (6)				
236	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.	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.	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); <del>Article 19a</del> and Article <del>29</del> <b>19a</b> .	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (7), introductory part				
237	7. A parent undertaking which is also a subsidiary undertaking shall be exempted from the obligation set out in paragraphs 1 to 4 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	7. <u>7.</u> A parent undertaking which is also a subsidiary undertaking shall be exempted from the obligation set out in paragraphs 1 <del>to 4 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</del> <u>and 2, with the exception of obligations set out in paragraph 2) a), b), e), f) and corresponding</u> obligations set out in	7. A parent undertaking (" <b>the exempted parent undertaking</b> ") which is also a subsidiary undertaking shall be exempted from the <del>obligation</del> <b>obligations</b> set out in paragraphs 1 to 4 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 <del>from</del> <b>from</b> of 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	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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.	<del>paragraphs 1 to 4 where that g), if that exempted parent</del> undertaking and its <del>subsidiary</del> <del>undertakings</del> <u>subsidiaries</u> are included in the consolidated management report of <del>that parent</del> <u>another</u> undertaking <del>and where the consolidated management report is</del> drawn up <del>in a manner that may be considered equivalent</del> , in accordance with <del>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</del> <u>29 and this Article</u> .	undertakings are included in the consolidated management report of that parent undertaking and where the consolidated <del>management reports</del> <b>sustainability reporting</b> is drawn up in a manner <del>that may be considered equivalent</del> <b>equivalent to sustainability reporting standards adopted pursuant to Articles 29b, determined</b> in accordance with the relevant <del>implementing</del> 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 <b>23(4), first subparagraph, point (i), and Article 23(4), fourth subparagraph of Directive 2004/109/EC.</b>	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (7), first paragraph -a				
237a			The exemption in subparagraph 1 is subject to the following conditions:	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (7), first paragraph -b, introductory part				
237b			(i) The management report of the exempted parent undertaking contains all of the following information:	

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Article 1, first paragraph, point (7), amending provision, numbered paragraph (7), first paragraph -b(a)				
237c			(a) the name and registered office of the parent undertaking that reports information at group level in accordance with Article 29 and this Article, or in a manner equivalent to sustainability reporting standards adopted pursuant to Article 29b of this Directive, determined in accordance with the measures adopted pursuant to Article 23(4), first subparagraph, point (i) and Article 23(4), fourth subparagraph of Directive 2004/109/EC;	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (7), first paragraph -b(b)				
237d			(b) the web links to the consolidated management report of the parent undertaking referred to in the first subparagraph and to the opinion referred to in Article 34(1), second subparagraph, point (aa) of this Directive or the opinion referred to in point (ii) of this subparagraph ;	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (7), first paragraph -b(c)				

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237e			(c) the fact that the parent undertaking is exempted from the obligations set out in paragraphs 1 to 4 of this Article.	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (7), first paragraph -c				
237f			(ii) when the parent undertaking referred to in the first subparagraph is established in a third country, its consolidated management report and the opinion based on a limited assurance engagement given by one or more person(s) or firm(s) authorised to give an opinion on the assurance of sustainability reporting under the national law governing the undertaking which drew up that consolidated management report, shall be published in accordance with Article 30, in the manner prescribed by the law of the Member State by which the exempted parent undertaking is governed	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (7), first paragraph -d				
237g			The Member State by which the	



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			exempted parent undertaking is governed, may require that the consolidated management report of the parent undertaking is published in a language that it accepts, and that any necessary translation into those languages is certified.	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (7), first paragraph -e				
237h			Parent undertakings which are exempted from preparing a management report according to Article 37 of this Directive, need not provide the information of points (a), (b) and (c) of point (i) of the second subparagraph, provided they publish the consolidated management report referred to in the first subparagraph of this paragraph in accordance with Article 37 of this Directive.	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (7), first paragraph -f				
237i			For the purposes of the first subparagraph, and where Article 10 of Regulation (EU) No 575/2013 applies, credit institutions referred to in Article 1, point (3), point (b)	

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			of this Directive that are permanently affiliated to a central body which supervises them under the conditions laid down in that same article shall be treated as subsidiaries of the central body.	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (7), first paragraph -g				
237j			For the purposes of the first subparagraph, insurance undertakings referred to in Article 1(3), point (a) of this Directive that are part of a group on the basis of a relationship referred to in Article 212(1)(c)(ii) of Directive 2009/138/EC which is subject to group supervision in accordance with Article 213(2), points (a), (b) and (c) of that Directive shall be treated as subsidiaries of the parent undertaking of that group.	
Article 1, first paragraph, point (7), amending provision, numbered paragraph (7), first paragraph				
238	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	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		

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	undertaking that is exempted from the obligations set out in paragraphs 1 to 4 is governed.	which the parent undertaking, <u>which meets the requirements referred to in paragraphs 1 and 2 with the exception of <del>that is exempted from the</del> obligations set out in <del>paragraphs 1 to 4</del> paragraph 2 a), b), e), f) and corresponding obligations set out in g).</u> is governed.		
Article 1, first paragraph, point (7), amending provision, numbered paragraph (7), second paragraph				
239	The Member State by which the parent undertaking that is exempted from the obligations set out in paragraphs 1 to 4 is governed may require that the consolidated management report referred to in 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 certified.	<u>The Member State by which the parent undertaking, which meets the requirements referred to in paragraphs 1 and 2 with the exception of <del>that is exempted from the</del> obligations set out in <del>paragraphs 1 to 4</del> paragraph 2 a), b), e), f) and corresponding obligations set out in g).</u> is governed, may require that the consolidated management report referred to <del>in</del> 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 <del>certified</del> <u>provided</u> .		
Article 1, first paragraph, point (7), amending provision, numbered paragraph (7), third paragraph, introductory part				
240	The consolidated management report	<u>The consolidated management</u>		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	of a parent undertaking that is exempted from the obligations set out in paragraphs 1 to 4 shall contain all of the following information:	report of a parent undertaking, <u>which meets the requirements referred to in paragraphs 1 and 2 with the exception of <del>that is</del> exempted from the</u> obligations set out in <del>paragraphs 1 to 4</del> <u>paragraph 2 a), b), e), f) and corresponding obligations set out in g)</u> , shall contain all of the following information:		
Article 1, first paragraph, point (7), amending provision, numbered paragraph (7), third paragraph(a)				
241	(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;	(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;		
Article 1, first paragraph, point (7), amending provision, numbered paragraph (7), third paragraph(b)				
242	(b) the fact that the undertaking is exempted from the obligations set out in paragraphs 1 to 4 of this Article.;	(b) <u>(b)</u> the fact that the undertaking is exempted from the obligations set out in <del>paragraphs 1 to 4 of this Article</del> <u>paragraph 2 (c)</u>		

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		<u>and (d)';</u>		
Article 1, first paragraph, point (7), amending provision, numbered paragraph (7), third paragraph(ba)				
242a		<u>(ba) (b a) the name and address of each consolidated entities.</u>		
Article 1, first paragraph, point (7a)				
242b			<b>7.a The exemption of paragraph 7 shall also apply to public interest entities subject to the requirements of this Article.</b>	
Article 1, first paragraph, point (7b), introductory part				
242c			<b>(7b) Articles 29b and 29c have been added</b>	
Article 1, first paragraph, point (7b), amending provision, article				
242d			<b>Article 29b</b> " <b>Sustainability reporting standards</b>	
Article 1, first paragraph, point (7b), amending provision, article, , introductory part				
242e			<b>1. The Commission shall adopt delegated acts in accordance with Article 49 to provide for</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			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:	
Article 1, first paragraph, point (7b), amending provision, article, point				
242f			(a) by 31 October 2022, 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 paragraphs 1 and 2 of Article 29a where appropriate, and at least specifying information corresponding to the needs of financial market participants subject to the disclosure obligations of Regulation (EU) 2019/2088.	
Article 1, first paragraph, point (7b), amending provision, article, point				
242g			(b) by 31 October 2023, the Commission shall adopt delegated acts specifying:	

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Article 1, first paragraph, point (7b), amending provision, article, point				
242h			(i) complementary information that undertakings shall report with regard to the sustainability matters and reporting areas listed in Article 19a(2), where necessary;	
Article 1, first paragraph, point (7b), amending provision, article, point				
242i			(ii) information that undertakings shall report that is specific to the sector in which they operate.	
Article 1, first paragraph, point (7b), amending provision, article, point				
242j			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.	
Article 1, first paragraph, point (7b), amending provision, article, point, introductory part				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
242k			<b>The Commission shall, at least once a year, consult jointly the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU) 2020/852 and the Accounting Regulatory Committee referred to in Article 6 of Regulation (EU) 1606/2002 on EFRAG's work programme as regards the development of sustainability reporting standards.</b>	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint				
242l			<b>2 The sustainability reporting standards referred to in paragraph 1 shall require that the information to be reported is understandable, relevant, verifiable, comparable, and is represented in a faithful manner.</b>	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint				
242m			<b>The sustainability reporting standards shall, taking into account the subject matter of a particular standard:</b>	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint, introductory part				



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242n			(a) specify the information that undertakings are to disclose about the following environmental factors:	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint,				
242o			(i) climate change mitigation;	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint,				
242p			(ii) climate change adaptation;	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint,				
242q			(iii) water and marine resources;	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint,				
242r			(iv) resource use and circular economy;	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint,				
242s			(v) pollution;	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint,				
242t			(vi) biodiversity and ecosystems;	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Article 1, first paragraph, point (7b), amending provision, article, pointpoint,			
242u			(b) specify the information that undertakings are to disclose about the following social and human rights factors:	
	Article 1, first paragraph, point (7b), amending provision, article, pointpoint,			
242v			(i) equal opportunities for all, including gender equality and equal pay for equal work or work of equal value, training and skills development, and employment and inclusion of people with disabilities;	
	Article 1, first paragraph, point (7b), amending provision, article, pointpoint,			
242w			(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;	
	Article 1, first paragraph, point (7b), amending provision, article, pointpoint,			
242x			(iii) respect for the human rights, fundamental freedoms, democratic principles and standards established in the	

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			<b>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 and the ILO fundamental conventions and the Charter of Fundamental Rights of the European Union.</b>	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint, , introductory part				
242y			<b>(c) specify the information that undertakings are to disclose about the following governance factors:</b>	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint, , first indent				
242z			<b>(i) the role of the undertaking's administrative, management and supervisory bodies with regard to sustainability matters, and their expertise and skills to fulfil this role or access to such expertise and skills;</b>	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint, , second indent				
242aa			<b>(i)a the main features of the</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<b>undertaking's internal control and risk management systems, in relation to the sustainability reporting process:</b>	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint, , third indent				
242ab			<b>(ii) business ethics and corporate culture, including anti-corruption and anti-bribery;</b>	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint, , fourth indent				
242ac			<b>(iii) political engagements of the undertaking, including its lobbying activities;</b>	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint, , fifth indent				
242ad			<b>(iv) the management and quality of relationships with customers, suppliers and communities affected by the activities of the undertaking, including payment practices;</b>	
Article 1, first paragraph, point (7b), amending provision, article, , introductory part				
242ae			<b>2a. The sustainability reporting</b>	

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			standards shall specify the forward-looking and retrospective information, and qualitative and quantitative information, as appropriate, to be reported by undertakings.	
Article 1, first paragraph, point (7b), amending provision, article, point, introductory part				
242af			<b>2b. Standards shall also take account of the difficulties that undertakings may encounter in gathering information from actors throughout their value chain, especially from those which are not obliged to publish sustainability information pursuant to Article 19a or 29a of Directive 2013/34/EU and from suppliers in emerging markets and economies. They shall specify disclosures on value chains that are proportionate and relevant to the scale and complexity of the activities, and the capacities and characteristics of undertakings in value chains, especially those of undertakings that are not subject to the sustainability reporting obligations of Articles 19a or 29a of this Directive. Furthermore, for the first three years of application of this Directive, in the event that not all the necessary information</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			about the business relationships and the supply chain is available, the undertaking shall include the information in its possession and a statement indicating that the business relationships and the undertakings in its value chain did not make the necessary information available.	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint, introductory part				
242ag			3. When adopting delegated acts pursuant to paragraph 1, the Commission shall to the greatest extent possible take account of:	
Article 1, first paragraph, point (7b), amending provision, article, pointpointpoint				
242ah			(a) the work of global standard-setting initiatives for sustainability reporting, and existing standards and frameworks for natural capital accounting and for greenhouse gas accounting, responsible business conduct, corporate social responsibility, and sustainable development;	
Article 1, first paragraph, point (7b), amending provision, article, pointpointpoint				
242ai				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			(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;	
Article 1, first paragraph, point (7b), amending provision, article, pointpointpoint				
242aj			<p>(c) the delegated acts adopted pursuant to Regulation (EU) 2020/852<sup>1</sup>;</p> <p>1. [1] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).</p>	
Article 1, first paragraph, point (7b), amending provision, article, pointpointpoint				
242ak			(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 <sup>1</sup> , (EU) 2020/1817 <sup>2</sup> and (EU) 2020/1818 <sup>3</sup> ;	

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			<p>1. [1] Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).</p> <p>2. [2] Commission Delegated Regulation (EU) 2020/1817 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation on how environmental, social and governance factors are reflected in the benchmark methodology (OJ L 406, 3.12.2020, p. 12).</p> <p>3. [3] Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).</p>	
Article 1, first paragraph, point (7b), amending provision, article, pointpointpoint				
242aI			<p>(e) the disclosures specified in the implementing acts adopted pursuant to Article 434a of Regulation (EU) No 575/2013<sup>1</sup>;</p> <p>1. [1] Commission Implementing Regulation laying down implementing technical standards with regard to public disclosures by institutions of the information referred to in Titles II and III</p>	



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			of Part Eight of Regulation (EU) No 575/2013 of the European Parliament and of the Council (C(2021)1595)	
Article 1, first paragraph, point (7b), amending provision, article, pointpointpoint				
242am			<p><b>(f) Commission Recommendation 2013/179/EU<sup>1</sup>;</b></p> <p>1. [1] Commission Recommendation 2013/179/EU of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 124, 4.5.2013, p. 1).</p>	
Article 1, first paragraph, point (7b), amending provision, article, pointpointpoint				
242an			<p><b>(g) Directive 2003/87/EC of the European Parliament and of the Council<sup>1</sup>;</b></p> <p>1. [1] Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).</p>	
Article 1, first paragraph, point (7b), amending provision, article, pointpointpoint				
242ao			<p><b>(h) Regulation (EC) No 1221/2009 of the European Parliament and of the Council<sup>1</sup>.</b></p> <p>1. [1] Regulation (EC) No 1221/2009</p>	

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			of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), repealing Regulation (EC) No 761/2001 and Commission Decisions 2001/681/EC and 2006/193/EC (OJ L 342, 22.12.2009, p. 1).	
Article 1, first paragraph, point (7b), amending provision, article				
242ap			<b>Article 29c</b> <b>Sustainability reporting standards for SMEs</b>	
Article 1, first paragraph, point (7b), amending provision, article, , introductory part				
242aq			<b>The Commission shall adopt delegated acts in accordance with Article 49 to provide for sustainability reporting standards proportionate and relevant to the scale and complexity of the activities, and to the capacities and characteristics of small and medium-sized undertakings. These sustainability reporting standards shall specify for these small and medium-sized undertakings referred to in Article 2, point (1)(a), the information that shall be reported in accordance with Article 19a(5).</b>	
Article 1, first paragraph, point (7b), amending provision, article, point, introductory part				

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242ar			Reporting standards for small and medium-sized undertakings shall take into account the criteria set out in Article 29b, paragraphs 2, 2a, 2b and 3. They shall also, to the extent possible, specify the structure in which that information shall be reported.	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint				
242as			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.	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint				
242at			The Commission shall adopt those delegated acts at the latest by 31 October 2023.'	
Article 1, first paragraph, point (7b), amending provision, article, point, introductory part				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
242au			(7)c A new chapter title is inserted	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint				
242av			"Chapter 6b – Electronic format"	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint				
242aw			(7)d A new article is added	
Article 1, first paragraph, point (7b), amending provision, article, pointpoint				
242ax			<i>'Article 29d</i>	
Article 1, first paragraph, point (7a), amending provision, article, point, introductory part				
242ay			Single electronic reporting format	
Article 1, first paragraph, point (7a), amending provision, article, point, point				
242az			<b>1. Undertakings subject to Article 19a shall prepare their management report in the electronic reporting format referred to in Article 3 of Commission Delegated Regulation (EU) 2019/815<sup>1</sup> and shall mark-up their sustainability reporting, including the disclosures laid down in Article 8 of Regulation</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p><b>(EU) 2020/852, in accordance with the format referred to in that Delegated Regulation.</b></p> <p>1. [1] Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (OJ L 143, 29.5.2019, p. 1).;</p>	
Article 1, first paragraph, point (7a), amending provision, article, point, point				
242ba			<p><b>2. Parent undertakings subject to Article 29a shall prepare their consolidated management report in the single electronic reporting format referred to in 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, in accordance with the format referred to in that Delegated Regulation.</b></p> <p>"</p>	
Article 1, first paragraph, point (8), introductory part				
243	(8) Article 30 is amended as follows:	(8) Article 30 is amended as follows:	(8) Article 30 is amended as follows:	

