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WORKING DOCUMENT

From:	General Secretariat of the Council
To:	Simplification
Subject:	Contributions on the Omnibus I proposal on sustainability reporting and due diligence (doc. 6596/25).

Delegations will find enclosed further comments received, on 17 April, from SI on the Omnibus I proposal on sustainability reporting and due diligence (doc. 6596/25).

Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting and due diligence requirements

Guidelines to be followed

Please kindly provide your contributions in the table below.

Drafting suggestions: you may use '**track changes**' or formatting (for example **bold-underline** for additions and ~~strike-through~~ for deletions, **where necessary, in a different colour**).

To make it feasible to consolidate all contributions, the structure of the table must not be changed, so **no rows can be added or deleted.**

New provisions may only be added in any of the **'existing cells'.**

Name of document: please add the **two initials** of your delegation's country followed by a space (to the MS Word document name), followed by any optional text, for example, for Austria: **AT comments on … .docx**

Thank you for your cooperation!

Commission proposal	Drafting suggestions	Justifications
General comments		The Republic of Slovenia supports the Directive's goals to enhance the competitiveness of EU companies by streamlining sustainability reporting and due diligence requirements, particularly for smaller businesses within the value chain. These efforts should contribute positively to both society and the environment. While committed to simplifying legislative frameworks and reducing administrative burdens, Slovenia emphasizes the importance of carefully defining these requirements. Each

Commission proposal	Drafting suggestions	Justifications
		amendment should be proportionate, well-justified, and thoughtfully considered. Legal clarity, stability, and certainty are crucial for a strong European single market and a thriving economy. Significant progress has already been made in promoting transparency and sustainable business practices through existing legislation. Therefore, it is essential that the proposed amendments do not undermine these positive developments. It is important to note that some stakeholders have raised concerns about the potential disproportionate impact of the proposed changes on human rights and environmental protections. WE SUPPORT The NL amendment to the CSRD substance-proposal of Omnibus-I introduces an option for MS to determine that 'wave one' companies that have between 500 and 1000 employees do not fall under the CSRD reporting obligation for the financial years 2025 and 2026. From an LPF-perspective it is undesirable that those companies remain obliged to report under the CSRD while they would no longer fall under the CSRD after the Omnibus regulation comes into force. This amendment is in line with the Commission ad referendum statement on the Omnibus

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		Simplification Package of the 26th of March in which the Commission stated it was committed to exploring further options to address concerns about the uneven LPF during the negotiations of the substance-proposal of Omnibus-I.
(Text with EEA relevance)		
THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,		
Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 50 and 114 thereof,		
Having regard to the proposal from the European Commission,		
After transmission of the draft legislative act to the national parliaments,		
Having regard to the opinion of the European Economic and Social Committee[1],		
Acting in accordance with the ordinary legislative procedure,		
Whereas:		
(1) In its Communication of 11 February 2025 entitled 'A simpler and faster Europe: Communication on implementation and simplification',[2] the European Commission set out a vision for an implementation and simplification agenda that delivers fast and		

[1] OJ C […], […], p. […].

[2] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 11 February 2025, 'A simpler and faster Europe: Communication on implementation and simplification', COM/2025/47 final.

Commission proposal	Drafting suggestions	Justifications
visible improvements for people and business on the ground. This requires more than an incremental approach and the Union must take bold action to achieve this goal. The Commission, the European Parliament, the Council, Member States' authorities at all levels and stakeholders need to work together to streamline and simplify EU, national and regional rules and implement policies more effectively.		
(2) In the context of the Commission's commitment to reduce reporting burdens and enhance competitiveness, it is necessary to amend Directives 2006/43/EC[3], 2013/34/EU[4], (EU) 2022/2464[5] and (EU) 2024/1760 of the European Parliament and of the Council[6], whilst maintaining the policy objectives of the		

[3] 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, ELI: http://data.europa.eu/eli/dir/2006/43/oj).

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

[5] Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (OJ L 322, 16.12.2022, p. 15, ELI: http://data.europa.eu/eli/dir/2022/2464/oj).

[6] Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859 (OJ L, 2024/1760, 5.7.2024, ELI: http://data.europa.eu/eli/dir/2024/1760/oj).

Commission proposal	Drafting suggestions	Justifications
European Green Deal[7], and the Sustainable Finance Action Plan[8].		
(3) Article 26a(1) of Directive 2006/43/EC requires Member States to ensure that statutory auditors and audit firms carry out the assurance of sustainability reporting in compliance with limited assurance standards to be adopted by the Commission. Article 26a(3) of that Directive requires the Commission to adopt those standards by 1 October 2026. Undertakings have raised concerns on the work carried out by the assurance providers and have expressed the need for flexibility in addressing specific risks and critical issues identified in the areas of sustainability assurance. To enable the Commission to take account of those concerns, it should be given more flexibility in adopting those standards. In any case, the Commission will issue targeted assurance guidelines by 2026 that clarify the necessary procedures that assurance providers are to perform as part of their limited assurance engagement before adopting the standards by delegated act.		
(4) Article 26a(3), second subparagraph, of Directive 2006/43/EC empowers the Commission to adopt standards for reasonable		

7 Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions of 11 December 2019, '*The European Green Deal*', COM/2019/640 final.

8 Communication from the Commission to the European Parliament, the European Council, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions of 8 March 2018, '*Action Plan: Financing Sustainable Growth*', COM/2018/097 final.

Commission proposal	Drafting suggestions	Justifications
assurance by 1 October 2028, following an assessment of feasibility. To avoid an increase in costs of assurance for undertakings, the requirement to adopt such standards for reasonable assurance should be removed.		
(5) Article 19a(1) of Directive 2013/34/EU requires large undertakings and small and medium-sized undertakings with securities admitted to trading on an EU regulated market, excluding micro-undertakings, to prepare and publish a sustainability statement at individual level. To reduce the reporting burden on undertakings, the obligation to prepare and publish a sustainability statement at individual level should be reduced to large undertakings with an average of more than 1000 employees during the financial year. Considering that for an undertaking to be large it has to exceed two out of the three criteria in Article 3(4) of Directive 2013/34/EU, this means that to be subject toto the reporting requirements an undertakings must have an average of more than 1000 employees during the financial year and either a net turnover above EUR 50 million or a balance sheet total above EUR 25 million.	(5) Article 19a(1) of Directive 2013/34/EU requires large undertakings and small and medium-sized undertakings with securities admitted to trading on an EU regulated market, excluding microundertakings, to prepare and publish a sustainability statement at individual level. To reduce the reporting burden on undertakings, the obligation to prepare and publish a sustainability statement at individual level should be reduced to large undertakings with an average of more than 1000 employees during the financial year **or with an average of more than 500 employees during the financial year, if the undertaking is a public-interest entity.** Considering that for an undertaking to be large it has to exceed two out of the three criteria in Article 3(4) of Directive 2013/34/EU, this means that to be subject toto the reporting requirements an undertakings must have an average of more than 1000 employees during the financial year and either a net turnover above EUR 50 million or a balance sheet total above EUR 25 million.	WE SUPPORT AT which prefers to keep the undertakings of the so-called “first wave” in the scope.
(6) A balance needs to be found between the objectives of data generation and reduction of		

Commission proposal	Drafting suggestions	Justifications
administrative burden. Sustainability reporting, including the information referred to in Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council[9], of large undertakings with an average of more than 1000 employees during the financial year is indispensable to understand the transition to a climate-neutral economy. In the light of the balance to be found between the objectives of data generation and reduction of administrative burden, large undertakings within the new scope for sustainability reporting that have a net turnover not exceeding EUR 450 000 000 during the financial year should be able to disclose information referred to in Article 8 of Regulation (EU) 2020/852 in a more flexible way. The Commission should be empowered to set out rules supplementing the reporting regime for those undertakings. It should in particular be clarified that the Commission is empowered to specify the reporting regime for activities that are only partially taxonomy aligned.		
(7) Article 1(3) of Directive 2013/34/EU specifies that credit institutions and insurance undertakings that are large undertakings or small and medium-size undertakings – excluding micro-undertakings – with securities admitted to trading on an EU regulated market		

[9] 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, ELI: http://data.europa.eu/eli/reg/2020/852/oj).