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Article 1, first paragraph, point (8)(a), introductory part				
244	(a) paragraph 1 is replaced by the following:	(a) paragraph 1 is replaced by the following:	(a) paragraph 1 is replaced by the following:	
Article 1, first paragraph, point (8)(a), amending provision, numbered paragraph (1), introductory part				
245	‘ 1. Member States shall ensure that undertakings publish 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 <sup>*16</sup> .’	‘ 1. <u>1.</u> Member States shall ensure that undertakings publish <u>online</u> 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 <sup>*16</sup> .’	1. Member States shall ensure that undertakings publish 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 <del>19d</del> <b>29d</b> 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 <b>Title 1, Chapter 3</b> of Directive (EU) 2017/1132 of the European Parliament and of the Council <sup>*16</sup> . <sup>2</sup>	
Article 1, first paragraph, point (8)(a), amending provision, numbered paragraph (1), first paragraph				
246	‘Where an independent assurance services provider gives the opinion referred to in point (aa) of Article	‘Where an independent assurance services provider gives the opinion referred to in point (aa) of Article	‘Where an independent assurance services provider gives the opinion referred to in <b>Article 34(1), second</b>	

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	34(1), this opinion shall be published together with the reports referred to in the first subparagraph.	34(1), this opinion shall be published together with the reports referred to in the first subparagraph.	<b>subparagraph</b> , point (aa) <del>of Article 34(1)</del> , this opinion shall be published together with the <del>reports</del> <b>documents</b> referred to in the first subparagraph.	
Article 1, first paragraph, point (8)(a), amending provision, numbered paragraph (1), second paragraph				
247	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. <sup>1</sup>	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. <sup>1</sup>	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. <sup>2</sup>	
Article 1, first paragraph, point (8)(a), amending provision, numbered paragraph (1), third paragraph				
248	The exemption laid down in the third subparagraph shall not apply to undertakings subject to Articles 19a and 29a. <sup>1</sup> ;	The exemption laid down in the third subparagraph shall not apply to undertakings subject to Articles 19a and 29a. <sup>1</sup> ;	The exemption laid down in the third subparagraph shall not apply to undertakings subject to Articles 19a and 29a. <sup>1</sup> ;	
Article 1, first paragraph, point (8)(a), amending provision, numbered paragraph (1), fourth paragraph				
249	_____	_____		
Article 1, first paragraph, point (8)(a), amending provision, numbered paragraph (1), fifth paragraph				

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250	* <sup>16</sup> Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law (OJ L 169, 30.6.2017, p. 46).	* <sup>16</sup> Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law (OJ L 169, 30.6.2017, p. 46).		
Article 1, first paragraph, point (8)(b), introductory part				
251	(b) the following paragraph 1a is inserted:	(b) the following paragraph 1a is inserted:		
Article 1, first paragraph, point (8)(b), amending provision, first paragraph, introductory part				
252	1a. Member States shall ensure that management reports containing sustainability reporting drawn up by undertakings subject to Articles 19a and 29a are also made available to the relevant officially appointed mechanism referred to in Article 21(2) of Directive 2004/109/EC without delay following their publication.	1a. Member States shall ensure that management reports containing sustainability reporting drawn up by undertakings subject to Articles 19a and 29a are also made available to the relevant officially appointed mechanism referred to in Article 21(2) of Directive 2004/109/EC without delay following their publication.		
Article 1, first paragraph, point (8)(b), amending provision, first paragraph, first paragraph				
253	Where the undertaking drawing up the management report is not subject	Where the undertaking drawing up the management report is not subject		



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	to Directive 2004/109/EC, the relevant officially appointed mechanism shall be one of the officially appointed mechanisms of the Member State where the undertaking has its registered office.;	to Directive 2004/109/EC, the relevant officially appointed mechanism shall be one of the officially appointed mechanisms of the Member State where the undertaking has its registered office.;		
Article 1, first paragraph, point (9), introductory part				
254	(9) in Article 33, paragraph 1 is replaced by the following:	(9) in Article 33, paragraph 1 is replaced by the following:	(9) in Article 33, paragraph 1 is replaced by the following:	
Article 1, first paragraph, point (9), amending provision, numbered paragraph (1), introductory part				
255	<p>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 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</p>	<p>1. <u>1.</u> Member States shall ensure that the members of the <del>administrative</del> <u>administrative</u>, management and supervisory bodies of an undertaking, acting within the competences assigned to them by national law, have collective responsibility <u>that is clearly defined</u> 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,</p>	<p>1. Member States shall ensure that the members of the <del>administrative</del> <u>administrative</u>, management and supervisory bodies of an undertaking, acting within the competences assigned to them by national law, have collective responsibility 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</p>	

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	of this Directive, and with the requirements of Article 19d of this Directive:	with the sustainability reporting standards referred to in Article 19b of this Directive, and with the requirements of Article 19d of this Directive:	<del>19b</del> <b>29b, or Article 29c where applicable</b> , of this Directive, and with the requirements of Article <del>19d</del> <b>29d</b> of this Directive:	
Article 1, first paragraph, point (9), amending provision, numbered paragraph (1)(a)				
256	(a) the annual financial statements, the management report and the corporate governance statement when provided separately;	(a) the annual financial statements, the management report and the corporate governance statement when provided separately;	(a) the annual financial statements, the management report and the corporate governance statement when provided separately;	
Article 1, first paragraph, point (9), amending provision, numbered paragraph (1)(b)				
257	(b) the consolidated financial statements, the consolidated management reports and the consolidated corporate governance statement when provided separately.;	(b) the consolidated financial statements, the consolidated management reports and the consolidated corporate governance statement when provided separately.;	(b) the consolidated financial statements, the consolidated management reports and the consolidated corporate governance statement when provided separately.;	
Article 1, first paragraph, point (9a), introductory part				
257a			<b>(9a) Chapter 8 is amended as follows:</b>	
Article 1, first paragraph, point (9a), amending provision, numbered paragraph				
257b			<b>" Auditing and assurance of sustainability reporting "</b>	

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Article 1, first paragraph, point (10), introductory part				
258	(10) Article 34 is amended as follows:	(10) Article 34 is amended as follows:	(10) Article 34 is amended as follows:	
Article 1, first paragraph, point (10)(a), introductory part				
259	(a) in paragraph 1, the second subparagraph is amended as follows:	(a) in paragraph 1, the second subparagraph is amended as follows:	(a) in paragraph 1, the second subparagraph is amended as follows:	
Article 1, first paragraph, point (10)(a)(i), introductory part				
260	(i) point (a)(ii) is replaced by the following:	(i) point (a)(ii) is replaced by the following:	(i) point (a)(ii) is replaced by the following:	
Article 1, first paragraph, point (10)(a)(i), amending provision, first paragraph				
261	‘ (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) 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) ‘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;’;	
Article 1, first paragraph, point (10)(a)(ii), introductory part				
262	(ii) the following point (aa) is inserted:	(ii) the following point (aa) is inserted:	(ii) the following point (aa) is inserted:	

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Article 1, first paragraph, point (10)(a)(ii), amending provision, first paragraph				
263	<p>‘</p> <p>(aa) where applicable, express an opinion based on a limited assurance engagement as regards the compliance of the sustainability reporting with the requirements 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.;</p> <p>’</p>	<p>‘</p> <p>(aa) <u>(aa)</u> where applicable, express an opinion based on a limited assurance engagement as regards the compliance of the sustainability reporting with the requirements <u>and scope</u> 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.;</p> <p>’</p>	<p>(aa) where applicable, express an opinion based on a limited assurance engagement as regards the compliance of the sustainability reporting with the requirements of this Directive, including the compliance of the sustainability reporting with the reporting standards adopted pursuant to Article <del>19b</del><b>29b or Article 29c</b>, 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 <del>19d</del><b>29d</b>, and as regards the compliance with the reporting requirements of Article 8 of Regulation (EU) 2020/852. ’;</p>	
Article 1, first paragraph, point (10)(b), introductory part				
264	<p>(b) paragraph 3 is replaced by the following:</p>	<p>(b) paragraph 3 is replaced by the following:</p>	<p>(b) paragraph 3 is replaced by the following:</p>	
Article 1, first paragraph, point (10)(b), amending provision, numbered paragraph (3)				
265	<p>‘</p> <p>3. Member States may allow an</p>	<p>‘</p> <p>3. <u>3.</u> Member States <del>may</del><b>shall</b></p>	<p>3. Member States may allow a <b>statutory auditor or an audit firm</b></p>	

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	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 consistent 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.	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 <del>consistent</del> <b>equivalent</b> 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. <u>Member States shall allow proper 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.</u>	<b>other than the one(s) carrying out the statutory audit of financial statements</b> <del>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 consistent 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.</del>	
Article 1, first paragraph, point (10)(b), amending provision, numbered paragraph (3a)				
265a			<b>3a. Member States may allow an independent assurance services provider to express the opinion referred to in paragraph 1, second subparagraph, point (aa),</b>	

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			<p>provided that such independent assurance services provider is subject to requirements that are equivalent to those set out in Directive 2006/43/EC of the European Parliament and of the Council<sup>1</sup>as regards the assurance of sustainability reporting as defined in Article 2, point 22 of that Directive, in particular with requirements on:</p> <p>1. [1] Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC (OJ L 157, 9.6.2006, p. 87).</p>	
Article 1, first paragraph, point (10)(b), amending provision, numbered paragraph (3b)				
265b			<p>(i) training and examination, ensuring that independent assurance services providers acquire the necessary expertise on sustainability reporting and the assurance of sustainability reporting;</p>	
Article 1, first paragraph, point (10)(b), amending provision, numbered paragraph (3c)				
265c			<p>(ii) continuing education;</p>	

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Article 1, first paragraph, point (10)(b), amending provision, numbered paragraph (3d)				
265d			(iii) quality assurance systems;	
Article 1, first paragraph, point (10)(b), amending provision, numbered paragraph (3e)				
265e			(iv) professional ethics, independence, objectivity, confidentiality and professional secrecy;	
Article 1, first paragraph, point (10)(b), amending provision, numbered paragraph (3f)				
265f			(v) appointment and dismissal;	
Article 1, first paragraph, point (10)(b), amending provision, numbered paragraph (3g)				
265g			(vi) investigations and sanctions	
Article 1, first paragraph, point (10)(b), amending provision, numbered paragraph (3h)				
265h			(vii) the organisation of the work of the independent assurance services provider, in particular in terms of sufficient resources and personnel and the maintenance of client account records and files; and	

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Article 1, first paragraph, point (10)(b), amending provision, numbered paragraph (3i)				
265i			(viii) reporting irregularities.	
Article 1, first paragraph, point (10)(b), amending provision, numbered paragraph (3j)				
265j			Where an independent assurance services provider gives the opinion referred to in paragraph 1, second subparagraph, point (aa), Member States shall ensure that this opinion is prepared in accordance with Articles 26a, 27a and 28a of Directive 2006/43/EC and that, where applicable, the audit committee or a dedicated committee, reviews and monitors the independence of the independent assurance services provider in accordance with Article 39 paragraph 6 point (e) of Directive 2006/43/EC.	
Article 1, first paragraph, point (10)(b), amending provision, numbered paragraph (3k)				
265k			Member States shall ensure that independent assurance services providers accredited before 1 January 2024 for the assurance of sustainability reporting in accordance with Regulation (EC) No 765/2008, are not subject to the training and examination	



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			requirements referred to in the first subparagraph, point i).	
Article 1, first paragraph, point (10)(b), amending provision, numbered paragraph (3l)				
265l			Member States shall ensure that independent assurance services providers that on 1 January 2024 are undergoing the accreditation process in accordance with the relevant national requirements are not subject to the training and examination requirements referred to in the first subparagraph, point (i) as regards the assurance of sustainability reporting provided they finish the process by 1 January 2026.	
Article 1, first paragraph, point (10)(b), amending provision, numbered paragraph (3m)				
265m			Member States shall ensure that the independent assurance services providers referred to in the third and fourth subparagraphs acquire the necessary knowledge in sustainability reporting and the assurance of sustainability reporting via the continuing education requirement referred to in the first subparagraph, point ii).'	

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Article 1, first paragraph, point (10)(b), amending provision, numbered paragraph (3n), introductory part				
265n			<b>If a Member State makes use of the option to allow an independent assurance services provider to express the opinion referred to in paragraph 1, second subparagraph, point (aa), it shall also allow a statutory auditor other than the one(s) doing the statutory audit of financial statements, to do so.</b>	
Article 1, first paragraph, point (10)(b), amending provision, numbered paragraph (3n)(a)				
265o			<b>(b)a The following paragraph is inserted:</b>	
Article 1, first paragraph, point (10)(b), amending provision, numbered paragraph (3n)(b)				
265p			<b>'3aa. When the Commission adopts standards for reasonable assurance according to Article 26a(2), second subparagraph of Directive 2006/43/EU, following an assessment to determine if reasonable assurance is feasible for auditors and for undertakings, the opinion referred to in Article</b>	

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			<b>34(1), second subparagraph, point (aa) shall be based on a reasonable assurance engagement’;</b>	
Article 1, first paragraph, point (11), introductory part				
266	(11) Article 49 is amended as follows:	(11) Article 49 is amended as follows:	(11) Article 49 is amended as follows:	
Article 1, first paragraph, point (11)(a), introductory part				
267	(a) paragraphs 2 and 3 are replaced by the following:	(a) paragraphs 2 and 3 are replaced by the following:	(a) paragraphs 2 and 3 are replaced by the following:	
Article 1, first paragraph, point (11)(a), amending provision, numbered paragraph (2)				
268	‘ 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 an indeterminate period of time.	‘ 2. <u>2.</u> 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 <u>4 years from the entry into force of the basic legislative act or any other date set by the co-legislators tacitly. The delegation of power shall be extended for periods of an identical duration, unless the European Parliament or the Council revoke such delegation of power</u> <del>an indeterminate period of time. The Commission shall draw up a report in respect of the delegation of</del>	2. The power to adopt delegated acts referred to in Article 1(2), Article 3(13), Article 46(2), Article <del>19b</del> <b>29b</b> and Article <del>19c</del> <b>29c</b> shall be conferred on the Commission for an indeterminate period of time.	

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		<u>power no later than nine months before the end of the four-year period.</u>		
Article 1, first paragraph, point (11)(a), amending provision, numbered paragraph (3)				
269	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.;	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.;	3. The delegation of power referred to in Article 1(2), Article 3(13), Article 46(2), Article <del>19b</del> <b>29b</b> and Article <del>19c</del> <b>29c</b> 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.’;	
Article 1, first paragraph, point (11)(b), introductory part				
270	(b) the following paragraph 3a is inserted:	(b) the following paragraph 3a is inserted:	(b) the following paragraph 3a is inserted:	
Article 1, first paragraph, point (11)(b), amending provision, first paragraph, introductory part				
271	‘ 3a. When adopting delegated acts	‘ 3a. <u>3a.</u> When adopting	3a. When adopting delegated acts pursuant to Articles <del>19b</del> and <del>19c</del> <b>29b</b>	

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	pursuant to Articles 19b and 19c, the Commission shall take into consideration technical advice from EFRAG, provided such advice has been developed with proper due process, public oversight and transparency and with the expertise of relevant stakeholders, and is accompanied by cost-benefit analyses that include analyses of the impacts of the technical advice on sustainability matters.	delegated acts pursuant to Articles 19b and 19c, the Commission shall take into consideration technical advice from EFRAG, provided <u>EFRAG receives sufficient public funding that is representing at least 75% of the budget dedicated to the work on sustainability matters and that</u> such advice has been developed with proper <u>transparent</u> due process, <u>and public oversight, with sufficient independence and transparency</u> and with the <del>expertise of relevant stakeholders,</del> <u>balanced participation of preparers, investors, civil society organisations and trade unions</u> and is accompanied by cost-benefit analyses that include <del>analyses of</del> the impacts of the technical advice on sustainability matters. <u>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.</u>	<b>and 29c</b> , the Commission shall take into consideration technical advice from EFRAG, provided such advice <del>has been developed with proper due process, public oversight and transparency and with the expertise of relevant stakeholders, and is accompanied by cost-benefit analyses that include analyses of the impacts of the technical advice on sustainability matters.:</del>	
Article 1, first paragraph, point (11)(b), amending provision, first paragraph, first paragraph -a				
271a			<b>a) has been developed with proper due process, public oversight and transparency and with the expertise of relevant stakeholders,</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 1, first paragraph, point (11)(b), amending provision, first paragraph, first paragraph -a				
271b		<u><i>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.</i></u>		
Article 1, first paragraph, point (11)(b), amending provision, first paragraph, first paragraph -b				
271c			<b>b) is accompanied by cost-benefit analyses that include analyses of the impacts of the technical advice on sustainability matters, and</b>	
Article 1, first paragraph, point (11)(b), amending provision, first paragraph, first paragraph -c				
271d			<b>c) is accompanied by an explanation of how it takes account of the initiatives and legislation listed in Article 29b(3).</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 1, first paragraph, point (11)(b), amending provision, first paragraph, first paragraph -d				
271e			<b>The accompanying documents to the EFRAG technical advice shall be submitted together with such technical advice.</b>	
Article 1, first paragraph, point (11)(b), amending provision, first paragraph, first paragraph				
272	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 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 consult <b>jointly</b> the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU) 2020/852 <del>on the technical advice provided by EFRAG prior to the adoption of the</del> <b>and the Accounting Regulatory Committee referred to in Article 6 of Regulation (EU) 1606/2002 on the draft delegated acts prior to their adoption as referred to in in</b> Articles <del>19b and 19c</del> <b>29b and 29c.</b>	
Article 1, first paragraph, point (11)(b), amending provision, first paragraph, second paragraph				
273	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)	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)	The Commission shall request the opinion of the European Securities and Markets Authority, <b>the European Banking Authority and the European Insurance and Occupational Pensions Authority</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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.	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.	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 <b>Authority, the European Banking Authority and the European Insurance and Occupational Pensions</b> Authority shall provide its opinion within two months from the date of receipt of the request from the Commission.	
Article 1, first paragraph, point (11)(b), amending provision, first paragraph, third paragraph				
274	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	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	The Commission shall also consult the European <del>Banking Authority, the European Insurance and Occupational Pensions Authority, the European</del> 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 <del>19b and 19c</del> <b>29b and 29c</b> . Where any of those bodies decide to submit an opinion, they shall do so within two months from	



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	consulted by the Commission.;	consulted by the Commission. <del>;</del> <u><i>The Commission shall ensure opinions are coordinated in a way that allows high quality implementation of delegated acts.</i></u>	the date of being consulted by the Commission.';	
Article 1, first paragraph, point (11)(c), introductory part				
275	(c) paragraph 5 is replaced by the following:	(c) paragraph 5 is replaced by the following:	(c) paragraph 5 is replaced by the following:	
Article 1, first paragraph, point (11)(c), amending provision, numbered paragraph (5)				
276	‘ 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 two 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 two months at the initiative of the European Parliament or the Council.’	‘ 5. <u>5.</u> A delegated act adopted pursuant to Article <del>1</del> (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 <del>two</del> <u>three</u> 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 <del>two</del> <u>three</u> months at the initiative of the European Parliament or the Council.’	5. A delegated act adopted pursuant to Article 1(2), Article 3(13), Article 46(2), Article <del>19b</del> <u>29b</u> and Article <del>19c</del> <u>29c</u> shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two 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 two months at the initiative of the European Parliament or the Council.’;	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 1, first paragraph, point (12), introductory part				
277	(12) Article 51 is replaced by the following:	(12) Article 51 is replaced by the following:		
Article 1, first paragraph, point (12), amending provision, first paragraph				
278	‘ Article 51	‘ Article 51		
Article 1, first paragraph, point (12), amending provision, second paragraph				
279	Penalties	Penalties		
Article 1, first paragraph, point (12), amending provision, numbered paragraph (1)				
280	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.’	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.’		
Article 1, first paragraph, point (12), amending provision, numbered paragraph (2), introductory part				
281	2. In case of a breach of the national	2. In case of a breach of the national		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	provisions transposing Articles 19a, 19d and 29a, Member States shall provide for at least the following administrative measures and sanctions:	provisions transposing Articles 19a, 19d and 29a, Member States shall provide for at least the following administrative measures and sanctions:		
Article 1, first paragraph, point (12), amending provision, numbered paragraph (2)(a)				
282	(a) a public statement indicating the natural person or the legal entity responsible and the nature of the infringement;	(a) <u>(a)</u> a public statement indicating the <del>natural</del> <u>responsible</u> person or the legal entity responsible and the nature of the infringement;		
Article 1, first paragraph, point (12), amending provision, numbered paragraph (2)(b)				
283	(b) an order requiring the natural person or the legal entity responsible to cease the conduct constituting the infringement and to desist from any repetition of that conduct;	(b) <u>(b)</u> an order requiring the <del>natural</del> <u>responsible</u> person or the legal entity responsible to cease the conduct constituting the infringement and to desist from any repetition of that conduct;		
Article 1, first paragraph, point (12), amending provision, numbered paragraph (2)(c)				
284	(c) administrative pecuniary sanctions.	(c) administrative pecuniary sanctions.		
Article 1, first paragraph, point (12), amending provision, numbered paragraph (3), introductory part				
285	3. Member States shall ensure that, when determining the type and level of penalties, administrative sanctions	3. Member States shall ensure that, when determining the type and level of penalties, administrative sanctions		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	or measures referred to in paragraph 2, all relevant circumstances are taken into account, including:	or measures referred to in paragraph 2, all relevant circumstances are taken into account, including:		
Article 1, first paragraph, point (12), amending provision, numbered paragraph (3)(a)				
286	(a) the gravity and the duration of the breach;	(a) the gravity and the duration of the breach;		
Article 1, first paragraph, point (12), amending provision, numbered paragraph (3)(b)				
287	(b) the degree of responsibility of the natural person or legal entity responsible;	(b) <u>(b)</u> the degree of responsibility of the <del>natural</del> <u>responsible</u> person or legal entity responsible;		
Article 1, first paragraph, point (12), amending provision, numbered paragraph (3)(c)				
288	(c) the financial strength of the natural person or legal entity responsible;	(c) <u>(c)</u> the financial strength of the <del>natural</del> <u>responsible</u> person or legal entity responsible;		
Article 1, first paragraph, point (12), amending provision, numbered paragraph (3)(d)				
289	(d) the importance of profits gained or losses avoided by the natural person or legal entity responsible, in so far as such profits or losses can be determined;	(d) the importance of profits gained or losses avoided by the natural person or legal entity responsible, in so far as such profits or losses can be determined;		
Article 1, first paragraph, point (12), amending provision, numbered paragraph (3)(e)				
290				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	(e) the losses sustained by third parties as a result of the breach, in so far as those 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;		
Article 1, first paragraph, point (12), amending provision, numbered paragraph (3)(f)				
291	(f) the level of cooperation of the natural person or legal entity responsible with the competent authority;	(f) <u>(f)</u> the level of cooperation of the <del>natural</del> <u>responsible</u> person or legal entity responsible with the competent authority;		
Article 1, first paragraph, point (12), amending provision, numbered paragraph (3)(g)				
292	(g) previous infringements by the natural person or legal entity responsible.’.	(g) <u>(g)</u> previous infringements by the <del>natural</del> <u>responsible</u> person or legal entity responsible.’.		
Article 1, first paragraph, point (12), amending provision, numbered paragraph (3a)				
292a		<u>3 a. 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</u>		
Article 1, first paragraph, point (12), amending provision, numbered paragraph (3)(gb)				
292b				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<p><u>3 b. 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:</u></p> <p><u>- a request for the undertaking to comply with its reporting obligation within a reasonable deadline</u></p> <p><u>- a request to provide information on why the undertaking did not comply with its reporting obligations.</u></p>		
Article 2				
293	Article 2 Amendments to Directive 2004/109/EC	Article 2 Amendments to Directive 2004/109/EC	Article 2 Amendments to Directive 2004/109/EC	
Article 2, first paragraph, introductory part				
294				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Directive 2004/109/EC is amended as follows:	Directive 2004/109/EC is amended as follows:	Directive 2004/109/EC is amended as follows:	
Article 2, first paragraph, point (1), introductory part				
295	(1) in Article 2(1) the following point (r) is added:	(1) in Article 2(1) the following point (r) is added:	(1) in Article 2(1) the following point (r) is added:	
Article 2, first paragraph, point (1), amending provision, first paragraph, introductory part				
296	‘ (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 <sup>*18</sup> .’ ;	‘ (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 <sup>*18</sup> .’ ;	(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 <sup>*18</sup> .’; ;  <b>1. [1] 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).</b>	
Article 2, first paragraph, point (1), amending provision, first paragraph, first paragraph				
297	_____	_____		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 2, first paragraph, point (1), amending provision, first paragraph, second paragraph				
298	* <sup>18</sup> 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).	* <sup>18</sup> 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).		
Article 2, first paragraph, point (2), introductory part				
299	(2) Article 4 is amended as follows:	(2) Article 4 is amended as follows:	(2) Article 4 is amended as follows:	
Article 2, first paragraph, point (2)(a), introductory part				
300	(a) in paragraph 2, point (c) is replaced by the following:	(a) in paragraph 2, point (c) is replaced by the following:	(a) in paragraph 2, point (c) is replaced by the following:	
Article 2, first paragraph, point (2)(a), amending provision, first paragraph				
301	(c) statements made by the persons responsible within the issuer, whose names and functions shall be clearly indicated, to the effect that, to the	(c) statements made by the persons responsible within the issuer, whose names and functions shall be clearly indicated, to the effect that, to the	(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	



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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.;	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.;	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 <del>appropriate</del> <b>applicable</b> , that it is prepared in accordance with sustainability reporting standards referred to in <del>Article 19b</del> <b>Articles 29b and 29c</b> of Directive 2013/34/EU.’;	
Article 2, first paragraph, point (2)(b), introductory part				
302	(b) paragraphs 4 and 5 are replaced by the following:	(b) paragraphs 4 and 5 are replaced by the following:	(b) paragraphs 4 and 5 are replaced by the following:	
Article 2, first paragraph, point (2)(b), amending provision, numbered paragraph (4), introductory part				
303	‘ 4. The financial statements shall be	‘ 4. The financial statements shall be	4. The financial statements shall be audited in accordance with Article	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	audited in accordance with Article 34 of Directive 2013/34/EU and Article 28 of Directive 2006/43/EC.	audited in accordance with Article 34 of Directive 2013/34/EU and Article 28 of Directive 2006/43/EC.	<del>34 of Directive 2013/34/EU</del> <b>34(1), first subparagraph</b> and Article <del>28</del> <b>34 (2)</b> of Directive <del>2006/43/EC</del> <b>2013/34/EU</b> .	
Article 2, first paragraph, point (2)(b), amending provision, numbered paragraph (4), first paragraph -a				
303a			<b>The statutory auditor shall express the opinion and statement on the management report referred to in Article 34(1), second subparagraph, points (a) and (b) and in Article 34(2) of Directive 2013/34/EU.</b>	
Article 2, first paragraph, point (2)(b), amending provision, numbered paragraph (4), first paragraph				
304	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.	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.	The audit report <b>referred to in Article 28 of Directive 2006/43/EC</b> , 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-	
Article 2, first paragraph, point (2)(b), amending provision, numbered paragraph (4), first paragraph a				
304a			<b>Where applicable, sustainability</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			reporting shall be assured in accordance with Article 34(1), second subparagraph, point (aa), Article 34(2), Article 34(3), Article 34(3a), Article 34(3aa) of Directive 2013/34/EU.	
Article 2, first paragraph, point (2)(b), amending provision, numbered paragraph (4), first paragraph b				
304b			The assurance report on sustainability reporting referred to in Article 28a of Directive 2006/43/EC shall be disclosed in full to the public together with the annual financial report	
Article 2, first paragraph, point (2)(b), amending provision, numbered paragraph (5), introductory part				
305	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.	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.	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. <b>provided that the size thresholds prescribed in those provisions are met.</b>	
Article 2, first paragraph, point (2)(b), amending provision, numbered paragraph (5), first paragraph				
306	Where the issuer is required to	Where the issuer is required to	Where the issuer is required to	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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.;	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.;	prepare consolidated accounts, the consolidated management report shall be drawn up in accordance with <del>Article 19</del> <b>Articles 29d</b> (2), 29 and 29a of Directive 2013/34/EU, <del>when drawn-up by undertakings referred to in those provisions</del> <b>provided that the size thresholds prescribed in those provisions are met.</b> ’;	
Article 2, first paragraph, point (3), introductory part				
307	(3) in Article 23(4), the third and fourth subparagraphs are replaced by the following:	(3) in Article 23(4), the third and fourth subparagraphs are replaced by the following:	(3) in Article 23(4), the third and fourth subparagraphs are replaced by the following:	
Article 2, first paragraph, point (3), amending provision, first paragraph				
308	‘ 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	‘ 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	‘The Commission shall, in accordance with the procedure referred to in Article 27(2), take the necessary decisions on the equivalence of accounting standards <b>under the conditions set out in Article 30(3)</b> and on the equivalence of sustainability reporting standards as referred to in Article <del>19b</del> <b>29d</b> of Directive 2013/34/EU which are used by third-country issuers <del>under the conditions set out in Article 30(3)</del> . If the Commission decides that the accounting standards or the sustainability reporting standards of a third country are not equivalent, it	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	may allow the issuers concerned to continue using such accounting standards during an appropriate transitional period.	may allow the issuers concerned to continue using such accounting standards during an appropriate transitional period.	may allow the issuers concerned to continue using such <del>accounting</del> standards during an appropriate transitional period.	
Article 2, first paragraph, point (3), amending provision, second paragraph				
309	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.;	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.;	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.?’;	
Article 2, first paragraph, point (4), introductory part				
310	(4) the following Article 28(d) is inserted:	(4) the following Article 28(d) is inserted:	(4) the following Article 28(d) is inserted:	
Article 2, first paragraph, point (4), amending provision, first paragraph				
311	‘ Article 28d	‘ Article 28d	Article 28d	
Article 2, first paragraph, point (4), amending provision, second paragraph				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
312	ESMA guidelines	ESMA guidelines	ESMA guidelines	
Article 2, first paragraph, point (4), amending provision, third paragraph				
313	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.	<u>After consulting the European Environment Agency <del>and</del>, the European Union Agency for Fundamental Rights <u>and the European Labour Authority</u>, ESMA shall issue guidelines in accordance with Article 16 of <del>Regulation 1095/2010</del> <u>Regulation (EU) No 1095/2010</u> on the supervision of sustainability reporting by national competent authorities <u>within a reasonable timeframe</u>.</u>	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.'	
Article 2, first paragraph, point (4a)				
313a		<u>(4a) <u>Article 28d</u></u> <u>ESMA guidelines</u> <u>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 standards by competent national authorities.</u>		
Article 3				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
314	Article 3 Amendments to Directive 2006/43/EC	Article 3 Amendments to Directive 2006/43/EC	Article 3 Amendments to Directive 2006/43/EC	
Article 3, first paragraph, introductory part				
315	Directive 2006/43/EC is amended as follows:	Directive 2006/43/EC is amended as follows:	Directive 2006/43/EC is amended as follows:	
Article 3, first paragraph, point (1), introductory part				
316	(1) Article 1 is replaced by the following:	(1) Article 1 is replaced by the following:	(1) Article 1 is replaced by the following:	
Article 3, first paragraph, point (1), amending provision, first paragraph				
317	‘ Article 1	‘ Article 1	‘Article 1	
Article 3, first paragraph, point (1), amending provision, second paragraph				
318	Subject matter	Subject matter	Subject matter	
Article 3, first paragraph, point (1), amending provision, third paragraph				
319	This Directive establishes rules concerning the statutory audit of annual and consolidated accounts and the assurance of annual and consolidated sustainability reporting,	This Directive establishes rules concerning the statutory audit of annual and consolidated accounts and the assurance of annual and consolidated sustainability reporting,	This Directive establishes rules concerning the statutory audit of annual and consolidated accounts and the assurance of annual and consolidated sustainability reporting,	

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	where this is performed by the statutory auditor or audit firm carrying out the statutory audit of financial statements.;	where this is performed by the statutory auditor or audit firm carrying out the statutory audit of financial statements.;	<del>where this is performed by the statutory auditor or audit firm carrying out the statutory audit of financial statements.;</del>	
Article 3, first paragraph, point (2), introductory part				
320	(2) Article 2 is amended as follows:	(2) Article 2 is amended as follows:	(2) Article 2 is amended as follows:	
Article 3, first paragraph, point (2)(a), introductory part				
321	(a) points 2 and 3 are replaced by the following:	(a) points 2 and 3 are replaced by the following:	(a) points 2 <del>and 3</del> <b>to 6</b> are replaced by the following:	
Article 3, first paragraph, point (2)(a), amending provision, numbered paragraph (2)				
322	‘ 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;	‘ 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;	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, <b>where applicable</b> , assurance engagements of sustainability reporting;	
Article 3, first paragraph, point (2)(a), amending provision, numbered paragraph (3)				
323	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	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	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	