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are subject to the sustainability reporting requirements set out in that Directive, regardless of their legal form. Considering that the scope of individual sustainability reporting should be reduced to large undertakings with an average of more than 1000 employees during the financial year, that reduction in scope should also apply to credit institutions and insurance undertakings.		
(8) The European Financial Stability Facility (EFSF) established by the EFSF Framework Agreement is subject to the sustainability reporting requirements set out in Directive 2013/34/EU, although it is exempted from the sustainability reporting regime set out in Directive 2004/109/EC of the European Parliament and of the Council[10] pursuant to Article 8 of that Directive. Despite it being a large undertaking incorporated in a legal form listed in Annex I to Directive 2013/34/EU, the EFSF has a mandate - i.e. to safeguard financial stability in the Union by providing temporary financial assistance to Member States whose currency is the euro – that is largely similar to the one of the European Stability Mechanism (ESM), which is not subject to sustainability reporting requirements. For the EFSF to benefit		

[10] Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonization 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 39, 31.12.2004, p. 38, ELI: http://data.europa.eu/eli/dir/2004/109/oj).

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from the same treatment as the ESM as regards sustainability reporting, and for consistency with the exemption regime provided by Directive 2004/109/EC, the EFSF should be exempted from the regime on sustainability reporting provided by Directive 2013/34/EU.		
(9) Article 19a(3) of Directive 2013/34/EU requires undertakings to report information about the undertaking's own operations and about its value chain. It is necessary to reduce the reporting burden for undertakings in the value chain that are not required to report on their sustainability. The reporting undertaking, for the purposes of reporting sustainability information at individual or at consolidated level, as required by Directive 2013/34/EU, and without prejudice to Union requirements to conduct a due diligence process, should therefore not seek to obtain from undertakings established in or outside of the Union in its value chain that have up to 1000 employees on average during the financial year any information that goes beyond the information specified in the standards for voluntary use by undertakings that are not required to report on their sustainability. The reporting undertaking should, however, be allowed to collect from such undertakings in its value chain any additional sustainability information that is commonly shared between undertakings in the	(9) Article 19a (3) of Directive 2013/34/EU requires undertakings to report information about the undertaking's own operations and about its value chain. It is necessary to reduce the reporting burden for undertakings in the value chain that are not required to report on their sustainability. The reporting undertaking, for the purposes of reporting sustainability information at individual or at consolidated level, as required by Directive 2013/34/EU, and without prejudice to Union requirements to conduct a due diligence process, should therefore not seek to obtain from undertakings established in or outside of the Union in its value chain that have up to 1000 employees on average during the financial year any information that goes beyond the information specified in the standards for voluntary use by undertakings that are not required to report on their sustainability. The reporting undertaking should, however, be allowed to collect from such undertakings in its value chain any additional sustainability information that is commonly shared between undertakings in the	WE SUPORRT DE PROPOSAL: The new sentence emphasizes the need to ensure overall coherence with EMAS regime. We also see the need for adding an additional Recital addressing the possible trickle-down effect regarding the financial institutions' sectoral reporting and disclosure obligations. We propose the following Recital (e.g. as Recital 9a): "The European Commission, the European Central Bank and the European Supervisory Authorities will limit any obligations to financial institutions, leading to information requests to undertakings, as required to exclude effects contradicting the objectives of this Directive while strictly observing the principle of proportionality especially in support of small and mediums sized companies. The European Commission, the European Central Bank and the European Supervisory Authorities will ensure that financial institutions' sectoral reporting and disclosure obligations do not cause institutions to obtain information from undertakings that go

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sector concerned. Undertakings reporting on their value chain in accordance with those limitations should be deemed to comply with the obligation to report on their sustainability. Assurance providers should prepare their assurance opinion respecting the obligation on undertakings not to seek to obtain from undertakings in their value chain that have up to 1000 employees on average during the financial year any information that goes beyond the information specified in the standards for voluntary use by undertakings that are not required to report on their sustainability. For that purpose, the Commission should be empowered to adopt a delegated act to provide for sustainability reporting standards for voluntary use by undertakings that are not required to report on their sustainability. Those standards should be proportionate to, and relevant for, the capacities and the characteristics of those undertakings and to the scale and complexity of their activities. Those standards should also specify, where possible, the structure to be used to present that information.	sector concerned. Undertakings reporting on their value chain in accordance with those limitations should be deemed to comply with the obligation to report on their sustainability. Assurance providers should prepare their assurance opinion respecting the obligation on undertakings not to seek to obtain from undertakings in their value chain that have up to 1000 employees on average during the financial year any information that goes beyond the information specified in the standards for voluntary use by undertakings that are not required to report on their sustainability. For that purpose, the Commission should be empowered to adopt a delegated act to provide for sustainability reporting standards for voluntary use by undertakings that are not required to report on their sustainability. Those standards should be proportionate to, and relevant for, the capacities and the characteristics of those undertakings and to the scale and complexity of their activities. Those standards should also specify, where possible, the structure to be used to present that information. **They shall be aligned with the voluntary Union scheme for environmental reporting of Regulation (EC) No 1221/2009 (EMAS) to the greatest extent possible.**	beyond the information specified in the standards for voluntary use by undertakings that are not required to report on their sustainability unless such information is commonly shared within the respective undertaking's value chain or with financial institutions."
(10) Article 29c(1) of Directive 2013/34/EU allows small and medium-sized undertakings		

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with securities admitted to trading on an EU regulated market, small and non-complex institutions and captive re(insurance) undertakings, to report sustainability information in accordance with the limited set of standards to be adopted by the Commission. Considering that small and medium-sized undertakings with securities admitted to trading on an EU regulated market should be excluded from sustainability reporting, the empowerment for the Commission to adopt delegated acts to provide for sustainability reporting standards for those small and medium-sized undertakings should be removed.		
(11) Article 19a(7) of Directive 2013/34/EU allows small and medium-sized undertakings with securities admitted to trading on an EU regulated market to opt out from sustainability reporting for the first two years of application of those requirements. Considering that small and medium-sized undertakings should be excluded from the sustainability reporting, the provision allowing for the two-year opt out should be removed.		
(12) Article 29a(1) of Directive 2013/34/EU requires parent undertakings of large groups to prepare and publish a sustainability statement at consolidated level. To reduce the reporting burden on those parent undertakings, the scope of that obligation should be reduced to parent	(12) Article 29a(1) of Directive 2013/34/EU requires parent undertakings of large groups to prepare and publish a sustainability statement at consolidated level. To reduce the reporting burden on those parent undertakings, the scope of that obligation should be reduced to parent	WE SUPPORT PROPOSAL OF THE AT which prefers to keep the undertakings of the so-called “first wave” in the scope.

Commission proposal	Drafting suggestions	Justifications
undertakings of large groups with an average of more than 1000 employees, on a consolidated basis, during the financial year.	undertakings of large groups with an average of more than 1000 employees, on a consolidated basis, during the financial year, or with an average of more than 500 employees during the financial year, if the parent undertaking is a public-interest entity	
(13) Article 29b(1), third subparagraph, Directive 2013/34/EU empowers the Commission to adopt sector-specific reporting standards by way of delegated acts, with a first set of such standards to be adopted by 30 June 2026. To avoid an increase in the number of prescribed datapoints that undertakings should report, that empowerment should be removed.	Article 29b (1), third subparagraph, Directive 2013/34/EU empowers the Commission to adopt sector-specific reporting standards by way of delegated acts, with a first set of such standards to be adopted by 30 June 2026. To avoid an increase in the number of prescribed datapoints that undertakings should report, that empowerment should be removed. **The Commission may support undertakings with sector-specific guidance for the double materiality assessment identifying material elements relevant for a representative undertaking in a given sector. These should take into consideration any relevant international standards.**	WE SUPPORT PROPOSAL OF DE due to the proposal of ATVP that for certain sector like finance the sector-specific reporting standards would be very useful.
(14) Article 29b(4) of Directive 2013/34/EU requires sustainability reporting standards to not specify disclosures requiring undertakings to obtain from small and medium-sized undertakings in their value chain any information that goes beyond the information to be disclosed pursuant to the sustainability reporting standards for small and medium-sized undertakings with securities admitted to trading		

Commission proposal	Drafting suggestions	Justifications
on an EU regulated market. Considering that small and medium-sized undertakings with securities admitted to trading on an EU regulated market should be excluded from sustainability reporting, and in order to reduce the reporting burden for undertakings in the value chain that are not required to report on their sustainability, the sustainability reporting standards should not specify disclosures requiring undertakings to obtain from undertakings in their value chain that have up to 1000 employees on average during the financial year any information that goes beyond the information to be disclosed pursuant to the sustainability reporting standards for voluntary use by undertakings that are not required to report on their sustainability.		
(15) Article 29d of Directive 2013/34/EU requires undertakings subject to the requirements in Articles 19a and 29a of that Directive to prepare their management report, or consolidated management report, where applicable, in the electronic reporting format specified in Article 3 of Commission Delegated Regulation (EU) 2019/815[11] and to mark up their sustainability reporting, including the disclosures provided for in Article 8 of		

[11] 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, ELI: http://data.europa.eu/eli/reg_del/2019/815/oj).

Commission proposal	Drafting suggestions	Justifications
Regulation (EU) 2020/852 of the European Parliament and of the Council[12], in accordance with the electronic reporting format to be specified in that Delegated Regulation. To provide clarity to undertakings, it should be specified that until such rules on the marking up are adopted by way of that a Delegated Regulation, for the marking up of sustainability reporting is adopted, undertakings are should not be required to mark-up their sustainability reporting.		
(16) Article 33(1) of Directive 2013/34/EU specifies that the members of the administrative, management and supervisory bodies of an undertaking have collective responsibility for ensuring that the following documents are drawn up and published in accordance with the requirements of that Directive. To provide flexibility do for undertakings and reduce their reporting burden, it should be specified that the collective responsibility of the members of the administrative, management and supervisory bodies of an undertaking for compliance with the requirements of Article 29d of that Directive as regards the digitalisation of the management report is limited to its publication in the single electronic format, including the marking up of the sustainability reporting therein.		

[12] 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, ELI: http://data.europa.eu/eli/reg/2020/852/oj).

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(17) Pursuant to Article 40a(1), fourth and fifth subparagraph of Directive 2013/34/EU, a subsidiary in the Union of a third-county undertaking that generates a net turnover of more than EUR 150 million in the Union, or, in the absence of such subsidiary, a branch in the Union that generates a net turnover of more than EUR 40 million, is to publish and make accessible sustainability information at the group level of the third-country parent undertaking. To reach closer alignment with the criteria used to define which undertakings are in the scope of Directive (EU) 2024/1760, the net turnover threshold for the third-country undertaking should be raised from EUR 150 000 000 to EUR 450 000 000. For reasons of consistency and burden reduction, the size for a subsidiary undertaking and a branch to be in scope of Article 40a should be adjusted. The size of the subsidiary undertaking should be that of a large undertaking, whilst the net turnover criteria for the branch should be raised from EUR 40 000 000 to EUR 50 000 000, to align with the net turnover threshold for large undertakings.		
(18) Article 5(2), first subparagraph, of Directive (EU) 2022/2464 specifies the dates by which the Member States are to apply the sustainability reporting requirements set out in Directive 2013/34/EU, with different dates		

Commission proposal	Drafting suggestions	Justifications
depending on the size of the undertaking concerned. Considering that the scope of the individual sustainability reporting requirements should be reduced to include only large undertakings with more than 1000 employees on average during the financial year, and that the scope of the consolidated sustainability reporting requirements should be reduced accordingly, the criteria for determining the dates of application should be adjusted, and the reference to small and medium-sized undertakings with securities admitted to trading on an EU regulated market should be removed.		
(19) Article 5(2), third subparagraph, of Directive (EU) 2022/2464 specifies the dates by which the Member States are to apply the sustainability reporting requirements set out in Directive 2004/109/EC, with different dates depending on the size of the issuer concerned. Considering that the scope of the individual sustainability reporting requirements should be reduced to include only large undertakings with more than 1000 employees on average during the financial year, and that the scope of the consolidated sustainability reporting requirements should be reduced accordingly, the criteria for determining the dates of application should be adjusted, and the reference to small and medium-sized undertakings should be removed.		

Commission proposal	Drafting suggestions	Justifications
(20) Article 4(1) of Directive (EU) 2024/1760 prohibits Member States from introducing, in their national law, provisions within the field covered by the Directive laying down human rights and environmental due diligence obligations diverging from those laid down in Article 8(1) and (2), and Article 10(1) of that Directive. To ensure that Member States do not go beyond that Directive and to avoid the creation of a fragmented regulatory landscape resulting in legal uncertainty and unnecessary burden, the full harmonisation provisions of Directive (EU) 2024/1760 should be expanded to additional provisions regulating the core aspects of the due diligence process. That includes, in particular, the identification duty, the duties to address adverse impacts that have been or should have been identified, the duties to engage with stakeholders in certain cases, and the duty to provide for a complaints and notification mechanism. At the same time, Member States should be allowed to introduce more stringent or more specific provisions on other aspects, including to address emerging risks linked to new products or services.		
(21) Article 5 of Directive (EU) 2024/1760 obliges Member States to ensure that large companies above a certain size conduct risk-based human rights and environmental due diligence. To reduce burdens on companies that		

Commission proposal	Drafting suggestions	Justifications
have to comply with that obligation, the required due diligence should, as a general rule, be limited to the company's own operations, those of its subsidiaries and those of its direct business partners ('tier 1'). Consequently, when it comes to business relationships, companies should, after having mapped their chains of activities, be required to carry out in-depth assessments as regards direct business partners only. Companies should, however, look beyond their direct business relationships where they have plausible information that suggests an adverse impact at the level of an indirect business partner. Plausible information means information of an objective character that allows the company to conclude that there is a reasonable likelihood that the information is true. This may be the case where the company concerned has received a complaint or is in the possession of information, for example through credible media or NGO reports, reports of recent incidents, or through recurring problems at certain locations about likely or actual harmful activities at the level of an indirect business partner. Where the company has such information, it should carry out an in-depth assessment. Companies should also carry out in-depth assessments with respect to adverse impacts arising beyond their direct business partner where the structure of this business		