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Member State to carry out statutory audits and assurance engagements of sustainability reporting;	Member State to carry out statutory audits and assurance engagements of sustainability reporting;	Member State to carry out statutory audits and, <b>where applicable</b> , assurance engagements of sustainability reporting;	
Article 3, first paragraph, point (2)(a), amending provision, numbered paragraph (3a)				
323a			<b>4 ‘third-country audit entity’ means an entity, regardless of its legal form, which carries out audits of the annual or consolidated financial statements, or, where applicable, the assurance of sustainability reporting of a company incorporated in a third country, other than an entity which is registered as an audit firm in any Member State as a consequence of approval in accordance with Article 3;</b>	
Article 3, first paragraph, point (2)(a), amending provision, numbered paragraph (3b)				
323b			<b>5 ‘third-country auditor’ means a natural person who carries out audits of the annual or consolidated financial statements, or, where applicable, the assurance of sustainability reporting of a company incorporated in a third country, other than a person who is registered as a statutory auditor in</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			any Member State as a consequence of approval in accordance with Articles 3 and 44;	
Article 3, first paragraph, point (2)(a), amending provision, numbered paragraph (3c)				
323c			6 ‘group auditor’ means the statutory auditor(s) or audit firm(s) carrying out the statutory audit of the consolidated financial statements or, where applicable, the assurance engagements of consolidated sustainability reporting;’	
Article 3, first paragraph, point (2)(aa), introductory part				
323d			(aa) The following point 16a is added:	
Article 3, first paragraph, point (2)(aa), amending provision, numbered paragraph				
323e			" ‘16 a. ‘key sustainability partner(s)’ means:	
Article 3, first paragraph, point (2)(aa), amending provision, numbered paragraph				
323f			(a) the statutory auditor(s) designated by an audit firm for a particular assurance engagement of sustainability reporting as being	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			primarily responsible for carrying out the assurance engagement of sustainability reporting on behalf of the audit firm; or	
Article 3, first paragraph, point (2)(aa), amending provision, numbered paragraph				
323g			(b) in the case of the assurance of consolidated sustainability reporting at least the statutory auditor(s) designated by an audit firm as being primarily responsible for carrying out the assurance engagement of sustainability reporting at the level of the group and the statutory auditor(s) designated as being primarily responsible at the level of material subsidiaries; or	
Article 3, first paragraph, point (2)(aa), amending provision, numbered paragraph				
323h			(c) the statutory auditor(s) who sign(s) the assurance report referred to in Article 28a of this directive;'	
Article 3, first paragraph, point (2)(b), introductory part				
324	(b) the following points 21 and 22 are added:	(b) the following points 21 and 22 are added:	(b) the following points 21, <b>22 and 23</b> and <del>22</del> are added:	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (2)(b), amending provision, numbered paragraph (21)				
325	‘ 21. ‘sustainability reporting’ means sustainability reporting as defined in Article 2, point (18), of Directive 2013/34/EU;	‘ 21. ‘sustainability reporting’ means sustainability reporting as defined in Article 2, point (18), of Directive 2013/34/EU;	21. ‘sustainability reporting’ means sustainability reporting as defined in Article 2, point (18), of Directive 2013/34/EU;	
Article 3, first paragraph, point (2)(b), amending provision, numbered paragraph (22)				
326	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 .;	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 .;	22. ‘assurance <b>(engagement)</b> 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 .’;	
Article 3, first paragraph, point (2)(b), amending provision, numbered paragraph (22a)				
326a			23 ‘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[1]*5 for the specific conformity assessment activity referred to in Article 34(1), second subparagraph, point (aa) of Directive 2013/34/EU.’	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (3), introductory part				
327	(3) Articles 6 and 7 are replaced by the following:	(3) Articles 6 and 7 are replaced by the following:	(3) <del>Articles 6 and 7 are</del> <b>Article 6</b> is replaced by the following:	
Article 3, first paragraph, point (3), amending provision, first paragraph				
328	‘ Article 6	‘ Article 6	Article 6	
Article 3, first paragraph, point (3), amending provision, second paragraph				
329	Educational qualifications	Educational qualifications	Educational qualifications	
Article 3, first paragraph, point (3), amending provision, third paragraph				
330	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.	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.	<b>1</b> Without prejudice to Article 11, a natural person may be approved to carry out a statutory audit <del>and an assurance engagement of sustainability reporting</del> 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.	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (3), amending provision, third paragraph a				
330a			<b>2 A natural person may in addition be approved to carry out assurance engagements of sustainability reporting when the additional specific requirements of Articles 7(2), 8(3), 10(1) second subparagraph and 14(2), fourth subparagraph of this Directive are met.</b>	
Article 3, first paragraph, point (3), amending provision, fourth paragraph				
331	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.	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.	<b>3</b> 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.’;	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (3), amending provision, fifth paragraph				
332	Article 7	Article 7		
Article 3, first paragraph, point (3), amending provision, sixth paragraph				
333	Examination of professional competence	Examination of professional competence		
Article 3, first paragraph, point (3), amending provision, seventh paragraph				
334	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.;	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.;		
Article 3, first paragraph, point (3a), introductory part				
334a			<b>(3a) in Article 7, paragraph 2 is added:</b>	
Article 3, first paragraph, point (3a), amending provision, first paragraph				
334b			<b>"</b> <b>2. In order for the statutory</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			auditor to also be approved to carry out assurance engagements of sustainability reporting, the examination of professional competence referred to in Article 6 shall guarantee the necessary level of theoretical knowledge of subjects relevant to the assurance of sustainability reporting and the ability to apply such knowledge in practice. Part at least of that examination shall be written. "	
Article 3, first paragraph, point (4), introductory part				
335	(4) Article 8(1) is amended as follows:	(4) Article 8(1) is amended as follows:		
Article 3, first paragraph, point (4)(a), introductory part				
336	(a) the following point (bb) is inserted:	(a) the following point (bb) is inserted:		
Article 3, first paragraph, point (4)(a), amending provision, first paragraph				
337	‘ (bb) legal requirements and standards relating to the preparation of annual and consolidated sustainability reporting;; ’,	‘ (bb) legal requirements and standards relating to the preparation of annual and consolidated sustainability reporting;; ’,		



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (4)(b), introductory part				
338	(b) the following point (cc) is inserted:	(b) the following point (cc) is inserted:		
Article 3, first paragraph, point (4)(b), amending provision, first paragraph				
339	‘ (cc) sustainability reporting standards;; ,	‘ (cc) sustainability reporting standards;; ,		
Article 3, first paragraph, point (4)(c), introductory part				
340	(c) the following point (dd) is inserted:	(c) the following point (dd) is inserted:		
Article 3, first paragraph, point (4)(c), amending provision, first paragraph				
341	‘ (dd) sustainability analysis;; ,	‘ (dd) sustainability analysis;; ,		
Article 3, first paragraph, point (4)(d), introductory part				
342	(d) the following point (ff) is inserted:	(d) the following point (ff) is inserted:		
Article 3, first paragraph, point (4)(d), amending provision, first paragraph				
343	‘ (ff) due diligence processes with	‘ (ff) due diligence processes with		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	regard to sustainability matters;; ,	regard to sustainability matters;; ,		
Article 3, first paragraph, point (4)(e), introductory part				
344	(e) the following point (ii) is inserted:	(e) the following point (ii) is inserted:		
Article 3, first paragraph, point (4)(e), amending provision, first paragraph				
345	‘ (ii) sustainability assurance standards as referred to in Article 26a;; ,	‘ (ii) sustainability assurance standards as referred to in Article 26a;; ,		
Article 3, first paragraph, point (4)(f), introductory part				
346	(f) point (h) is replaced by the following:	(f) point (h) is replaced by the following:		
Article 3, first paragraph, point (4)(f), amending provision, first paragraph				
347	‘ (h) legal requirements and professional standards relating to statutory audit and assurance of sustainability reporting and statutory auditors;; ,	‘ (h) legal requirements and professional standards relating to statutory audit and assurance of sustainability reporting and statutory auditors;; ,		
Article 3, first paragraph, point (4)(f), amending provision, introductory part				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
347a			" (4) in Article 8, paragraph 3 is added:	
Article 3, first paragraph, point (4)(f), amending provision, numbered paragraph				
347b			3. In order for the statutory auditor to also be approved to carry out assurance engagements of sustainability reporting, it shall also cover at least the following subjects: a) legal requirements and reporting standards relating to the preparation of annual and consolidated sustainability reporting; b) sustainability analysis; c) due diligence processes with regard to sustainability matters; d) legal requirements and assurance standards for sustainability reporting as referred to in Article 26(a); "	
Article 3, first paragraph, point (5), introductory part				
348	(5) in Article 10, paragraph 1 is replaced by the following:	(5) in Article 10, paragraph 1 is replaced by the following:		
Article 3, first paragraph, point (5), amending provision, numbered paragraph (1)				
349				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	<p>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. At least two thirds of such practical training shall be completed with a statutory auditor or an audit firm approved in any Member State.;</p>	<p>1. <u>1.</u> 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 <del>a minimum of three years'</del> 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. <u>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.</u> At least two thirds of such practical training shall be completed with a statutory auditor or <del>an</del> audit firm approved in any Member State.;</p>		
Article 3, first paragraph, point (5), amending provision, numbered paragraph (1a)				
349a			<p>(5) in Article 10, paragraph 1, the following subparagraph is added:</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (5), amending provision, numbered paragraph (1b)				
349b			<b>In order for the statutory auditor or the trainee to also be approved to carry out assurance engagements of sustainability reporting, at least eight months of such practical training shall be in the assurance of annual and consolidated sustainability reporting or other sustainability related services.'</b>	
Article 3, first paragraph, point (6), introductory part				
350	(6) in Article 11, point (a) is replaced by the following:	(6) in Article 11, point (a) is replaced by the following:		
Article 3, first paragraph, point (6), amending provision, first paragraph				
351	‘ (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; ’,	‘ (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; ’,		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (6a), introductory part				
351a			(6a) Article 12 is replaced by the following:	
Article 3, first paragraph, point (6a), amending provision, first paragraph				
351b			<p>"</p> <p><b>Article 12</b></p> <p><b>Combination of practical training and theoretical instruction</b></p> <p><b>1. Member States may provide that periods of theoretical instruction in the fields referred to in Article 8, paragraphs 1 and 2, shall count towards the periods of professional activity referred to in Article 11, provided that such instruction is attested by an examination recognised by the State. Such instruction shall not last less than one year, nor may it reduce the period of professional activity by more than four years.</b></p> <p><b>2. The period of professional activity and practical training shall not be shorter than the course of theoretical instruction together with the practical training required in Article 10(1), first subparagraph.'</b></p>	
Article 3, first paragraph, point (6a), amending provision, second paragraph				
351c				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p><b>1. Member States may provide that periods of theoretical instruction in the fields referred to in Article 8, paragraphs 1 and 2, shall count towards the periods of professional activity referred to in Article 11, provided that such instruction is attested by an examination recognised by the State. Such instruction shall not last less than one year, nor may it reduce the period of professional activity by more than four years.</b></p>	
Article 3, first paragraph, point (6a), amending provision, third paragraph				
351d			<p><b>2. The period of professional activity and practical training shall not be shorter than the course of theoretical instruction together with the practical training required in Article 10(1), first subparagraph.'</b></p> <p style="text-align: right;">"</p>	
Article 3, first paragraph, point (7), introductory part				
352	(7) in Article 14, paragraph 2, third subparagraph is replaced by the following:	(7) in Article 14, paragraph 2, third subparagraph is replaced by the following:		
Article 3, first paragraph, point (7), amending provision, first paragraph				
353	,	,		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	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.;	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.;		
Article 3, first paragraph, point (7), amending provision, first paragraph(a)				
353a			(7) in Article 14, paragraph 2, the following subparagraph is added	
Article 3, first paragraph, point (7), amending provision, first paragraph a				
353b			<b>‘In order for the statutory auditor to also be approved to carry out assurance engagements of sustainability reporting, the aptitude test referred to in the first subparagraph shall cover the statutory auditor's adequate knowledge of the laws and regulations of that host Member State in so far as it is relevant to the assurance of sustainability reporting.’;</b>	



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (8), introductory part				
354	(8) the following Article 14a is inserted:	(8) the following Article 14a is inserted:	(8) the following Article 14a is inserted:	
Article 3, first paragraph, point (8), amending provision, first paragraph				
355	Article 14a Statutory auditors approved or recognised before 1 January 2023	Article 14a Statutory auditors approved or recognised before 1 January 2023	<del>Article 14a</del> Statutory auditors approved or recognised before 1 January 2023 <b>2024 and persons undergoing the approval process for statutory auditors on 1 January 2024</b>	
Article 3, first paragraph, point (8), amending provision, second paragraph				
356	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.	<del>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</del> <u>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</u>	Member States shall ensure that statutory auditors that are approved or recognised to carry out statutory audits before 1 January 2023 <b>2024</b> are not subject to the requirements of Articles 6, 7, 10, 11 and <del>14</del> <b>7(2), 8(3), 10(1) second subparagraph and 14(2), fourth subparagraph</b> of this Directive.	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u><i>level of technical and specialised expertise in the field of sustainability in order to assess the information.</i></u> ;		
Article 3, first paragraph, point (8), amending provision, second paragraph a				
356a			<b>Member States shall ensure that persons that are undergoing the approval process foreseen in Articles 6 to 14 on 1 January 2024, are not subject to the requirements of Articles 7(2), 8(3), 10(1), second subparagraph and 14(2), fourth subparagraph of this Directive, provided they finish the process by 1 January 2026.</b>	
Article 3, first paragraph, point (8), amending provision, third paragraph				
357	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 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 statutory auditors approved before 1 January <del>2023</del> <b>2026 who want to carry out assurance engagements of sustainability reporting</b> , acquire the necessary knowledge <del>in</del> <b>of</b> sustainability reporting and the assurance -of sustainability reporting, <b>including of the subjects listed in Article 8(3)</b> , via the continuing education requirement of Article 13.';	
Article 3, first paragraph, point (8a), introductory part				

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357a			<b>(8a) Article 16 is amended as follows:</b>	
Article 3, first paragraph, point (8a)(a), introductory part				
357b			<b>(a) in subparagraph 1, the following point (bb) is inserted:</b>	
Article 3, first paragraph, point (8a)(a), amending provision, numbered paragraph				
357c			<p>"</p> <p><b>(bb) whether the statutory auditor is also approved for carrying out the assurance of sustainability reporting.'</b></p> <p>"</p>	
Article 3, first paragraph, point (8a)(b), introductory part				
357d			<b>(b) in subparagraph 1, point (c) is replaced by the following:</b>	
Article 3, first paragraph, point (8a)(b), amending provision, numbered paragraph				
357e			<p>"</p> <p><b>(c) all other registration(s) as statutory auditor with the competent authorities of other Member States and as auditor with third countries, including the name(s) of the registration authority(ies), and, if applicable,</b></p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			the registration number(s), and an indication of whether the registration concerns the financial audit, the assurance of sustainability reporting, or both. "	
Article 3, first paragraph, point (8a)(c), introductory part				
357f			(c) in paragraph 2, the following subparagraph is added:	
Article 3, first paragraph, point (8a)(c), amending provision, numbered paragraph				
357g			" The register shall indicate whether such third-country auditors are registered for carrying out the financial audit, the assurance of sustainability reporting, or both. "	
Article 3, first paragraph, point (8b), introductory part				
357h			(8b) Article 17 is amended as follows:	
Article 3, first paragraph, point (8b)(a), introductory part				
357i			(a) In paragraph 1, subparagraphs (e) and (i) are replaced by the following :	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (8b)(a), amending provision, numbered paragraph				
357j			" (e) name and registration number of all statutory auditors employed by, or associated as partners or otherwise with, the audit firm, and an indication of whether they are also approved for carrying out the assurance of sustainability reporting;	
Article 3, first paragraph, point (8b)(a), amending provision, numbered paragraph				
357k			(i) all other registration(s) as audit firm with the competent authorities of other Member States and as audit entity with third countries, including the name(s) of the registration authority(ies), and, if applicable, the registration number(s), and an indication of whether the registration concerns the financial audit, the assurance of sustainability reporting, or both.';"	
Article 3, first paragraph, point (8b)(b), introductory part				
357l			(b) in paragraph 2, the following subparagraph is added:	
Article 3, first paragraph, point (8b)(b), amending provision, numbered paragraph				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
357m			<p>"</p> <p><b>The register shall indicate whether such third-country audit entities are registered for carrying out the financial audit, the assurance of sustainability reporting, or both.;</b></p> <p>"</p>	
Article 3, first paragraph, point (9), introductory part				
358	(9) Article 24b is amended as follows:	(9) Article 24b is amended as follows:	(9) Article 24b is amended as follows:	
Article 3, first paragraph, point (9)(a), introductory part				
359	(a) paragraph 1 is replaced by the following:	(a) paragraph 1 is replaced by the following:	(a) paragraph 1 is replaced by the following:	
Article 3, first paragraph, point (9)(a), amending provision, numbered paragraph (1), introductory part				
360	<p>‘</p> <p>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</p>	<p>‘</p> <p>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</p>	<p>1. Member States shall ensure that, when the statutory audit <del>and the assurance of sustainability reporting</del> 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</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	out his, her or its duties appropriately.	out his, her or its duties appropriately.	appropriately.	
Article 3, first paragraph, point (9)(a), amending provision, numbered paragraph (1), first paragraph -a				
360a			<p><b>Member States shall ensure that, when the assurance of sustainability reporting is carried out by an audit firm, that audit firm designates at least one key sustainability partner, who can be (one of) the key audit partner(s). The audit firm shall provide the key sustainability partner(s) with sufficient resources and with personnel that have the necessary competence and capabilities to carry out his, her or its duties appropriately.</b></p>	
Article 3, first paragraph, point (9)(a), amending provision, numbered paragraph (1), first paragraph				
361	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.;	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.;	Securing audit quality, independence and competence shall be the main criteria when the audit firm selects the key audit partner(s) <b>and, where applicable, the key sustainability partner(s)</b> to be designated. The key audit partner(s) shall be actively involved in the carrying-out of the statutory audit. <b>The key sustainability partner shall be</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<b>actively involved in the carrying-out of</b> and the assurance of sustainability reporting.’;	
Article 3, first paragraph, point (9)(b), introductory part				
362	(b) the following paragraph 2a is inserted:	(b) the following paragraph 2a is inserted:	(b) the following paragraph 2a is inserted:	
Article 3, first paragraph, point (9)(b), amending provision, first paragraph				
363	‘ 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.’;	‘ 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.’;	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.’;	
Article 3, first paragraph, point (9)(c), introductory part				
364	(c) in paragraph 4, point (c) is replaced by the following:	(c) in paragraph 4, point (c) is replaced by the following:	(c) in paragraph 4, <del>point (c) is</del> <b>points (b) and (c) are</b> replaced by the following:	
Article 3, first paragraph, point (9)(c), amending provision, first paragraph -a				
364a			‘ <b>(b) in the case of an audit firm, the name(s) of the key audit partner(s) and, where applicable,</b>	