Commission proposal	Drafting suggestions	Justifications
relationship lacks economic rationale and suggests that it was chosen to remove an otherwise direct supplier with harmful activities from the purview of the company. Where the in-depth assessment confirms the likelihood or existence of the adverse impact, it should then be deemed to be identified. In addition, companies should seek to ensure that their code of conduct – which is part of their due diligence policy and sets out the expectations as to how to protect human, including labour, rights and the environment in business operations – is followed throughout the chain of activities in accordance with contractual cascading and SME support.		
(22) To limit the trickle-down effect on small and medium-sized undertakings and small midcap companies when it comes to mapping the value chain to identify adverse impacts, large companies should limit information requests to the information specified in the standards for voluntary use referred to in Article 29a of Directive (EU) 2013/34/EU, unless they need additional information to carry out the mapping and they cannot obtain that information in any other reasonable way.		
(23) Companies may find themselves in situations where their production heavily relies on inputs from one or several specific suppliers. At the same time, where the business operations		

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of such a supplier are linked to severe adverse impacts, including child labour or significant environmental harm, and the company has unsuccessfully exhausted all due diligence measures to address those impacts, the company, as a last resort should suspend the business relationship while continuing to work with the supplier towards a solution, where possible using any increased leverage resulting from the suspension.		
(24) To reduce burdens on companies and make stakeholder engagement more proportionate, companies should only have to engage with workers, their representatives including trade unions, and individuals and communities whose rights or interests are or could be directly affected by the products, services and operations of the company, its subsidiaries and its business partners, and that have a link to the specific stage of the due diligence process being carried out. That includes individuals or communities in the neighbourhood of plants operated by business partners where those individuals or communities are directly affected by pollution, or indigenous people whose right to lands or resources are directly affected by how a business partner acquires, develops or otherwise uses land, forests or waters. Moreover, stakeholder engagement should only be required for certain		

Commission proposal	Drafting suggestions	Justifications
parts of the due diligence process, namely at the identification stage, for the development of (enhanced) action plans and when designing remediation measures.		
(25) To reduce administrative burdens on companies, the Commission's deadline for the adoption of general due diligence guidelines should be advanced to 26 July 2026. In parallel, the application deadline for Directive (EU) 2024/1760 for the first group of companies should be deferred to 26 July 2028 in accordance with Directive (EU) XXX/XXX[13]. That two-year interval will should provide companies with sufficient time to take into account the practical guidance and best practices included in the Commission's guidelines when implementing due diligence measures.		
(26) To ensure better alignment of Directive (EU) 2024/1760 with the sustainability reporting regime laid down in Directive (EU) 2022/2464, the requirement to put into effect the transition plan for climate change mitigation should be replaced by a clarification that the obligation of companies to adopt a transition plan includes outlining implementing actions, planned and taken. The obligation to adopt the plan and its initial and updated design remains subject to administrative supervision.		

[13] Directive (EU) 2025/XX of …….

Commission proposal	Drafting suggestions	Justifications
(27) Article 27(1) of Directive EU 2024/1760 requires Member States to lay down penalties that are to be "effective, proportionate and dissuasive". Article 27(2) of that Directive requires Member States, when deciding whether to impose penalties and, if so, when determining their nature and appropriate level, to take due account of a series of factors that determine the gravity of the infringement and attenuating or aggravating circumstances. Article 27(4) of that Directive requires Member States to base any imposed pecuniary penalties on the net worldwide turnover of the company concerned. However, given the fact that Member States already have to take into account the series of factors laid down in Article 27(2) of that directive, the need to base pecuniary penalties on the net worldwide turnover of the company concerned is superfluous. However, to ensure a level playing field across the Union, Member States should be prohibited from introducing in their national law a ceiling or cap for any pecuniary penalties imposed on companies under their jurisdiction that would prevent supervisory authorities from imposing penalties in accordance with the factors laid down in Article 27(2). Moreover, to harmonise enforcement practices across the Union, the Commission, in collaboration with the Member States, should develop guidelines to assist		

Commission proposal	Drafting suggestions	Justifications
supervisory authorities in determining the level of penalties.		
(28) To limit possible litigation risks linked to the harmonised civil liability regime of Directive (EU) 2024/1760, the specific, Union-wide liability regime currently provided for in Article 29(1) of that Directive should be removed. At the same time, as a matter of both international and Union law, Member States should be required to ensure that victims of adverse impacts have effective access to justice and to guarantee their right to an effective remedy, as enshrined in Article 2(3) of the International Covenant on Civil and Political Rights, Article 8 of the Universal Declaration of Human Rights, Article 9(3) of the Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention) and Article 47 of the EU Charter of Fundamental Rights. Member States should therefore ensure that, in case a company is held liable for a failure to comply with the due diligence requirements laid down in Directive (EU) 2024/1760, and that where such failure caused damage, victims are able to receive full compensation, which should be granted in accordance with the principles of effectiveness and equivalence, while balancing this through safeguards should prevent against		

Commission proposal	Drafting suggestions	Justifications
overcompensation. In view of the different rules and traditions that exist at national level when it comes to allowing representative actions, the specific requirement in that regard in Directive (EU) 2024/1760 should be deleted. Such deletion is without prejudice to any provision of the applicable national law allowing a trade union, non-governmental human rights or environmental organisation, other non-governmental organisation or a national human rights institution to bring actions to enforce the rights of the alleged injured party, or to support such actions brought directly by such party. Furthermore, for the same reason, the requirement for Member States to ensure that the liability rules are of overriding mandatory application in cases where the law applicable to claims to that effect is not the national law of the Member State should be deleted. That deletion does not restrict the possibility for Member States to provide that the provisions of national law transposing Article 29 of Directive EU 2024/1760 are of overriding mandatory application in accordance with Article 16 of Regulation (EC) No 864/2007, in cases where the law applicable to claims to that effect is not the national law of a Member State.		
(29) Article 36(1) of Directive (EU) 2024/1760 requires the Commission to submit by no later than 26 July 2026 a report to the		

Commission proposal	Drafting suggestions	Justifications
European Parliament and to the Council on the necessity of laying down additional sustainability due diligence requirements tailored to regulated financial undertakings with respect to the provision of financial services and investment activities, and the options for such due diligence requirements and their impacts. As that review clause does not leave any time to take into account the experience with the newly established, general due diligence framework, it should be removed.		
(30) Since the objectives of this Directive cannot be sufficiently achieved by the Member States but can rather, by reason of the scale or effects of the action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Directive does not go beyond what is necessary in order to achieve those objectives.		
(31) Directive 2006/43/EC, Directive 2013/34/EU, Directive (EU) 2022/2464 and Directive (EU) 2024/1760 should therefore be amended accordingly,		
HAVE ADOPTED THIS DIRECTIVE:		
Article 1		
Amendments to Directive 2006/43/EC		
Directive 2006/43/EC is amended as follows:		

Commission proposal	Drafting suggestions	Justifications
(1) in Article 26a, paragraph 3 is replaced by the following:		
'3. The Commission shall be empowered to adopt delegated acts in accordance with Article 48a in order to supplement this Directive in order to provide for limited assurance standards setting out the procedures that the auditor(s) and the audit firm(s) shall perform in order to draw his, her or 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 assurance report on sustainability reporting, or, where relevant, in the audit report.		
The Commission may adopt the assurance standards referred to in the first subparagraph only where those standards:		
(a) have been developed with proper due process, public oversight and transparency;		
(b) contribute a high level of credibility and quality to the annual or consolidated sustainability reporting; and		
(c) are conducive to the Union public good.';		
(2) in Article 48a(2), the second subparagraph is replaced by the following:		
'The power to adopt delegated acts referred to in Article 26a(3) shall be conferred on the Commission for an indeterminate period of time.'.		

Commission proposal	Drafting suggestions	Justifications
Article 2		
Amendments to Directive 2013/34/EU		
Directive 2013/34/EU is amended as follows:		
(1) Article 1 is amended as follows:		
(a) in paragraph 3, the introductory wording is replaced by the following:		
'The coordination measures prescribed by Articles 19a, 19b, 29a, 29aa, 29d, 30 and 33, Article 34(1), second subparagraph, point (aa), Article 34(2) and (3), and Article 51 of this Directive shall also apply to the laws, regulations and administrative provisions of the Member States relating to the following undertakings regardless of their legal form, provided that those undertakings are large undertakings which, on their balance sheet dates, exceed the average number of 1000 employees during the financial year:';	The coordination measures prescribed by Articles 19a, 19b, 29a, 29aa, 29d, 30, and 33 and 33a, Article 34(1), second subparagraph, point (aa), Article 34(2) and (3), and Article 51 of this Directive shall also apply to the laws, regulations and administrative provisions of the Member States relating to the following undertakings regardless of their legal form, provided that those undertakings are large undertakings which, on their balance sheet dates, **exceed the average number of 500 employees during the financial year:**'	WE SUPPORT AT: Art. 1 (3) of the Accounting Directive should also mention Art. 33a, which was introduced by the ESAP Directive. It makes no sense if the ESAP-requirement would not apply to financial institutions and insurance companies with a legal form other than one from Annex I or II. AT prefers to keep the "first wave"-undertakings in the scope.
(b) paragraph 4 is replaced by the following:		
'4. The coordination measures prescribed by Articles 19a, 29a and 29d shall not apply to the European Financial Stability Facility (EFSF) established by the EFSF Framework Agreement nor to financial products listed in Article 2, point (12), (b) and (f) of Regulation (EU) 2019/2088 of the European Parliament and of the Council*.		
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Commission proposal	Drafting suggestions	Justifications
* 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, ELI: http://data.europa.eu/eli/reg/2019/2088/oj).’;		
(2) Article 19a is amended as follows:		
(a) in paragraph 1, the first subparagraph is replaced by the following:		
‘Large undertakings which, on their balance sheet dates, exceed the average number of 1000 employees during the financial year shall include in their 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.’;	Large undertakings which, on their balance sheet dates, either exceed the average number of 1000 employees during the financial year or **exceed the average number of 500 employees and are public-interest entities** shall include in their management report information necessary to understand the undertaking’s impacts on sustainability matters, and	WE SUPPORT PROPOSAL OF THE AT: AT prefers to keep the undertakings of the so-called “first wave” in the scope.
(b) paragraph 3 is amended as follows:		
(i) the first subparagraph is replaced by the following:		
‘Where applicable, the information referred to in paragraphs 1 and 2 shall contain information about the undertaking’s own operations and about its value chain, including its products and services, its business relationships and its supply chain. Member States shall ensure that, for the reporting of sustainability information as required by this Directive, undertakings do not		

Commission proposal	Drafting suggestions	Justifications
seek to obtain from undertakings in their value chain which, on their balance sheet dates, do not exceed the average number of 1000 employees during the financial year any information that exceeds the information specified in the standards for voluntary use referred to in Article 29ca, except for additional sustainability information that is commonly shared between undertakings in the sector concerned. Undertakings that report the necessary value chain information without reporting from undertakings in their value chain which, on their balance sheet dates, do not exceed the average number of 1000 employees during the financial year any information that exceeds the information specified in the standards for voluntary use referred to in Article 29ca, except for additional sustainability information that is commonly shared between undertakings in the sector concerned, shall be deemed to have complied with the obligation to report value chain information set out in this paragraph.’;		
(ii) the following subparagraph is added:		
‘The first subparagraph is without prejudice to Union requirements on undertakings to conduct a due diligence process.’;		
(c) paragraphs 6 and 7 are deleted;		
(3) the following Article 19b is inserted:		

Commission proposal	Drafting suggestions	Justifications
'Article 19b		
Optional taxonomy reporting for certain undertakings		
1. Member States shall ensure that, by way of derogation from Article 8 of Regulation (EU) 2020/852, undertakings as referred to in Article 19a(1) of this Directive which, on their balance sheet dates, do not exceed a net turnover of EUR 450 000 000 during the financial year shall apply the paragraphs 2, 3 and 4 of this Directive.		
2. An undertaking as referred to in paragraph 1 that claims that its activities are associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of Regulation (EU) 2020/852 or with economic activities that fulfil only certain requirements of that provision shall include in its management report information on how and to what extent its activities are associated with those economic activities.		
3. In particular, a non-financial undertaking that claims that its activities are associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of Regulation (EU) 2020/852 shall disclose the following indicators:		
(a) the proportion of its turnover derived from products or services associated with economic activities that qualify as		

Commission proposal	Drafting suggestions	Justifications
environmentally sustainable under Articles 3 and 9 of that Regulation;		
(b) the proportion of its capital expenditure related to assets or processes associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of that Regulation.		
A non-financial undertaking that discloses the indicators referred to in the first subparagraph may disclose the proportion of its operating expenditure related to assets or processes associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of Regulation (EU) 2020/852.		
4. In particular, a non-financial undertaking that claims that its activities are associated with economic activities that fulfil only certain requirements of Article 3 of Regulation (EU) 2020/852 shall disclose the following indicators:		
(a) the proportion of its turnover derived from products or services associated with economic activities fulfilling only certain requirements of Article 3 of that Regulation;		
(b) the proportion of its capital expenditure related to assets or processes associated with economic activities that fulfil only certain requirements of Article 3 of that Regulation;		
A non-financial undertaking that discloses the indicators referred to in the first subparagraph may disclose the proportion of its operating		

Commission proposal	Drafting suggestions	Justifications
expenditure related to assets or processes associated with economic activities that fulfil only certain requirements of Article 3 of Regulation (EU) 2020/852.		
5. The Commission shall adopt a delegated act in accordance with Article 49 of this Directive to supplement paragraphs 1, 2, 3 and 4 of this Article to specify the content and presentation of the information to be disclosed pursuant to those paragraphs, including the content of the information concerning economic activities that fulfil only certain of the criteria set out in Article 3 of Regulation (EU) 2020/852, and the methodology to be used in order to comply with them, taking into account the specificities of both financial and non-financial undertakings and the technical screening criteria established pursuant to that Regulation.’;		
(4) Article 29a is amended as follows:		
(a) in paragraph 1, the first subparagraph is replaced by the following:		
‘Parent undertakings of a large group which, on their balance sheet dates, exceed the average number of 1000 employees, on a consolidated basis, during the financial year, 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	‘Parent undertakings of a large group which, on their balance sheet dates, exceed **either** the average number of 1000 employees, on a consolidated basis, during the financial year**, or exceed the average number of 500 employees and is a public interest entity,** shall include in the consolidated management report information necessary to understand the group’s impacts on	AT prefers to keep the undertakings of the so-called “first wave” in the scope.