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<b>the name(s) of the key sustainability partner(s);'</b>	
Article 3, first paragraph, point (9)(c), amending provision, first paragraph				
365	‘ (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.;’	‘ (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.;’	(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.’;	
Article 3, first paragraph, point (9)(d), introductory part				
366	(d) paragraph 5 is replaced by the following:	(d) paragraph 5 is replaced by the following:		
Article 3, first paragraph, point (9)(d), amending provision, numbered paragraph (5)				
367	‘ 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.;’	‘ 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.;’		
Article 3, first paragraph, point (9)(da), introductory part				
367a			<b>(e) paragraph 5a is added:</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Article 3, first paragraph, point (9)(da), amending provision, numbered paragraph			
367b			<p>"</p> <p><b>5a. A statutory auditor or an audit firm shall create an assurance file for each assurance engagement of sustainability reporting.</b></p> <p><b>The statutory auditor or the audit firm shall document at least the data recorded pursuant to Article 22b as regards the assurance of sustainability reporting.</b></p> <p><b>The statutory auditor or the audit firm shall retain any data and documents that are of importance in support of the report referred to in Article 28a of this Directive and for monitoring compliance with this Directive and other applicable legal requirements as regards the assurance of sustainability reporting.</b></p> <p><b>The assurance file shall be closed no later than 60 days after the date of signature of the assurance report referred to in Article 28a of this Directive;</b></p> <p><b>Where the same statutory auditor carries out the statutory audit of annual financial statements and the assurance of sustainability reporting, the assurance file may be included in the audit file;</b></p> <p>"</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (9)(db), introductory part				
367c			(f) paragraph 6 is replaced by the following:	
Article 3, first paragraph, point (9)(db), amending provision, numbered paragraph				
367d			" The statutory auditor or the audit firm shall keep records of any complaints made in writing about the performance of the statutory audits and the assurance engagements of sustainability reporting carried out. "	
Article 3, first paragraph, point (10), introductory part				
368	(10) Article 25 is replaced by the following:	(10) Article 25 is replaced by the following:	(10) Article 25 is replaced by the following:	
Article 3, first paragraph, point (10), amending provision, first paragraph				
369	‘ Article 25	‘ Article 25	Article -25	
Article 3, first paragraph, point (10), amending provision, second paragraph				
370	Audit fees	Audit fees	Audit <b>and assurance</b> fees	
Article 3, first paragraph, point (10), amending provision, third paragraph,				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
introductory part				
371	Member States shall ensure that adequate rules are in place which provide that fees for statutory audits and the assurance of sustainability reporting:	Member States shall ensure that adequate rules are in place which provide that fees for statutory audits and the assurance of sustainability reporting:	Member States shall ensure that adequate rules are in place which provide that fees for statutory audits and the assurance of sustainability reporting:	
Article 3, first paragraph, point (10), amending provision, third paragraph(a)				
372	(a) are not influenced or determined by the provision of additional services to the audited entity;	(a) are not influenced or determined by the provision of additional services to the audited entity;	(a) are not influenced or determined by the provision of additional services to the <del>audited entity</del> <b>entity being subject to statutory audit or assurance of sustainability reporting;</b>	
Article 3, first paragraph, point (10), amending provision, third paragraph(b)				
373	(b) cannot be based on any form of contingency.;	(b) cannot be based on any form of contingency.;	(b) cannot be based on any form of contingency.’;	
Article 3, first paragraph, point (11), introductory part				
374	(11) the following Article 25b is inserted:	(11) the following Article 25b is inserted:	(11) the following Article 25b is inserted:	
Article 3, first paragraph, point (11), amending provision, first paragraph				
375	‘ Article 25b	‘ Article 25b	Article 25b	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (11), amending provision, second paragraph				
376	Professional Ethics, Independence, Objectivity, Confidentiality and Professional Secrecy as regards the assurance of sustainability reporting	Professional Ethics, Independence, Objectivity, Confidentiality and Professional Secrecy as regards the assurance of sustainability reporting	Professional Ethics, Independence, Objectivity, Confidentiality and Professional Secrecy as regards the assurance of sustainability reporting	
Article 3, first paragraph, point (11), amending provision, third paragraph				
377	The requirements of Articles 21 to 24a as regards the statutory audit of financial statements shall apply to 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.;	The requirements of Articles 21 to 24a as regards the statutory audit of financial statements shall apply <b>mutatis mutandis</b> to the assurance of sustainability reporting.';	
Article 3, first paragraph, point (11a), introductory part				
377a			<b>(11a) the following Article 25c is inserted:</b>	
Article 3, first paragraph, point (11a), amending provision, first paragraph				
377b			" <b>Article 25c</b>	
Article 3, first paragraph, point (11a), amending provision, second paragraph				
377c			<b>Prohibited non-audit services where the statutory auditor carries out the assurance of</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			sustainability reporting of a public-interest entity	
Article 3, first paragraph, point (11a), amending provision, numbered paragraph, introductory part				
377d			1. A statutory auditor or an audit firm carrying out 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 the services referred to in Article 5(1), second subparagraph, points (b), (c), (e), (f), (g), (h), (i), (j) and (k) of Regulation (EU) No 537/2014 in:	
Article 3, first paragraph, point (11a), amending provision, numbered paragraph, first paragraph				
377e			(a) the period between the beginning of the period subject to assurance of sustainability reporting and the issuing of the assurance report; and	
Article 3, first paragraph, point (11a), amending provision, numbered paragraph, second paragraph				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
377f			(b) the financial year immediately preceding the period referred to in point (a) in relation to the services referred to in Article 5(1), second subparagraph, point (e) of Regulation (EU) No 537/2014.	
Article 3, first paragraph, point (11a), amending provision, numbered paragraph, introductory part				
377g			(2) A statutory auditor or an audit firm carrying out assurance engagements of sustainability reporting of public-interest entities and, where the statutory auditor or the audit firm belongs to a network, any member of such network, may provide to the entity subject to assurance of sustainability reporting, to its parent undertaking or to its controlled undertakings non-audit services other than the prohibited non-audit services referred to in paragraph 1, or if applicable, referred to in Article 5 (1) or (2) of Regulation (EU) No 537/2014, subject to the approval of the audit committee after it has properly assessed threats of independence and the safeguards applied in accordance with Article 22b of this Directive.	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (11a), amending provision, numbered paragraph, first paragraph				
377h			<p><b>(3) When a member of a network to which the statutory auditor or the audit firm carrying out an assurance engagement of sustainability reporting of a public-interest entity belongs provides the non-audit services referred to in paragraph 1 of this Article, to an undertaking incorporated in a third country which is controlled by the public-interest entity subject to assurance of sustainability reporting, the statutory auditor or the audit firm concerned shall assess whether his, her or its independence would be compromised by such provision of services by the member of the network.</b></p> <p><b>If his, her or its independence is affected, the statutory auditor or the audit firm shall apply safeguards where applicable in order to mitigate the threats caused by such provision of services in a third country. The statutory auditor or the audit firm may continue to carry out the assurance of sustainability reporting of the public-interest entity only if he, she or it can justify, in accordance with Article 22b of this Directive, that such</b></p>	



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			provision of services does not affect his, her or its professional judgement and the assurance report. "	
Article 3, first paragraph, point (11b), introductory part				
377i			(11b) Article 25d is inserted:	
Article 3, first paragraph, point (11b), amending provision, first paragraph				
377j			" Article 25d	
Article 3, first paragraph, point (11b), amending provision, second paragraph				
377k			Irregularities	
Article 3, first paragraph, point (11b), amending provision, numbered paragraph				
377l			Article 7 of Regulation (EU) No 537/2014 shall apply mutatis mutandis to a statutory auditor or an audit firm carrying out assurance engagements of sustainability reporting of a public-interest entity.' "	
Article 3, first paragraph, point (12), introductory part				
378				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	(12) the following Article 26a is inserted:	(12) the following Article 26a is inserted:	(12) the following Article 26a is inserted:	
Article 3, first paragraph, point (12), amending provision, first paragraph				
379	Article 26a	Article 26a	Article 26a	
Article 3, first paragraph, point (12), amending provision, second paragraph				
380	Assurance standards for sustainability reporting	Assurance standards for sustainability reporting	Assurance standards for sustainability reporting	
Article 3, first paragraph, point (12), amending provision, numbered paragraph (1), introductory part				
381	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.	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.	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 23.	
Article 3, first paragraph, point (12), amending provision, numbered paragraph (1), first paragraph				
382	Member States shall apply national assurance standards, procedures or requirements as long as the Commission has not adopted an assurance standard covering the	Member States shall apply national assurance standards, procedures or requirements as long as the Commission has not adopted an assurance standard covering the	2. Member States <del>shall</del> may apply national assurance standards, procedures or requirements as long as the Commission has not adopted an assurance standard covering the	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	same subject-matter.	same subject-matter.	same subject-matter.	
Article 3, first paragraph, point (12), amending provision, numbered paragraph (1), second paragraph				
383	Member States shall communicate the assurance procedures or requirements to the Commission at least three months before their entry into force.	Member States shall communicate the assurance procedures or requirements to the Commission at least three months before their entry into force.	Member States shall communicate the assurance procedures or requirements to the Commission at least three months before their entry into force.	
Article 3, first paragraph, point (12), amending provision, numbered paragraph (2), introductory part				
384	2. The Commission shall be empowered to adopt, by means of delegated acts in accordance with Article 48a, the assurance standards referred to in paragraph 1 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.	2. <u>2.</u> The Commission shall be empowered to adopt, by means of delegated acts in accordance with Article 48a, <del>the limited</del> assurance standards <del>referred to in paragraph 1</del> <u>before 1 October 2023 and reasonable assurance standards before 1 January 2026</u> 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.	<del>23.</del> The Commission shall be empowered to adopt, by means of delegated acts in accordance with Article 48a, the assurance standards referred to in paragraph 1 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.	
Article 3, first paragraph, point (12), amending provision, numbered paragraph (2), first paragraph, introductory part -a				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
384a			<p><b>The Commission shall adopt assurance standards for reasonable assurance no later than six years after the entry into force of the CSRD<sup>1</sup>.</b></p> <p><b>1. Publication office to replace by a specific date.</b></p>	
Article 3, first paragraph, point (12), amending provision, numbered paragraph (2), first paragraph, introductory part				
385	The Commission may adopt the assurance standards only where they:	The Commission may adopt the assurance standards only where they:	The Commission may adopt the assurance standards only where they:	
Article 3, first paragraph, point (12), amending provision, numbered paragraph (2), first paragraph(a)				
386	(a) have been developed with proper due process, public oversight and transparency;	(a) have been developed with proper due process, public oversight and transparency;	(a) have been developed with proper due process, public oversight and transparency ;	
Article 3, first paragraph, point (12), amending provision, numbered paragraph (2), first paragraph(b)				
387	(b) contribute a high level of credibility and quality to the annual or consolidated sustainability reporting;	(b) contribute a high level of credibility and quality to the annual or consolidated sustainability reporting;	(b) contribute a high level of credibility and quality to the annual or consolidated sustainability reporting;	
Article 3, first paragraph, point (12), amending provision, numbered paragraph (2), first paragraph(c)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
388	(c) are conducive to the Union public good.’	(c) are conducive to the Union public good.’	(c) are conducive to the Union public good.’	
Article 3, first paragraph, point (12), amending provision, numbered paragraph (2), first paragraph(ca)				
388a			<b>(d) do not amend any of the requirements of this Directive or supplement any of its requirements apart from those set out in Articles 25b, 27a and 28a.</b>	
Article 3, first paragraph, point (12), amending provision, numbered paragraph (3)				
389	3. Where the Commission adopts standards for reasonable assurance, 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.’;	3. <u>3.</u> Where the Commission adopts standards for reasonable assurance, <u>following a positive outcome of the review mechanism referred to in Article 5a</u> , 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 <u>for the financial years following the adoption application of the delegated act referred to in paragraph 2.</u> ’;		
Article 3, first paragraph, point (13), introductory part				
390				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	(13) the following Article 27a is inserted:	(13) the following Article 27a is inserted:	(13) the following Article 27a is inserted:	
Article 3, first paragraph, point (13), amending provision, first paragraph				
391	‘ Article 27a	‘ Article 27a	Article 27a	
Article 3, first paragraph, point (13), amending provision, second paragraph				
392	Assurance of consolidated sustainability reporting	Assurance of consolidated sustainability reporting	Assurance of consolidated sustainability reporting	
Article 3, first paragraph, point (13), amending provision, third paragraph				
393	The requirements of Article 27 as regards the audit of consolidated financial statements shall apply mutatis mutandis to the 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.;		
Article 3, first paragraph, point (13), amending provision, third paragraph a				
393a			<b>1. Member States shall ensure that in the case of an assurance engagement of consolidated sustainability reporting of a group of undertakings:</b>	
Article 3, first paragraph, point (13), amending provision, third paragraph b				

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393b			(a) in relation to the consolidated sustainability reporting, the group auditor bears the full responsibility for the assurance report referred to in Article 28a of this Directive;	
Article 3, first paragraph, point (13), amending provision, third paragraph c				
393c			(b) the group auditor evaluates the assurance work performed by any independent assurance services provider(s) or third-country auditor(s) or statutory auditor(s) or third-country audit entity(ies), or audit firm(s) for the purpose of assurance engagement of consolidated sustainability reporting and documents the nature, timing and extent of the work performed by those auditors, including, where applicable, the group auditor's review of relevant parts of those auditors' assurance documentation;	
Article 3, first paragraph, point (13), amending provision, third paragraph d				
393d			(c) the group auditor reviews the assurance work performed by independent assurance services provider(s), third-country auditor(s) or statutory auditor(s)	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			and third-country audit entity(ies) or audit firm(s) for the purpose of the assurance engagement of consolidated sustainability reporting and documents it.	
Article 3, first paragraph, point (13), amending provision, third paragraph e				
393e			The documentation retained by the group auditor shall be such as to enable the relevant competent authority to review the work of the group auditor.	
Article 3, first paragraph, point (13), amending provision, third paragraph f				
393f			For the purposes of point (c) of the first subparagraph of this paragraph, the group auditor shall request the agreement of the independent assurance services provider(s), third-country auditor(s), statutory auditor(s), third-country audit entity(ies) or audit firm(s) concerned to the transfer of relevant documentation during the conduct of the assurance engagement of consolidated sustainability reporting, as a condition of the reliance by the group auditor on the work of those independent assurance services provider(s), third-country auditor(s), statutory	