Commission proposal	Drafting suggestions	Justifications
matters affect the group's development, performance and position.';	sustainability matters, and information necessary to understand how sustainability matters affect the group's development, performance and position	
(b) paragraph 3 is amended as follows:		
(i) the first subparagraph is replaced by the following:		
'Where applicable, the information referred to in paragraphs 1 and 2 shall contain information about the group's own operations and about its value chain, including its products and services, its business relationships and its supply chain. Member States shall ensure that, for the reporting of sustainability information as required by this Directive, undertakings do not seek to obtain from undertakings in their value chain which, on their balance sheet dates, do not exceed the average number of 1000 employees during the financial year any information that exceeds the information specified in the standards for voluntary use referred to in Article 29ca, except for additional sustainability information that is commonly shared between undertakings in the sector concerned. Undertakings that report the necessary value chain information without reporting from undertakings in their value chain which, on their balance sheet dates, do not exceed the average number of 1000 employees during the financial		

Commission proposal	Drafting suggestions	Justifications
year any information that exceeds the information specified in the standards for voluntary use referred to in Article 29ca, except for additional sustainability information that is commonly shared between undertakings in the sector concerned, shall be deemed to have complied with the obligation to report value chain information set out in this paragraph.’;		
(ii) the following subparagraph is added:		
‘The first subparagraph is without prejudice to Union requirements on undertakings to conduct a due diligence process.’;		
(5) the following Article 29aa is inserted:		
‘Article 29aa		
Optional taxonomy reporting for certain parent undertakings		
1. Member States shall ensure that, by way of derogation from Article 8 of Regulation (EU) 2020/852, parent undertakings as referred to in Article 29a(1) of this Directive which, on their balance sheet dates, do not exceed a net turnover of EUR 450 000 000, on a consolidated basis, during the financial year shall apply the paragraphs 2, 3 and 4 of this Directive.		
2. A parent undertaking as referred to in paragraph 1 that claims that its activities are associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of Regulation (EU) 2020/852 or with economic activities that fulfil only certain		

Commission proposal	Drafting suggestions	Justifications
requirements of that provision shall include in its management report information on how and to what extent its activities are associated with those economic activities.		
3. In particular, a non-financial parent undertaking that claims that its activities are associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of Regulation (EU) 2020/852 shall disclose the following indicators:		
(a) the proportion of its turnover derived from products or services associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of that Regulation;		
(b) the proportion of its capital expenditure related to assets or processes associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of that Regulation.		
A non-financial parent undertaking that discloses the indicators referred to in the first subparagraph may disclose the proportion of its operating expenditure related to assets or processes associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of that Regulation.		
4. In particular, a non-financial parent undertaking that claims that its activities are associated with economic activities that fulfil		

Commission proposal	Drafting suggestions	Justifications
only certain requirements of Article 3 of Regulation (EU) 2020/852 shall disclose the following indicators:		
(a) the proportion of its turnover derived from products or services associated with economic activities fulfilling only certain requirements of Article 3 of that Regulation;		
(b) the proportion of its capital expenditure related to assets or processes associated with economic activities that fulfil only certain requirements of Article 3 of that Regulation;		
A non-financial parent undertaking that discloses the indicators referred to in the first subparagraph may disclose the proportion of its operating expenditure related to assets or processes associated with economic activities that fulfil only certain requirements of Article 3 of that Regulation.		
5. The Commission shall adopt a delegated act in accordance with Article 49 of this Directive to supplement paragraphs 1, 2, 3 and 4 of this Article to specify the content and presentation of the information to be disclosed pursuant to those paragraphs, including the content of the information concerning economic activities that fulfil only certain of the criteria set out in Article 3 of Regulation (EU) 2020/852, and the methodology to be used in order to comply with them, taking into account the specificities of both financial and non-		

Commission proposal	Drafting suggestions	Justifications
financial undertakings and the technical screening criteria established pursuant to this Regulation.’;		
(6) Article 29b is amended as follows:		
(a) in paragraph 1, the third and fourth subparagraphs are deleted;		
(b) in paragraph 4, first subparagraph, the last sentence is replaced by the following:		
‘Sustainability reporting standards shall not specify disclosures that would require undertakings to obtain from undertakings in their value chain which, on their balance sheet dates, do not exceed the average number of1000 employees during the financial year any information that exceeds the information to be disclosed pursuant to the sustainability reporting standards for voluntary use referred to in Article 29ca.’;		
(7) Article 29c is deleted;		
(8) the following Article 29ca is inserted:		
‘Article 29ca		
Sustainability reporting standards for voluntary use		
1. To facilitate voluntary reporting of sustainability information by undertakings other than those referred to in Articles 19a(1) and 29a(1), the Commission shall adopt a delegated act by [*4 months after entry into force of this Directive*] in accordance with Article 49		

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supplementing this Directive to provide for sustainability reporting standards for voluntary use by such undertakings.		
2. The sustainability reporting standards referred to in paragraph 1 shall be proportionate to and relevant for the capacities and the characteristics of the undertakings for which they are designed and to the scale and complexity of their activities. They shall also, to the extent possible, specify the structure to be used to present such sustainability information.’;		
(9) Article 29d is replaced by the following:		
‘Article 29d		
Single electronic reporting format		
1. Undertakings subject to the requirements of Article 19a of this Directive shall prepare their management report in the electronic reporting format specified in Article 3 of Commission Delegated Regulation (EU) 2019/815* and shall mark up their sustainability reporting, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852, in accordance with the electronic reporting format to be specified in that Delegated Regulation. Until such rules on the marking up are adopted by way of that Delegated Regulation, undertakings shall not be required to markup their sustainability reporting.	1. 1. Undertakings subject to the requirements of Article 19a of this Directive shall ~~prepare~~ **publish** their management report in the electronic reporting format specified in Article 3 of Commission Delegated Regulation (EU) 2019/815 and shall mark up their sustainability reporting, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852, in accordance with the electronic reporting format specified in that Delegated Regulation.”	WE SUPPORT THE CZ in DE PROPOSAL THAT MANAGEMENT REPORT WHEN IS PUBLISHED IT MUST BE IN A PRESCRIBED FORMAT.

Commission proposal	Drafting suggestions	Justifications
2. Parent undertakings subject to the requirements of Article 29a shall prepare their consolidated management report in the electronic reporting format specified in Article 3 of Delegated Regulation (EU) 2019/815 and shall mark up their sustainability reporting, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852, in accordance with the electronic reporting format to be specified in that Delegated Regulation. Until such rules on the marking up are adopted by way of that Delegated Regulation, parent undertakings shall not be required to markup their sustainability reporting.;		
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* 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, ELI: http://data.europa.eu/eli/reg_del/2019/815/oj).';		
(10) in Article 33, paragraph 1 is replaced by the following:		
'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		

Commission proposal	Drafting suggestions	Justifications
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 pursuant to Regulation (EC) No 1606/2002, with Delegated Regulation (EU) 2019/815, with the sustainability reporting standards referred to in Article 29b of this Directive, and with the requirements of Article 29d of this Directive:		
(a) the annual financial statements, the management report and the corporate governance statement when provided separately; and		
(b) the consolidated financial statements, the consolidated management reports and the consolidated corporate governance statement when provided separately.		
By way of derogation from subparagraph 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, do not have collective responsibility for ensuring that the management report, or consolidated management report, where applicable, is prepared in accordance with Article 29d.’;		
(11) Article 34 is amended as follows:		

Commission proposal	Drafting suggestions	Justifications
(a) paragraph 1, second subparagraph, point (aa), is replaced by the following:		
‘(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 sustainability reporting standards adopted pursuant to Article 29b, the process carried out by the undertaking to identify the information reported pursuant to those sustainability reporting standards, and the compliance with the requirement to mark up sustainability reporting in accordance with Article 29d, and as regards the compliance with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852;’;		
(b) the following paragraph 2a is inserted:		
‘2a. Member States shall ensure that the opinion referred to in paragraph 1, second subparagraph, point (aa), is prepared in full respect of the obligation on undertakings not to seek to obtain from undertakings in their value chain which, on their balance sheet dates, do not exceed the average number of 1000 employees during the financial year any information that exceeds the information specified in the standards for voluntary use referred to in Article		

Commission proposal	Drafting suggestions	Justifications
29ca, except for additional sustainability information that is commonly shared between undertakings in the sector concerned.’;		
(12) in Article 40a, paragraph 1 is amended as follows:		
(a) the second subparagraph is replaced by the following:		
‘The first subparagraph shall only apply to large subsidiary undertakings as defined in Article 3(4) of this Directive’;		
(b) the fourth and fifth subparagraphs are replaced by the following:		
‘The rule referred to in the third subparagraph shall only apply to a branch where the third-country undertaking does not have a subsidiary undertaking as referred to in the first subparagraph, and where the branch generated a net turnover exceeding the threshold referred to in Article 3(4) point (b) of this Directive in the preceding financial year.		
The first and third subparagraphs shall only apply to the subsidiary undertakings or branches referred to in those subparagraphs where the third-country undertaking, at its group level, or, if not applicable, the individual level, generated a net turnover in the Union exceeding EUR 450 000 000 for each of the last two consecutive financial years.’;		
(13) Article 49 is amended as follows:		

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(a) the following paragraphs 3c to 3e are inserted:		
'3c. The power to adopt delegated acts referred to in Articles 19b(5), 29aa(5) and 29ca shall be conferred on the Commission for an indeterminate period from *[date of entry into force of amending Directive]*.		
3d. The delegations of powers referred to in Articles 19b(5), 29aa(5) and 29ca 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.		
3e. The Commission shall gather all necessary expertise, prior to the adoption and during the development of delegated acts pursuant to Articles 19b(5) and 29aa(5), including through the consultation of the experts of the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU) 2020/852.';		
(b) paragraph 5 is replaced by the following:		
'5. A delegated act adopted pursuant to Article 1(2), Article 3(13), Article 19b, Article		

Commission proposal	Drafting suggestions	Justifications
29aa, Articles 29b, 29ca or 40b, or Article 46(2) 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.'.		
Article 3		
Amendments to Directive (EU) 2022/2464		
In Directive (EU) 2022/2464, Article 5(2) is amended as follows:		
(1) the first subparagraph is amended as follows:		
(a) point (a) is deleted;		
(b) point (b) is amended as follows:		
(i) point (i) is replaced by the following:		
'(i) to large undertakings which, on their balance sheet dates, exceed the average number of 1000 employees during the financial year;';		
(ii) point (ii) is replaced by the following:		
'(ii) to parent undertakings of a large group which, on their balance sheet dates, exceed the average number of 1000 employees, on a consolidated basis, during the financial year;';		
(c) point (c) is deleted;		

Commission proposal	Drafting suggestions	Justifications
(2) the third subparagraph is amended as follows:		
(a) point (a) is deleted;		
(b) point (b) is amended as follows:		
(i) point (i) is replaced by the following:		
'(i) to issuers as defined in Article 2(1), point (d) of Directive 2004/109/EC which are large undertakings within the meaning of Article 3(4) of Directive 2013/34/EU which, on their balance sheet dates, exceed the average number of 1000 employees during the financial year;';		
(ii) point (ii) is replaced by the following:		
'(ii) to issuers as defined in Article 2(1), point (d) of Directive 2004/109/EC which are parent undertakings of a large group which, on its balance sheet dates, exceed the average number of 1000 employees , on a consolidated basis, during the financial year;';		
(c) point (c) is deleted.		
Article 4		
Amendments to Directive (EU) 2024/1760		
Directive (EU) 2024/1760 is amended as follows:		
(1) in Article 1(1), point (c) is replaced by the following:		
'(c) the obligation for companies to adopt a transition plan for climate change mitigation, including implementing actions which aim to ensure, through best efforts, compatibility of the business model and of the strategy of the		

Commission proposal	Drafting suggestions	Justifications
company with the transition to a sustainable economy and with the limiting of global warming to 1,5 ºC in line with the Paris Agreement.’;		
(2) in Article 3(1), point (n) is replaced by the following:		
‘(n) ‘stakeholders’ means the company’s employees, the employees of its subsidiaries and of its business partners, and their trade unions and workers’ representatives, and individuals or communities whose rights or interests are or could be directly affected by the products, services and operations of the company, its subsidiaries and its business partners and the legitimate representatives of those individuals or communities;’;		
(3) Article 4 is replaced by the following:		
‘Article 4		
Level of harmonisation		
1. Without prejudice to Article 1(2) and (3), Member States shall not introduce, in their national law, provisions within the field covered by this Directive laying down human rights and environmental due diligence obligations diverging from those laid down in Articles 6 and 8, Article 10(1) to (5), Article 11(1) to (6) and Article 14.		
2. Notwithstanding paragraph 1, this Directive shall not preclude Member States from introducing, in their national law, more		

Commission proposal	Drafting suggestions	Justifications
stringent provisions diverging from those laid down in provisions other than Articles 6 and, 8, Article 10(1) to (5), Article 11(1) to (6) and Article 14, or provisions that are more specific in terms of the objective or the field covered, including by regulating specific products, services or situations, in order to achieve a different level of protection of human, employment and social rights, the environment or the climate.’;		
(4) Article 8 is amended as follows:		
(a) in paragraph 2, point (b) is replaced by the following:		
‘(b) based on the results of the mapping as referred to in point (a), carry out and in-depth assessment of their own operations, those of their subsidiaries and, where related to their chains of activities, those of their direct business partners, in the areas where adverse impacts were identified to be most likely to occur and most severe.’;		
(b) the following paragraph 2a is inserted:		
‘2a. Where a company has plausible information that suggests that adverse impacts at the level of the operations of an indirect business partner have arisen or may arise, it shall carry out an in-depth assessment. The company shall always carry out such an assessment where the indirect, rather than direct,		

Commission proposal	Drafting suggestions	Justifications
nature of the relationship with the business partner is the result of an artificial arrangement that does not reflect economic reality but points to a circumvention of paragraph 2, point (b). Where the assessment confirms the likelihood or existence of the adverse impact, it is deemed to have been identified.		
The first subparagraph is without prejudice to the company considering available information about indirect business partners and whether those business partners can follow the rules and principles set out in the company's code of conduct when selecting a direct business partner.		
Notwithstanding the first subparagraph, irrespective of whether plausible information is available about indirect business partners, a company shall seek contractual assurances from a direct business partner that that business partner will ensure compliance with the company's code of conduct by establishing corresponding contractual assurances from its business partners. Article 10(2), points (b) and (e) shall apply accordingly.';		
(c) paragraph 4 is replaced by the following:		
'4. Where information necessary for the in-depth assessment provided for in paragraph 2, point (b), and in paragraph 2a can be obtained from different business partners, the company		