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			auditor(s), third-country audit entity(ies) or audit firm(s).	
Article 3, first paragraph, point (13), amending provision, third paragraph g				
393g			2. Where the group auditor is unable to comply with point (c) of the first subparagraph of paragraph 1, he, she or it shall take appropriate measures and inform the relevant competent authority.	
Article 3, first paragraph, point (13), amending provision, third paragraph h				
393h			Such measures shall, as appropriate, include carrying out additional assurance work, either directly or by outsourcing such tasks, in the relevant subsidiary.	
Article 3, first paragraph, point (13), amending provision, third paragraph i				
393i			3. Where the group auditor is subject to a quality assurance review or an investigation concerning the assurance engagement of consolidated sustainability reporting of a group of undertakings, the group auditor shall, when requested, make available to the competent authority the relevant documentation he, she or it retains	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			concerning the assurance work performed by the respective independent assurance services provider(s), third-country auditor(s), statutory auditor(s), third-country audit entity(ies) or audit firm(s) for the purpose of the assurance engagement of consolidated sustainability reporting, including any working papers relevant to the assurance engagement of consolidated sustainability reporting.	
Article 3, first paragraph, point (13), amending provision, third paragraph j				
393j			The competent authority may request additional documentation on the assurance work performed by any statutory auditor(s) or audit firm(s) for the purpose of the assurance engagement of consolidated sustainability reporting from the relevant competent authorities pursuant to Article 36.	
Article 3, first paragraph, point (13), amending provision, third paragraph k				
393k			Where the assurance of sustainability reporting of a parent undertaking or a subsidiary undertaking of a group of undertakings is carried out by	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			an auditor or auditor(s) or an audit entity(ies) from a third country, the competent authority may request additional documentation on the assurance work performed by any third-country auditor(s) or third country audit entity(ies) from the relevant competent authorities from third countries through the working arrangement.	
Article 3, first paragraph, point (13), amending provision, third paragraph I				
3931			By way of derogation from the third subparagraph, where an independent assurance services provider, an auditor or auditors or an audit entity or entities from a third country that have no working arrangements, carried out the assurance of sustainability reporting of a parent undertaking or a subsidiary undertaking of a group of undertakings, the group auditor shall, when requested, also be responsible for ensuring proper delivery of the additional documentation of the assurance work performed by such independent assurance services provider(s), third-country auditor(s) or audit entity(ies), including the working papers relevant to the assurance	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			engagement of consolidated sustainability reporting. In order to ensure such delivery, the group auditor shall retain a copy of such documentation, or alternatively agree with the independent assurance services provider(s), third-country auditor(s) or audit entity(ies) that he, she or it is to be given unrestricted access to such documentation upon request, or take any other appropriate action. Where assurance working papers cannot, for legal or other reasons, be passed from a third country to the group auditor, the documentation retained by the group auditor shall include evidence that he or she has undertaken the appropriate procedures in order to gain access to the audit documentation, and in the case of impediments other than legal ones arising from the legislation of the third country concerned, evidence supporting the existence of such impediments.’;	
Article 3, first paragraph, point (14), introductory part				
394	(14) Article 28 is amended as follows:	(14) Article 28 is amended as follows:	(14) <b>In Article 28, paragraph 2, point (e) is replaced by the following</b> is amended as follows:	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (14)(a), introductory part				
395	(a) paragraph 1 is replaced by the following:	(a) paragraph 1 is replaced by the following:		
Article 3, first paragraph, point (14)(a), amending provision, numbered paragraph (1)				
396	<p>‘</p> <p>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.;</p> <p>’</p>	<p>‘</p> <p>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.;</p> <p>’</p>		
Article 3, first paragraph, point (14)(b), introductory part				
397	(b) paragraph 2 is amended as follows:	(b) paragraph 2 is amended as follows:		
Article 3, first paragraph, point (14)(b)(i), introductory part				
398				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	(i) the following point (aa) is inserted:	(i) the following point (aa) is inserted:		
Article 3, first paragraph, point (14)(b)(i), amending provision, first paragraph				
399	‘ (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;;	‘ (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;;		
Article 3, first paragraph, point (14)(b)(ii), introductory part				
400	(ii) the following point (bb) is inserted:	(ii) the following point (bb) is inserted:		
Article 3, first paragraph, point (14)(b)(ii), amending provision, first paragraph				
401	‘ (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;;	‘ (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;;		
Article 3, first paragraph, point (14)(c), introductory part				
402				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	(c) in paragraph 2, point (e) is replaced by the following:	(c) in paragraph 2, point (e) is replaced by the following:		
Article 3, first paragraph, point (14)(c), amending provision, first paragraph				
403	‘ (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;;’	‘ (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;;’	(e) include <del>the opinions</del> <b>an opinion</b> and statement, <b>both of</b> which shall be based on the work undertaken in the course of the audit, referred to in <del>the</del> <b>Article 34(1)</b> , second subparagraph, <b>points (a) and (b) of</b> <del>Article 34(1)</del> of Directive 2013/34/EU, <del>where applicable;;</del> ’	
Article 3, first paragraph, point (14)(d), introductory part				
404	(d) in paragraph 3, the following subparagraph is added:	(d) in paragraph 3, the following subparagraph is added:		
Article 3, first paragraph, point (14)(d), amending provision, first paragraph				
405	‘ The requirements of the first subparagraph as regards the statutory audit shall apply to the assurance of sustainability reporting.;’	‘ The requirements of the first subparagraph as regards the statutory audit shall apply to the assurance of sustainability reporting.;’		
Article 3, first paragraph, point (14)(e), introductory part				
406	(e) in paragraph 4 the first subparagraph is replaced by the	(e) in paragraph 4 the first subparagraph is replaced by the		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	following:	following:		
Article 3, first paragraph, point (14)(e), amending provision, first paragraph				
407	<p>‘</p> <p>The audit report shall be signed and dated by the statutory auditor. Where an audit firm carries out the statutory audit and, 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. 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.;</p> <p>’</p>	<p>‘</p> <p>The audit report shall be signed and dated by the statutory auditor <u>and by the statutory auditor or the audit firm carrying out the assurance of sustainability reporting</u>. Where an audit firm carries out the statutory audit <del>and or</del>, 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. <u>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.</u></p> <p>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</p>		



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		not be disclosed to the public if such disclosure could lead to an imminent and significant threat to the personal security of any person. <sup>2</sup> ;		
Article 3, first paragraph, point (14)(f), introductory part				
408	(f) paragraph 5 is replaced by the following:	(f) paragraph 5 is replaced by the following:		
Article 3, first paragraph, point (14)(f), amending provision, numbered paragraph (5)				
409	<p>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</p>	<p>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</p>		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	combined.	combined.		
Article 3, first paragraph, point (14a), introductory part				
409a			<b>(14a) Article 28a is added:</b>	
Article 3, first paragraph, point (14a)(a), introductory part				
409b			<b>Article 28a</b>	
Article 3, first paragraph, point (14a)(a), amending provision, first paragraph				
409c			" <b>Assurance report on sustainability reporting</b>	
Article 3, first paragraph, point (14a)(a), amending provision, second paragraph				
409d			<b>1. The statutory auditor(s) or the audit firm(s) shall present the results of the assurance of sustainability reporting in an assurance report on sustainability reporting. The report shall be prepared in accordance with the requirements of assurance standards adopted by the Commission or by Member States until the Commission adopts the assurance standards referred to in Article 26a.</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (14a)(a), amending provision, third paragraph				
409e			<b>2. The assurance report on sustainability reporting shall be in writing and shall:</b>	
Article 3, first paragraph, point (14a)(a), amending provision, fourth paragraph				
409f			<b>(a) identify the entity whose annual or consolidated sustainability reporting are the subject of the assurance engagement;</b>	
Article 3, first paragraph, point (14a)(a), amending provision, fifth paragraph				
409g			<b>(b) 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;</b>	
Article 3, first paragraph, point (14a)(a), amending provision, sixth paragraph				
409h			<b>(c) 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</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			conducted;	
Article 3, first paragraph, point (14a)(a), amending provision, seventh paragraph				
409i			(d) Include the opinion based on the work undertaken in the course of the assurance of sustainability reporting referred to in Article 34a(1), second subparagraph, point (aa) of Directive 2013/34/EU.	
Article 3, first paragraph, point (14a)(a), amending provision, eighth paragraph				
409j			3. Where the assurance on sustainability reporting was carried out by more than one statutory auditor or audit firm, the statutory auditor(s) or the audit firm(s) shall agree on the results of the assurance engagement on sustainability reporting and submit a joint report and opinion. In the case of disagreement, each statutory auditor or audit firm shall submit his, her or its opinion in a separate paragraph of the assurance report on sustainability reporting and shall state the reason for the disagreement.	
Article 3, first paragraph, point (14a)(a), amending provision, ninth paragraph				
409k			4. The assurance report on	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>sustainability reporting shall be signed and dated by the statutory auditor. Where an audit firm carries out the assurance of sustainability reporting, the assurance report on sustainability reporting shall bear the signature of at least the statutory auditor(s) carrying out the assurance of sustainability reporting on behalf of the audit firm. Where more than one statutory auditor or audit firm have been simultaneously engaged, the assurance report on sustainability reporting shall be signed by all statutory auditors or at least by the statutory auditors carrying out 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.</p> <p>In any event, the name(s) of the person(s) involved shall be known to the relevant competent authorities.</p>	
Article 3, first paragraph, point (14a)(a), amending provision, tenth paragraph				
4091				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<b>5. Member States may require that, where the same statutory auditor carries out the statutory audit of annual financial statements and the assurance of sustainability reporting, the assurance report may be included as a separate section of the audit report.</b>	
Article 3, first paragraph, point (14a)(a), amending provision, eleventh paragraph				
409m			<b>6. The report of the statutory auditor or the audit firm on the consolidated sustainability reporting shall comply with the requirements set out in paragraphs 1 to 5.'</b> "	
Article 3, first paragraph, point (15), introductory part				
410	(15) Article 29 is amended as follows:	(15) Article 29 is amended as follows:	(15) Article 29 is amended as follows:	
Article 3, first paragraph, point (15)(a), introductory part				
411	(a) in paragraph 1, point (d) is replaced by the following:	(a) in paragraph 1, point (d) is replaced by the following:	(a) in paragraph 1, point (d) is replaced by the following:	
Article 3, first paragraph, point (15)(a), amending provision, first paragraph				
412	‘	‘	(d) the persons who carry out	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	(d) the persons who carry out quality assurance reviews shall have appropriate professional education and relevant experience in statutory audit and financial reporting and in the assurance of sustainability reporting and sustainability reporting combined with specific training on quality assurance reviews;;	(d) the persons who carry out quality assurance reviews shall have appropriate professional education and relevant experience in statutory audit and financial reporting and in the assurance of sustainability reporting and sustainability reporting combined with specific training on quality assurance reviews;;	quality assurance reviews shall have appropriate professional education and relevant experience in statutory audit and financial reporting and, <b>where applicable</b> , in the assurance of sustainability reporting and sustainability reporting <b>or other sustainability related services</b> combined with specific training on quality assurance reviews;;	
Article 3, first paragraph, point (15)(aa), introductory part				
412a			<b>(aa) in paragraph 1, point (f) is replaced by the following:</b>	
Article 3, first paragraph, point (15)(aa), amending provision, first paragraph				
412b			" <b>‘(f) the scope of the quality assurance review, supported by adequate testing of selected audit files and, where applicable assurance files, shall include an assessment of compliance with applicable auditing standards and, where applicable, assurance standards and independence requirements, of the quantity and quality of resources spent, of the audit fees and fees charged for the assurance of sustainability reporting charged and of the internal quality control system of</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			the audit firm;’ ”	
Article 3, first paragraph, point (15)(b), introductory part				
413	(b) in paragraph 1, point (h) is replaced by the following:	(b) in paragraph 1, point (h) is replaced by the following:	(b) in paragraph 1, point (h) is replaced by the following:	
Article 3, first paragraph, point (15)(b), amending provision, first paragraph				
414	‘ (h) quality assurance reviews shall take place on the basis of an analysis of the risk and, in the case of statutory auditors and audit firms carrying out statutory audits as defined in Article 2, point (1)(a), and, where applicable, carrying out assurance engagements of sustainability reporting, at least every six years;; ’	‘ (h) quality assurance reviews shall take place on the basis of an analysis of the risk and, in the case of statutory auditors and audit firms carrying out statutory audits as defined in Article 2, point (1)(a), and, where applicable, carrying out assurance engagements of sustainability reporting, at least every six years;; ’	(h) quality assurance reviews shall take place on the basis of an analysis of the risk and, in the case of statutory auditors and audit firms carrying out statutory audits as defined in Article 2, point (1)(a), and, where applicable, carrying out assurance engagements of sustainability reporting, at least every six years;’;	
Article 3, first paragraph, point (15)(c), introductory part				
415	(c) in paragraph 2, point (a) is by the following:	(c) in paragraph 2, point (a) is by the following:	(c) in paragraph 2, point (a) is <b>replaced</b> by the following:	
Article 3, first paragraph, point (15)(c), amending provision, first paragraph				
416	‘ (a) reviewers shall have appropriate professional education and relevant	‘ (a) reviewers shall have appropriate professional education and relevant	(a) reviewers shall have appropriate professional education and relevant experience in statutory audit and	



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	experience in statutory audit and financial reporting and in the assurance of sustainability reporting and sustainability reporting combined with specific training on quality assurance reviews;;	experience in statutory audit and financial reporting and in the assurance of sustainability reporting and sustainability reporting combined with specific training on quality assurance reviews;;	financial reporting and, <b>where applicable</b> , in the assurance of sustainability reporting and sustainability reporting combined with specific training on quality assurance reviews;;	
Article 3, first paragraph, point (15)(ca), introductory part				
416a			<b>(d) Paragraph 2a is inserted:</b>	
Article 3, first paragraph, point (15)(ca), amending provision, first paragraph				
416b			<p>"</p> <p><b>(2a) Member States may exempt, until 31 December 2025, the persons who carry out quality assurance reviews relating to the assurance of sustainability reporting from the requirement to have relevant experience in the assurance of sustainability reporting and sustainability reporting or other sustainability related services.</b></p> <p>"</p>	
Article 3, first paragraph, point (15a), introductory part				
416c			<b>(15a) in Article 30, paragraphs 1 and 2 are replaced by the following:</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (15a), amending provision, first paragraph				
416d			<p>"</p> <p><b>1. Member States shall ensure that there are effective systems of investigations and sanctions to detect, correct and prevent inadequate execution of the statutory audit and the assurance of sustainability reporting.</b></p>	
Article 3, first paragraph, point (15a), amending provision, second paragraph				
416e			<p><b>2. Without prejudice to Member States' civil liability regimes, Member States shall provide for effective, proportionate and dissuasive sanctions in respect of statutory auditors and audit firms, where statutory audits and assurance engagements of sustainability reporting are not carried out in conformity with the provisions adopted in the implementation of this Directive, and, where applicable, Regulation (EU) No 537/2014.</b></p>	
Article 3, first paragraph, point (15a), amending provision, third paragraph				
416f			<p><b>Member States may decide not to lay down rules for administrative sanctions for infringements which are already subject to national</b></p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			criminal law. In that event, they shall communicate to the Commission the relevant criminal law provisions.'	
			"	
Article 3, first paragraph, point (15b), introductory part				
416g			(15aa) in Article 30a, paragraph 1, point (cc) is inserted:	
Article 3, first paragraph, point (15b), amending provision, first paragraph				
416h			" (cc) a temporary prohibition, of up to three years' duration, banning the statutory auditor, the audit firm or the key sustainability partner from carrying out the assurance of sustainability reporting and/or signing assurance reports.'	
			"	
Article 3, first paragraph, point (15c), introductory part				
416i			(15b) in Article 30a, paragraph 1, point (dd) is inserted:	
Article 3, first paragraph, point (15c), amending provision, first paragraph				
416j			" (dd) a declaration that the	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			assurance report does not meet the requirements of Article 28a of this Directive;’ ”	
Article 3, first paragraph, point (16), introductory part				
417	(16) the following Article 30(g) is inserted:	(16) the following Article 30(g) is inserted:		
Article 3, first paragraph, point (16), amending provision, first paragraph				
418	‘ Article 30g	‘ Article 30g		
Article 3, first paragraph, point (16), amending provision, second paragraph				
419	Investigations and Sanctions as regards the Assurance of Sustainability Reporting	Investigations and Sanctions as regards the Assurance of Sustainability Reporting		
Article 3, first paragraph, point (16), amending provision, third paragraph				
420	The requirements of Articles 30 to 30f as regards the statutory audit of financial statements shall apply to the assurance of sustainability reporting.;	The requirements of Articles 30 to 30f as regards the statutory audit of financial statements shall apply to the assurance of sustainability reporting.;		
Article 3, first paragraph, point (16a), introductory part				
420a				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<b>(16a) Article 32 is amendment as follows:</b>	
Article 3, first paragraph, point (16a), amending provision, first paragraph				
420b			" <b>(a) in paragraph 3, subparagraph 1 is replaced by the following:</b>	
Article 3, first paragraph, point (16a), amending provision, second paragraph				
420c			<b>3. The competent authority shall be governed by non-practitioners who are knowledgeable in the areas relevant to statutory audit, and where applicable, to the assurance of sustainability reporting. They shall be selected in accordance with an independent and transparent nomination procedure.'</b>	
Article 3, first paragraph, point (16a), amending provision, third paragraph				
420d			<b>(b) paragraph 4, point b is replaced by the following:</b>	
Article 3, first paragraph, point (16a), amending provision, fourth paragraph				
420e			<b>(b) the adoption of standards on professional ethics, internal quality control of audit firms, auditing and the assurance of</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			sustainability reporting, except where those standards are adopted or approved by other Member State authorities;’ ”	
Article 3, first paragraph, point (17), introductory part				
421	(17) the following Article 36(a) is inserted:	(17) the following Article 36(a) is inserted:	(17) the following Article 36(a) is inserted:	
Article 3, first paragraph, point (17), amending provision, first paragraph				
422	‘ Article 36a	‘ Article 36a	Article 36a	
Article 3, first paragraph, point (17), amending provision, second paragraph				
423	Public Oversight and Regulatory Arrangements between Member States as regards the assurance of sustainability reporting	Public Oversight and Regulatory Arrangements between Member States as regards the assurance of sustainability reporting	<del>Public Oversight and Regulatory Arrangements between Member States as regards the assurance of sustainability reporting</del>	
Article 3, first paragraph, point (17), amending provision, third paragraph				
424	The requirements of Articles 32, 33, 34 and 36 as regards the statutory audit of financial statements shall apply mutatis mutandis to the assurance of sustainability reporting.;	The requirements of Articles 32, 33, 34 and 36 as regards the statutory audit of financial statements shall apply mutatis mutandis to the assurance of sustainability reporting.;	The requirements of Articles <del>32, 33,</del> 34 and 36 as regards the statutory audit of financial statements shall apply <del>mutatis mutandis</del> <i>mutatis mutandis</i> to the assurance of sustainability reporting.’;	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (17a), introductory part				
424a			(17a) In Article 37, paragraph 1, the second subparagraph is inserted:	
Article 3, first paragraph, point (17a), amending provision, first paragraph				
424b			" ‘The provisions of the first subparagraph shall apply to the appointment of the statutory auditor or audit firm for the purpose of the assurance of sustainability reporting.’ "	
Article 3, first paragraph, point (17b), introductory part				
424c			(17b) In Article 37, paragraph 2, the second subparagraph is inserted:	
Article 3, first paragraph, point (17b), amending provision, first paragraph				
424d			" ‘The provisions of the first subparagraph shall apply to the appointment of the statutory auditor or audit firm for the purpose of the assurance of sustainability reporting.’ "	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (17c), introductory part				
424e			(17c) in Article 37, paragraph 3 is replaced by the following:	
Article 3, first paragraph, point (17c), amending provision, first paragraph				
424f			<p>"</p> <p><b>‘3. Any contractual clause restricting the choice by the general meeting of shareholders or members of the audited entity pursuant to paragraph 1 to certain categories or lists of statutory auditors or audit firms as regards the appointment of a particular statutory auditor or audit firm to carry out the statutory audit and, where applicable, the assurance of sustainability reporting of that entity shall be prohibited. Any such existing clauses shall be null and void.’</b></p> <p>"</p>	
Article 3, first paragraph, point (18), introductory part				
425	(18) the following Article 38a is inserted:	(18) the following Article 38a is inserted:		
Article 3, first paragraph, point (18), amending provision, first paragraph				
426				