Commission proposal	Drafting suggestions	Justifications
shall prioritise requesting such information, where reasonable, directly from the business partner or partners where the adverse impacts are most likely to occur.’;		
(d) the following paragraph 5 is added:		
‘5. Member States shall ensure that, for the mapping provided for in paragraph 2, point (a), companies do not seek to obtain information from direct business partners with fewer than 500 employees that exceeds the information specified in the standards for voluntary use referred to in Article 29a of Directive 2013/34/EU.		
By way of derogation to the first sub-paragraph, where additional information is necessary for the mapping provided for in paragraph 2, point (a), in light of indications of likely adverse impacts or because the standards do not cover relevant impacts, and where such additional information cannot reasonably be obtained by other means, the company may seek such information from that business partner.’;		
(5) in Article 10, paragraph 6 is replaced by the following:		
‘6. As regards potential adverse impacts as referred to in paragraph 1 that could not be prevented or adequately mitigated by the measures set out in paragraphs 2, 4 and 5, the company shall, as a last resort:		

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(a) refrain from entering into new, or extending existing, relations with a business partner in connection with which, or in the chain of activities of which, the impact has arisen,		
(b) where the law governing its relation with the business partner concerned so entitles it, adopt and implement an enhanced prevention action plan for the specific adverse impact without undue delay, provided that there is a reasonable expectation that those efforts will succeed, and		
(c) use or increase its leverage through the suspension of the business relationship with respect to the activities concerned.		
As long as there is a reasonable expectation that the enhanced prevention action plan will succeed, the mere fact of continuing to engage with the business partner shall not trigger the company's liability.		
Prior to suspending a business relationship, the company shall assess whether the adverse impacts from doing so can be reasonably expected to be manifestly more severe than the adverse impact that could not be prevented or adequately mitigated. Should that be the case, the company shall not be required to suspend the business relationship and shall be in a position to report to the competent supervisory authority about the duly justified reasons for such decision.		

Commission proposal	Drafting suggestions	Justifications
Member States shall provide for an option to suspend the business relationship in contracts governed by their laws in accordance with the first subparagraph, except for contracts where the parties are obliged by law to enter into them.		
Where the company decides to suspend the business relationship, it shall take steps to prevent, mitigate or bring to an end the impacts of the suspension, shall provide reasonable notice to the business partner concerned and shall keep that decision under review.		
Where the company decides not to suspend the business relationship pursuant to this Article, it shall monitor the potential adverse impact and periodically assess its decision and whether further appropriate measures are available.’;		
(6) in Article 11, paragraph 7 is replaced by the following:		
‘7. As regards actual adverse impacts as referred to in paragraph 1 that could not be prevented or adequately mitigated by the measures set out in paragraphs 3, 5 and 6, the company shall, as a last resort:		
(a) refrain from entering into new, or extending existing, relations with a business partner in connection with which, or in the chain of activities of which, the impact has arisen,		
(b) where the law governing its relation with the business partner concerned so entitles it, adopt and implement an enhanced prevention		

Commission proposal	Drafting suggestions	Justifications
action plan for the specific adverse impact without undue delay, provided that there is a reasonable expectation that those efforts will succeed, and		
(c) use or increase its leverage through the suspension of the business relationship with respect to the activities concerned.		
As long as there is a reasonable expectation that the enhanced prevention action plan will succeed, the mere fact of continuing to engage with the business partner shall not trigger the company's liability.		
Prior to suspending a business relationship, the company shall assess whether the adverse impacts from doing so can be reasonably expected to be manifestly more severe than the adverse impact that could not be prevented or adequately mitigated. Should that be the case, the company shall not be required to suspend the business relationship and shall be in a position to report to the competent supervisory authority about the duly justified reasons for such decision.		
Member States shall provide for an option to suspend the business relationship in contracts governed by their laws in accordance with the first subparagraph, except for contracts where the parties are obliged by law to enter into them.		
Where the company decides to suspend the business relationship, it shall take steps to		

Commission proposal	Drafting suggestions	Justifications
prevent, mitigate or bring to an end the impacts of the suspension, shall provide reasonable notice to the business partner concerned and shall keep that decision under review.		
Where the company decides not to suspend the business relationship pursuant to this Article, it shall monitor the potential adverse impact and periodically assess its decision and whether further appropriate measures are available.’;		
(7) in Article 13, paragraph 3 is amended as follows:		
(a) the introductory wording is replaced by the following:		
‘Consultation of relevant stakeholders shall take place at the following stages of the due diligence process:’;		
(b) points (c) and (e) are deleted;		
(8) in Article 15, the second sentence is replaced by the following:		
‘Such assessments shall be based, where appropriate, on qualitative and quantitative indicators and be carried out without undue delay after a significant change occurs, but at least every 5 years and whenever there are reasonable grounds to believe that the measures are no longer adequate or effective or that new risks of the occurrence of those adverse impacts may arise.’;		
(9) in Article 19, paragraph 3 is replaced by the following:		

Commission proposal	Drafting suggestions	Justifications
‘3. The guidelines referred to in paragraph 2, point (a), shall be made available by 26 July 2026, those referred to in paragraph 2, points (d) and (e), by 26 January 2027, and those referred to in paragraph 2, points (b), (f) and (g), by 26 July 2027.’;		
(10) in Article 22(1), the first subparagraph is replaced by the following:		
‘Member States shall ensure that companies referred to in Article 2(1), points (a), (b) and (c), and Article 2(2), points (a), (b) and (c), adopt a transition plan for climate change mitigation, including implementing actions, which aim to ensure, through best efforts, that the business model and strategy of the company 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 and the objective of achieving climate neutrality as established in Regulation (EU) 2021/1119, including its intermediate and 2050 climate neutrality targets, and where relevant, the exposure of the company to coal-, oil- and gas-related activities.’;		
(11) in Article 27, paragraph 4 is replaced by the following:		
‘4. The Commission, in collaboration with Member States, shall issue guidance to assist supervisory authorities in determining the level of penalties in accordance with this Article.		

Commission proposal	Drafting suggestions	Justifications
Member States shall not set a maximum limit of pecuniary penalties in their national law transposing this Directive that would prevent supervisory authorities from imposing penalties in accordance with the principles and factors set out in paragraphs 1 and 2.’;		
(12) Article 29 is amended as follows:		
(a) paragraph 1 is deleted;		
(b) paragraph 2 is replaced by the following:		
‘2. Where a company is held liable pursuant to national law for damage caused to a natural or legal person by a failure to comply with the due diligence requirements under this Directive, Member States shall ensure that those persons have a right to full compensation. Full compensation shall not lead to overcompensation, whether by means of punitive, multiple or other types of damages.’;		
(c) in paragraph 3, point (d) is deleted;		
(d) paragraph 4 is replaced by the following:		
‘4. Companies that have participated in industry or multi-stakeholder initiatives, or used independent third-party verification or contractual clauses to support the implementation of due diligence obligations may nevertheless be held liable in accordance with national law.’;		

Commission proposal	Drafting suggestions	Justifications
(e) in paragraph 5, the first subparagraph is replaced by the following:		
'The civil liability of a company for damages as referred to in this Article shall be without prejudice to the civil liability of its subsidiaries or of any direct and indirect business partners in the chain of activities of the company.';		
(f) paragraph 7 is deleted;		
(13) in Article 36, paragraph 1 is deleted.		
Article 5		
Transposition		
1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by [*12 months after entry into force*] at the latest. They shall forthwith communicate to the Commission the text of those provisions.		
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. Member States shall determine how such reference is to be made.		
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.		

Commission proposal	Drafting suggestions	Justifications
Article 6		
Entry into force		
This Directive shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.		
Article 7		
Addressees		
This Directive is addressed to the Member States.		