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	Article 38a	Article 38a		
Article 3, first paragraph, point (18), amending provision, second paragraph				
427	Appointment and dismissal as regards the assurance of sustainability reporting	Appointment and dismissal as regards the assurance of sustainability reporting		
Article 3, first paragraph, point (18), amending provision, third paragraph				
428	The requirements of Articles 37 and 38 as regards the statutory audit of financial statements shall apply to 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.;		
Article 3, first paragraph, point (18a), introductory part				
428a			<b>(18a) in Article 38, paragraph 1 is replaced by the following:</b>	
Article 3, first paragraph, point (18a), amending provision, first paragraph				
428b			<b>"</b> <b>1. Member States shall ensure that statutory auditors or audit firms may be dismissed only where there are proper grounds. Divergence of opinions on accounting treatments, audit procedures or where applicable on</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			sustainability reporting or assurance procedures shall not be proper grounds for dismissal.' "	
Article 3, first paragraph, point (18b)				
428c			(18b) In Article 38, paragraph 2, the second subparagraph is inserted:	
Article 3, first paragraph, point (18c), introductory part				
428d			(18c) Article 39 is amended as follows:	
Article 3, first paragraph, point (18c), amending provision, first paragraph				
428e			" (a) Paragraph 4a is added:	
Article 3, first paragraph, point (18c), amending provision, second paragraph				
428f			4a. Member States may allow the functions assigned to the audit committee relating to sustainability reporting and the assurance of sustainability reporting to be performed by the administrative or supervisory body as a whole or by a dedicated body established by the administrative or supervisory	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			body. "	
Article 3, first paragraph, point (19), introductory part				
429	(19) in Article 39(6), points (a) to (e) are replaced by the following:	(19) in Article 39(6), points (a) to (e) are replaced by the following:	(19) in Article 39(6), points (a) to (e) are replaced by the following:	
Article 3, first paragraph, point (19), amending provision, first paragraph				
430	‘ (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 was in that process;	‘ (a) <u>(a)</u> 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 <u>and any other committee that undertook an equivalent role,</u> was in that process;	(a) inform the administrative or supervisory body of the audited entity of the outcome of the statutory audit and, <b>where applicable</b> , 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 <b>respectively, and what the role of the audit committee was in that process;</b> ‘(a) inform the administrative or supervisory body of the audited entity of the outcome of the statutory audit and, where applicable, 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	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<b>respectively</b> , and what the role of the audit committee was in that process;	
Article 3, first paragraph, point (19), amending provision, second paragraph				
431	(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;	(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;	(b) monitor the financial and, <b>where applicable</b> , sustainability reporting process, including the digital reporting process referred to in Article <del>19d</del> <b>29d of Directive 2013/34/EU</b> and the process carried out by the undertaking to identify the information reported according to the standards adopted pursuant to Article <del>19b</del> <b>29b</b> of Directive 2013/34/EU, and submit recommendations or proposals to ensure its integrity;	
Article 3, first paragraph, point (19), amending provision, third paragraph				
432	(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;'	(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;'	(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, <b>where applicable</b> , sustainability reporting of the audited entity, including its digital reporting as referred to in Article <del>19d</del> <b>29d of Directive 2013/34/EU</b> , without breaching its independence;'	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (19), amending provision, fourth paragraph				
433	(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;	(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;	(d) monitor the statutory audit of the annual and consolidated financial statements and, <b>where applicable</b> , 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;	
Article 3, first paragraph, point (19), amending provision, fifth paragraph				
434	(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;’;	(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;’;	(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, <b>25c and 25d</b> of this Directive and <b>with</b> 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 3, first paragraph, point (20), introductory part				
435	(20) Article 45 is amended as follows:	(20) Article 45 is amended as follows:	(20) Article 45 is amended as follows:	
Article 3, first paragraph, point (20)(a), introductory part				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
436	(a) paragraph 1 is replaced by the following:	(a) paragraph 1 is replaced by the following:	(a) paragraph 1 is replaced by the following:	
Article 3, first paragraph, point (20)(a), amending provision, numbered paragraph (1), introductory part				
437	<p>‘</p> <p>1. The competent authorities of a Member State shall, in accordance with Articles 15, 16 and 17, register every third-country auditor and audit entity, where that third-country auditor or audit entity provides an audit report concerning the annual or consolidated financial statements and, where applicable, concerning annual or consolidated sustainability reporting of an undertaking incorporated outside the Union whose transferable securities are admitted to trading on a regulated market of that Member State within the meaning of Article 4(1), point (14), of Directive 2004/39/EC, except where the undertaking in question exclusively issues outstanding debt securities for which one of the following applies:</p>	<p>‘</p> <p>1. The competent authorities of a Member State shall, in accordance with Articles 15, 16 and 17, register every third-country auditor and audit entity, where that third-country auditor or audit entity provides an audit report concerning the annual or consolidated financial statements and, where applicable, concerning annual or consolidated sustainability reporting of an undertaking incorporated outside the Union whose transferable securities are admitted to trading on a regulated market of that Member State within the meaning of Article 4(1), point (14), of Directive 2004/39/EC, except where the undertaking in question exclusively issues outstanding debt securities for which one of the following applies:</p>	<p>1. The competent authorities of a Member State shall, in accordance with Articles 15, 16 and 17, register every third-country auditor and audit entity, where that third-country auditor or audit entity provides an audit report concerning the annual or consolidated financial statements, <del>or and</del>, where applicable, <b>an assurance report</b> concerning annual or consolidated sustainability reporting of an undertaking incorporated outside the Union whose transferable securities are admitted to trading on a regulated market of that Member State within the meaning of Article 4(1), point (14), of Directive 2004/39/EC, except where the undertaking in question exclusively issues outstanding debt securities for which one of the following applies:</p>	
Article 3, first paragraph, point (20)(a), amending provision, numbered paragraph (1)(a)				
438	(a) those securities have been	(a) those securities have been	(a) those securities have been	

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	admitted to trading on a regulated market in a Member State within the meaning of Article 2(1), point (c), of Directive 2004/109/EC of the European Parliament and of the Council* <sup>19</sup> prior to 31 December 2010 and the denomination per unit of which is, at the date of issue, at least EUR 50 000 or, in the case of debt securities denominated in another currency, equivalent, at the date of issue, to at least EUR 50 000;	admitted to trading on a regulated market in a Member State within the meaning of Article 2(1), point (c), of Directive 2004/109/EC of the European Parliament and of the Council* <sup>19</sup> prior to 31 December 2010 and the denomination per unit of which is, at the date of issue, at least EUR 50 000 or, in the case of debt securities denominated in another currency, equivalent, at the date of issue, to at least EUR 50 000;	admitted to trading on a regulated market in a Member State within the meaning of Article 2(1), point (c), of Directive 2004/109/EC of the European Parliament and of the Council* <sup>191</sup> prior to 31 December 2010 and the denomination per unit of which is, at the date of issue, at least EUR 50 000 or, in the case of debt securities denominated in another currency, equivalent, at the date of issue, to at least EUR 50 000;  <b>1. [1] Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).’;</b>	
Article 3, first paragraph, point (20)(a), amending provision, numbered paragraph (1)(b)				
439	(b) those securities are admitted to trading on a regulated market in a Member State within the meaning of Article 2(1), point (c), of Directive 2004/109/EC from 31 December 2010 and the denomination per unit of which is, at the date of issue, at least EUR 100 000 or, in case of debt securities denominated in another currency, equivalent, at the date of issue, to at least EUR 100	(b) those securities are admitted to trading on a regulated market in a Member State within the meaning of Article 2(1), point (c), of Directive 2004/109/EC from 31 December 2010 and the denomination per unit of which is, at the date of issue, at least EUR 100 000 or, in case of debt securities denominated in another currency, equivalent, at the date of issue, to at least EUR 100	(b) those securities are admitted to trading on a regulated market in a Member State within the meaning of Article 2(1), point (c), of Directive 2004/109/EC from 31 December 2010 and the denomination per unit of which is, at the date of issue, at least EUR 100 000 or, in case of debt securities denominated in another currency, equivalent, at the date of issue, to at least EUR 100	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	000.;	000.;	000.;	
Article 3, first paragraph, point (20)(aa), introductory part				
439a			<b>(aa) paragraph 4 is replaced by the following:</b>	
Article 3, first paragraph, point (20)(aa), amending provision, first paragraph				
439b			<p>"</p> <p><b>4. Without prejudice to Article 46, audit reports concerning annual accounts or consolidated accounts or, where applicable, the assurance reports concerning annual or consolidated sustainability reporting referred to in paragraph 1 of this Article issued by third-country auditors or audit entities that are not registered in the Member State shall have no legal effect in that Member State.</b></p> <p>"</p>	
Article 3, first paragraph, point (20)(b), introductory part				
440	(b) in paragraph 5, the following point (dd) is inserted:	(b) in paragraph 5, the following point (dd) is inserted:	<b>(b) in paragraph 5, the following point (dd) is replaced by the following:</b>	
Article 3, first paragraph, point (20)(b), amending provision, first paragraph				



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
441	<p>‘</p> <p>(dd) the assurance of the annual or consolidated sustainability reporting referred to in paragraph 1 are carried out in accordance with assurance standards as referred to in Article 26a, as well as the requirements laid down in Articles 22, 22b, 25 and 25b;;</p> <p>’,</p>	<p>‘</p> <p>(dd) the assurance of the annual or consolidated sustainability reporting referred to in paragraph 1 are carried out in accordance with assurance standards as referred to in Article 26a, as well as the requirements laid down in Articles 22, 22b, 25 and 25b;;</p> <p>’,</p>		
Article 3, first paragraph, point (20)(b), amending provision, first paragraph a				
441a			<p>‘</p> <p><b>5. A Member State may register a third-country audit entity for the purpose of the audit of financial statements only if:</b></p>	
Article 3, first paragraph, point (20)(b), amending provision, first paragraph b				
441b			<p><b>(a) the majority of the members of the administrative or management body of the third-country audit entity meet requirements which are equivalent to those laid down in Articles 4 to 10, with the exception of Articles 7(2), 8(3), 10(1) second subparagraph;</b></p>	
Article 3, first paragraph, point (20)(b), amending provision, first paragraph c				
441c				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			(b) the third-country auditor carrying out the audit on behalf of the third-country audit entity meets requirements which are equivalent to those laid down in Articles 4 to 10, with the exception of Articles 7(2), 8(3), 10(1) second subparagraph;	
Article 3, first paragraph, point (20)(b), amending provision, first paragraph d				
441d			(c) the audits of the annual or consolidated financial statements referred to in paragraph 1 are carried out in accordance with international auditing standards as referred to in Article 26, as well as the requirements laid down in Articles 22, 22b and 25, or with equivalent standards and requirements;	
Article 3, first paragraph, point (20)(b), amending provision, first paragraph e				
441e			(d) it publishes on its website an annual transparency report which includes the information referred to in Article 13 of Regulation (EU) No 537/2014 or it complies with equivalent disclosure requirements;	
Article 3, first paragraph, point (20)(b), amending provision, numbered paragraph				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
441f			" <b>A Member State may register a third-country audit entity for the purpose of the assurance of sustainability reporting only if:</b>	
Article 3, first paragraph, point (20)(b), amending provision, numbered paragraph				
441g			<b>(a) the majority of the members of the administrative or management body of the third-country audit entity meet requirements which are equivalent to those laid down in Articles 4 to 10;</b>	
Article 3, first paragraph, point (20)(b), amending provision, numbered paragraph				
441h			<b>(b) the third-country auditor carrying out the audit on behalf of the third-country audit entity meets requirements which are equivalent to those laid down in Articles 4 to 10;</b>	
Article 3, first paragraph, point (20)(b), amending provision, numbered paragraph				
441i			<b>(c) the assurance of the annual or consolidated sustainability reporting referred to in paragraph 1 are carried out in accordance with assurance standards as referred to in Article 26a, as well</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			as the requirements laid down in Articles 22, 22b, 25 and 25b, or with equivalent standards and requirements;’;	
Article 3, first paragraph, point (20)(b), amending provision, numbered paragraph				
441j			(d) it publishes on its website an annual transparency report which includes the information referred to in Article 13 of Regulation (EU) No 537/2014 or it complies with equivalent disclosure requirements. "	
Article 3, first paragraph, point (20)(c), introductory part				
442	(c) paragraph 5a is replaced by the following:	(c) paragraph 5a is replaced by the following:	(c) paragraph 5a is replaced by the following:	
Article 3, first paragraph, point (20)(c), amending provision, first paragraph, introductory part				
443	‘ 5a. A Member State may register a third-country auditor only if he or she meets the requirements set out in paragraph 5, points (c), (d), (dd) and (e).	‘ 5a. A Member State may register a third-country auditor only if he or she meets the requirements set out in paragraph 5, points (c), (d), (dd) and (e).	5a. A Member State may register a third-country auditor <b>for the purpose of the audit of financial statements</b> only if he or she meets the requirements set out in <b>points (b), (c) and (d) of paragraph 5, first subparagraph of this Article.</b>  <b>A Member State may register a</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			third-country auditor for the purpose of the assurance for sustainability reporting only if he or she meets the requirements set out in points (e), (d), (dd) and (e)(b), (c) and (d) of paragraph 5, second subparagraph of this Article.	
Article 3, first paragraph, point (20)(c), amending provision, first paragraph, first paragraph				
444	_____	_____		
	_____	_____		
	_____	_____		
Article 3, first paragraph, point (20)(c), amending provision, first paragraph, foot note				
445	* <sup>19</sup> Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).;	* <sup>19</sup> Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).;		
Article 3, first paragraph, point (20)(ca), introductory part				
445a			(ca) paragraph 6 is replaced by the following:	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (20)(ca), amending provision, first paragraph, introductory part				
445b			<p>"</p> <p><b>‘6. In order to ensure uniform conditions of application of point (d), first subparagraph and point (d) second subparagraph of paragraph 5 of this Article, the Commission shall be empowered to decide upon the equivalence referred to therein by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 48(2). Member States may assess the equivalence referred to in point (d) , first subparagraph and point (d), second subparagraph of paragraph 5 of this Article as long as the Commission has not taken any such decision.</b></p>	
Article 3, first paragraph, point (20)(ca), amending provision, first paragraph, first paragraph				
445c			<p><b>The Commission shall be empowered to adopt delegated acts in accordance with Article 48a for the purpose of establishing the general equivalence criteria to</b></p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			be used in assessing whether the audits of the financial statements and, where applicable, the assurance of sustainability reporting referred to in paragraph 1 of this Article are carried out in accordance with international auditing standards as referred to in Article 26 and with assurance standards as referred to in Article 26a, respectively, and with the requirements laid down in Articles 22, 24 and 25. Such criteria, which are applicable to all third countries, shall be used by Member States when assessing equivalence at national level.’.	
Article 3, first paragraph, point (21), introductory part				
446	(21) Article 48a is amended as follows:	(21) Article 48a is amended as follows:	(21) Article 48a is amended as follows:	
Article 3, first paragraph, point (21)(a), introductory part				
447	(a) in paragraph 2 the following subparagraph is added:	(a) in paragraph 2 the following subparagraph is added:	(a) in paragraph 2 the following subparagraph is added:	
Article 3, first paragraph, point (21)(a), amending provision, first paragraph				
448	‘ The power to adopt delegated acts referred to in Article 26a(2) shall be	‘ The power to adopt delegated acts referred to in Article 26a(2) shall be	The power to adopt delegated acts referred to in Article 26a(2) shall be conferred on the Commission for an	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	conferred on the Commission for an indeterminate period of time.;	conferred on the Commission for an indeterminate period of time.;	indeterminate period of time.;	
Article 3, first paragraph, point (21)(b), introductory part				
449	(b) paragraph 3 is replaced by the following:	(b) paragraph 3 is replaced by the following:	(b) paragraph 3 is replaced by the following:	
Article 3, first paragraph, point (21)(b), amending provision, numbered paragraph (3)				
450	<p>‘</p> <p>3. The delegation of power referred to in Articles 26(3), 26a(2), 45(6), 46(2) and 47(3) 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 the 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.;</p> <p>’</p>	<p>‘</p> <p>3. The delegation of power referred to in Articles 26(3), 26a(2), 45(6), 46(2) and 47(3) 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 the 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.;</p> <p>’</p>	<p>3. The delegation of power referred to in Articles 26(3), 26a(2), 45(6), 46(2) and 47(3) 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 the 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.’;</p>	
Article 3, first paragraph, point (21)(c), introductory part				
451	(c) paragraph 5 is replaced by the following:	(c) paragraph 5 is replaced by the following:	(c) paragraph 5 is replaced by the following:	



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 3, first paragraph, point (21)(c), amending provision, numbered paragraph (5)				
452	<p>‘</p> <p>5. A delegated act adopted pursuant to Articles 26(3), 26a(2), 45(6), 46(2) and 47(3) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of four 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 two months at the initiative of the European Parliament or of the Council.</p> <p>’</p>	<p>‘</p> <p>5. A delegated act adopted pursuant to Articles 26(3), 26a(2), 45(6), 46(2) and 47(3) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of four 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 two months at the initiative of the European Parliament or of the Council.</p> <p>’</p>	<p>5. A delegated act adopted pursuant to Articles 26(3), 26a(2), 45(6), 46(2) and 47(3) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of four 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 two months at the initiative of the European Parliament or of the Council.’.</p>	
Article 4				
453	<p>Article 4</p> <p>Amendments to Regulation (EU) No 537/2014</p>	<p>Article 4</p> <p>Amendments to Regulation (EU) No 537/2014</p>	<p>Article 4</p> <p>Amendments to Regulation (EU) No 537/2014</p>	
Article 4, first paragraph, introductory part				
454	<p>Regulation (EU) No 537/2014 is amended as follows:</p>	<p>Regulation (EU) No 537/2014 is amended as follows:</p>	<p>Regulation (EU) No 537/2014 is amended as follows:</p>	
Article 4, first paragraph, point (-1), introductory part				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
454a			<b>(1-a) Article 4 paragraph 2, second subparagraph is replaced by the following:</b>	
Article 4, first paragraph, point (-1), amending provision, numbered paragraph				
454b			<p>"</p> <p><b>‘For the purposes of the limits specified in the first subparagraph, assurance engagements of sustainability reporting and non-audit services, other than those referred to in Article 5(1), required by Union or national legislation, shall be excluded.’</b></p> <p>"</p>	
Article 4, first paragraph, point (1), introductory part				
455	(1) Article 5 is amended as follows:	(1) Article 5 is amended as follows:	(1) Article 5 is amended as follows:	
Article 4, first paragraph, point (1)(a), introductory part				
456	(a) paragraph 1 is amended as follows:	(a) paragraph 1 is amended as follows:	(a) paragraph 1, <b>second subparagraph, point (c) is replaced by the following</b> <del>-is amended as follows:</del>	
Article 4, first paragraph, point (1)(a)(-i)				
456a			<b>‘bookkeeping and preparing</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			accounting records and financial statements as well as preparing sustainability reporting;’	
Article 4, first paragraph, point (1)(a)(i), introductory part				
457	(i) the first subparagraph is replaced by the following:	(i) the first subparagraph is replaced by the following:	<i>deleted</i>	
Article 4, first paragraph, point (1)(a)(i), amending provision, numbered paragraph (1), introductory part				
458	‘ 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:	‘ 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:	<i>deleted</i>	
Article 4, first paragraph, point (1)(a)(i), amending provision, numbered paragraph (1)(a)				
459	(a) the period between the beginning of the period audited and the issuing of the audit report; and	(a) the period between the beginning of the period audited and the issuing of the audit report; and	<i>deleted</i>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
<i>Article 4, first paragraph, point (1)(a)(i), amending provision, numbered paragraph (1)(b)</i>				
460	(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.;	(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.;	<i>deleted</i>	
<i>Article 4, first paragraph, point (1)(a)(ii), introductory part</i>				
461	(ii) in the second subparagraph, the following point (l) is added:	(ii) in the second subparagraph, the following point (l) is added:	<i>deleted</i>	
<i>Article 4, first paragraph, point (1)(a)(ii), amending provision, first paragraph</i>				
462	(l) consulting services for the preparation of sustainability reporting, where the statutory auditor or audit firm carries out the assurance of sustainability reporting.;	(l) consulting services for the preparation of sustainability reporting, where the statutory auditor or audit firm carries out the assurance of sustainability reporting.;	<i>deleted</i>	
<i>Article 4, first paragraph, point (1)(aa), introductory part</i>				
462a			<b>(b) paragraph 4, second subparagraph is inserted:</b>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 4, first paragraph, point (1)(aa)(i)				
462b			<b>‘The approval of the audit committee referred to in the first subparagraph shall not be needed for the provision of assurance engagements of sustainability reporting.’;</b>	
Article 4, first paragraph, point (1)(b), introductory part				
463	(b) the following paragraph 6 is added:	(b) the following paragraph 6 is added:	<i>deleted</i>	
Article 4, first paragraph, point (1)(b), amending provision, numbered paragraph (6)				
464	‘ 6. Paragraphs 4 and 5 referring to the statutory audit of financial statements shall apply to the assurance of sustainability reporting, where applicable. ’	‘ 6. Paragraphs 4 and 5 referring to the statutory audit of financial statements shall apply to the assurance of sustainability reporting, where applicable. ’	<i>deleted</i>	
Article 4, first paragraph, point (2), introductory part				
465	(2) in Article 14, point (b) is replaced by the following:	(2) in Article 14, point (b) is replaced by the following:	<i>deleted</i>	
Article 4, first paragraph, point (2), amending provision, first paragraph				
466	‘	‘		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	(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,.	(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,.	<i>deleted</i>	
<b>Article 5</b>				
467	Article 5 Transposition	Article 5 Transposition	Article 5 Transposition	
<b>Article 5(1), introductory part</b>				
468	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 2022. They shall immediately inform the Commission thereof.	1. <u>1.</u> 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 <del>2022</del> <u>2023</u> . They shall immediately inform the Commission thereof.	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 <del>1 December 2022</del> <b>[Publications Office - set the date = eighteen months after entry into force]</b> . They shall immediately inform the Commission thereof.	
<b>Article 5(1), first paragraph</b>				
469	Member States shall provide that the provisions referred to in the first subparagraph shall apply for financial years starting on or after 1 January 2023	<u>Member States shall provide that the provisions referred to in the first subparagraph shall apply for financial years starting on <b>1 January 2024, or later the same year, for large undertakings.</b> <del>or after 1</del></u>	Member States shall provide that the provisions <b>of Article 1</b> referred to in the first subparagraph shall apply <del>for financial years starting on or after 1 January 2023:</del>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<i>January 2023</i>		
Article 5(1), first paragraph, point (a), introductory part				
469a			<p><b>(a) for financial years starting on or after 1 January 2024:</b></p> <p><b>i) to large undertakings as defined in Article 3(4) of Directive 2013/34/EU which are public-interest entities as defined in Article 2, point (1) of that Directive exceeding on their balance sheet dates the criterion of the average number of 500 employees during the financial year;</b></p> <p><b>ii) to public-interest entities as defined in Article 2, point (1) of Directive 2013/34/EU which are parent undertakings of a large group as defined in Article 3(7) of Directive 2013/34/EU exceeding on its balance sheet dates, on a consolidated basis, the criterion of the average number of 500 employees during the financial year;</b></p>	
Article 5(1), first paragraph, point (a)(1), introductory part				
469b			<p><b>(b) for financial years starting on or after 1 January 2025:</b></p> <p><b>i) to large undertakings as defined in Article 3(4) of Directive</b></p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			2013/34/EU other than those referred to in point (a), point (i); ii) to parent undertakings of a large group as defined in Article 3(7) of Directive 2013/34/EU other than those referred to in point (a), point (ii);	
Article 5(1), first paragraph, point (a)(1)(i), introductory part				
469c			(c) for financial years starting on or after 1 January 2026: (i) to small and medium-sized undertakings as defined in Article 3(2) and 3(3) of Directive 2013/34/EU which are undertakings referred to in Article 2, point (1), point (a) of that Directive and which are not micro-undertakings as defined in Article 3 (1) of that Directive; (ii) to small and non-complex institutions provided they are large undertakings referred to in Article 3 point (4) of Directive 2013/34/EU or that they are small and medium sized undertakings as defined in Article 3(2) and 3(3) which are undertakings referred to in Article 2, point (1), point (a) of that Directive and which are not micro-undertakings as defined in Article 3 (1) of that Directive; (iii) to captive insurance undertakings and captive	



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			reinsurance undertakings provided that they are large undertakings referred to in Article 3 point (4) of Directive 2013/34/EU or that they are small and medium sized undertakings as defined in Article 3(2) and 3(3) which are undertakings referred to in Article 2, point (1), point (a) of that Directive and which are not micro-undertakings as defined in Article 3 (1) of that Directive.	
Article 5(1), first paragraph, point (a)(1)(i), first indent				
469d			Member States shall provide that the provisions of Article 2 referred to in the first subparagraph shall apply:	
Article 5(1), first paragraph, point (a)(2), introductory part				
469e			(a) for financial years starting on or after 1 January 2024 i) to issuers as defined in point (d) of Article 2(1) of Directive 2004/109/EC which are large undertakings as defined in Article 3(4) of Directive 2013/34/EU exceeding on their balance sheet dates the criterion of the average number of 500 employees during the financial year; ii) to issuers as defined in point	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			(d) of Article 2(1) of Directive 2004/109/EC which are parent undertakings of a large group as defined in Article 3(7) of Directive 2013/34/EU exceeding on its balance sheet dates, on a consolidated basis, the criterion of the average number of 500 employees during the financial year;	
Article 5(1), first paragraph, point (a)(2)(i), introductory part				
469f			<p>(b) for financial years starting on or after 1 January 2025</p> <p>i) to issuers as defined in point (d) of Article 2(1) of Directive 2004/109/EC which are large undertakings as defined in Article 3(4) of Directive 2013/34/EU other than those referred to in point (a), point (i);</p> <p>ii) to issuers as defined in point (d) of Article 2(1) of Directive 2004/109/EC which are parent undertakings of a large group as defined in Article 3(7) of Directive 2013/34/EU other than those referred to in point (a), point (ii);</p>	
Article 5(1), first paragraph, point (a)(2)(i), first indent				
469g			(c) for financial years starting on or after 1 January 2026:	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
			<p>(i) to issuers as defined in point (d) of Article 2(1) of Directive 2004/109/EC which are small and medium-sized undertakings as defined in Article 3(2) and 3(3) of Directive 2013/34/EU and which are not micro-undertakings as defined in Article 3 (1) of that Directive;</p> <p>(ii) to issuers defined as small and non-complex institutions provided they are large undertakings referred to in Article 3 point (4) of Directive 2013/34/EU or that they are small and medium sized undertakings as defined in Article 3(2) and 3(3) which are undertakings referred to in Article 2, point (1), point (a) of that Directive and which are not micro-undertakings as defined in Article 3 (1) of that Directive;</p> <p>(iii) to issuers defined as captive insurance undertakings or captive reinsurance undertakings provided that they are large undertakings referred to in Article 3 point (4) of Directive 2013/34/EU or that they are small and medium sized undertakings as defined in Article 3(2) and 3(3) which are undertakings referred to in Article 2, point (1), point (a) of that Directive and which are not micro-undertakings as defined in Article 3 (1) of that Directive.</p>	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
Article 5(1), first paragraph, point (b), introductory part				
469h			<p><b>Member States shall provide that the provisions of Article 3 referred to in the first subparagraph shall apply for financial years starting on or after 1 January 2024. 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.</b></p>	
Article 5(2), first paragraph, point (b)(1), introductory part				
469i			<p><b>(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.</b></p>	
Article 5(1), first paragraph a				
469j		<p><u><i>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</i></u></p>		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<u><a href="#">sustainability reporting standards for SMEs on a voluntary basis.</a></u>		
Article 5(1), first paragraph b				
469k		<u><a href="#">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.</a></u>		
Article 5(1), second paragraph				
470	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.	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.	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.	
Article 5(2)				
471	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.	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.	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.	
Article 5(2a)				

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
471a		<p><u>2a. Article 5 a</u>  <u>Review and report</u>  <u>The Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive, including, among other aspects:</u>  - <u>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,</u>  - <u>an assessment of the number of SMEs using voluntary reporting standards referred to in article 19c</u>  - <u>the added value of expanding the list of activities and high-risk sectors referred to in 19a (7a)</u>  - <u>the application, effectiveness and the level of guidance and methods provided,</u>  - <u>the convergence of reporting practises between Member States,</u></p>		

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
		<ul style="list-style-type: none"> <li><u>- the progress with non-financial reporting throughout the world,</u></li> <li><u>- the convergence of the practices of data providers and users and of the level of guidance and methods provided,</u></li> <li><u>- the feasibility of applying standards for reasonable assurance,- the effectiveness of reporting standards related to human rights,</u></li> <li><u>- 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.</u></li> <li><u>- An impact assessment on human rights carried out by the relevant public authorities</u></li> </ul> <p><u>The report shall be published by 31 December 2026 and every three years thereafter, and shall be accompanied, if appropriate, by legislative proposals.</u></p>		
Article 6				
472	Article 6 Date of application of Article 4	Article 6 Date of application of Article 4	Article 6 Date of application of Article 4	
Article 6, first paragraph				
473	Article 4 of this Directive shall apply	Article 4 of this Directive shall	Article 4 of this Directive shall apply	

	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
	to financial years starting on or after 1 January 2023.	apply to financial years starting on or after 1 January <del>2023</del> 2024.	to financial years <del>starting on or after 1 January 2023</del> according to Article 5(1), fourth subparagraph.	
Article 7				
474	Article 7 Entry into force	Article 7 Entry into force	Article 7 Entry into force	
Article 7, first paragraph				
475	This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.	This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.	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				
476	Article 8 Addressees	Article 8 Addressees	Article 8 Addressees	
Article 8, first paragraph				
477	This Directive is addressed to the Member States. Article 4 shall, however, be binding in its entirety and directly applicable in all Member States.	This Directive is addressed to the Member States. Article 4 shall, however, be binding in its entirety and directly applicable in all Member States.	This Directive is addressed to the Member States. Article 4 shall, however, be binding in its entirety and directly applicable in all Member States.	
Formula				



	Commission Proposal	EP Mandate	Council Mandate	Draft Agreement
478	Done at Brussels,	Done at Brussels,	Done at Brussels,	
Formula				
479	For the European Parliament	For the European Parliament	For the European Parliament	
Formula				
480	The President	The President	The President	
Formula				
481	For the Council	For the Council	For the Council	
Formula				
482	The President	The President	The President	