



2025/0045(COD)

20.5.2025

DRAFT OPINION

of the Committee on Employment and Social Affairs

for the Committee on Legal Affairs

on the 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
(COM(2025)0081 – C10-0037/2025 – 2025/0045(COD))

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SHORT JUSTIFICATION

The EU has for long been a global forerunner in sustainability and corporate due diligence and has committed to upwards convergence in both environmental and social sustainability both within the Union and globally. In the area of sustainability reporting and corporate due diligence, this has been exemplified by the Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 which established a robust platform for corporate sustainability reporting and due diligence. The combination of these Directives ensured, amongst other things, the availability of sustainability related data and risks vital for both investors and NGOs assessing abuses, mechanisms for companies to improve the due diligence processes and sustainability of their entire value chains as well as increased access to justice for those suffering from harms throughout the value chain.

The current Commission proposal risks watering down the core elements of this newly established sustainability reporting and due diligence framework. Although the aim of simplification in terms of reporting duties for companies is laudable and steps related to, inter alia, electronic reporting or the increased use of guidelines are welcome, simplification cannot mean broad sweeping deregulation that changes the entire purposes of the previous directives. Dismantling core parts of the legislation risks not only creating regulatory uncertainty for companies, barring proper access to justice for those harmed, but also hampers the availability of quality, comparable and granular sustainability data that is much called for by investors and business partners alike. While the protection of especially SMEs from an overburdening of reporting requirements is a pertinent worry, there needs to be a more simple and efficient way of reaching this goal than dismantling the core parts of the existing sustainability reporting and due diligence framework.

AMENDMENTS

The Committee on Employment and Social Affairs submits the following to the Committee on Legal Affairs, as the committee responsible:

Amendment 1

Proposal for a directive

Recital 1

Text proposed by the Commission

(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 visible improvements for people and business on the ground. This requires more than an incremental approach and the Union***

Amendment

(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, ***which is leading to unpredictability and legal uncertainty by rolling back on legal obligations recently adopted at Union level under the guise of***

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 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.

reducing administrative burden. The consequences of such an agenda will have rippling effects, with increasing political risks particularly for first movers. In order to safeguard the ambition of the current legal acquis, it is important to oppose such measures.

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.

Or. en

Amendment 2

Proposal for a directive Recital 2

Text proposed by the Commission

(2) In the context of the Commission's commitment to reduce reporting burdens and enhance competitiveness, it is necessary to amend Directives 2006/43/EC³, 2013/34/EU⁴, (EU) 2022/2464⁵ and (EU) 2024/1760 of the **European Parliament and of the Council**⁶, **whilst maintaining the policy objectives of the European Green Deal⁷, and the Sustainable Finance Action Plan⁸.**

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,

Amendment

(2) In the context of the Commission's commitment to reduce reporting burdens and enhance competitiveness, **the Comission has declared that** it is necessary to amend Directives 2006/43/EC³, 2013/34/EU⁴, (EU) 2022/2464⁵ and (EU) 2024/1760 of the, **without conducting any impact assessment and limiting public consultation to a closed-door stakeholder event.**

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>).

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.

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>).

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.

Or. en

Amendment 3

Proposal for a directive Recital 2 a (new)

Text proposed by the Commission

Amendment

(2a) In order for the Union to achieve its commitments and ensure global upward convergence on environmental, social and governance aspects of corporate sustainability, the Commission should ensure consistency with international instruments such as the UN Guiding Principles on Business and Human Rights, the International Labour Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and the Organisation for Economic Co-operation and Development's Due Diligence Guidance for Responsible Business Conduct.

Or. en

Amendment 4

Proposal for a directive Recital 5

Text proposed by the Commission

Amendment

(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

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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 to 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.

Or. en

Justification

Unilaterally removing about 80% of the enterprises currently covered by the CSRD is an unfounded move. It punishes frontrunners who have already put in place extensive sustainability measures and threatens the many new jobs and small enterprises that have been created around sustainability reporting. It will have long-term consequences for enterprises, reducing their access to sustainable finance and diminishing their resilience.

Amendment 5

Proposal for a directive Recital 6

Text proposed by the Commission

Amendment

(6) *A balance needs to be found between the objectives of data generation and reduction of administrative burden. Sustainability reporting, including the information referred to in Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council⁹, 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* **deleted**

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.

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>).

Or. en

Amendment 6

Proposal for a directive Recital 7

Text proposed by the Commission

Amendment

(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 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

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financial year, that reduction in scope should also apply to credit institutions and insurance undertakings.

Or. en

Justification

Well-calibrated reporting is vital for market participants to understand and price sustainability-related financial risks. The absence of this information could lead to systemic risks affecting financial stability.

Amendment 7

Proposal for a directive Recital 9

Text proposed by the Commission

Amendment

(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*

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undertakings in the 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.

Or. en

Justification

A broad and sweeping limitation for companies asking necessary ESG related information is a major obstacle for the assessment of sustainability impact and risks. Restricting reporting will reduce transparency and limit the possibility for positive change. There is already a lack of quality, comparable data on sustainability. Further, the voluntary SME standard was developed for companies with less than 250 staff. It has not been tested for larger companies. The Draghi report recommended using the listed SME standard, not the voluntary SME standard.

Amendment 8

Proposal for a directive Recital 10

Text proposed by the Commission

Amendment

(10) Article 29c(1) of Directive 2013/34/EU allows small and medium-sized undertakings 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.

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Or. en

Justification

The simplified reporting procedure as already agreed under CSRD was a suitable way to provide flexibility and simplified standards to SMEs trading on EU regulated markets and low-risk insurance undertakings. This approach should be maintained. Sustainability finance organisations and the ECB highlight that voluntary reporting standards have significant drawbacks, including self-selection bias, greenwashing, and lack of verification, leading to unreliable aggregate data. This could create system-wide issues for risk management and supervisory activities.

Amendment 9

**Proposal for a directive
Recital 11**

Text proposed by the Commission

Amendment

(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

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*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.*

Or. en

Amendment 10

Proposal for a directive Recital 12

Text proposed by the Commission

Amendment

(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 undertakings of large groups with an average of more than 1000 employees, on a consolidated basis, during the financial year.

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Or. en

Amendment 11

Proposal for a directive Recital 13

Text proposed by the Commission

Amendment

(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

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report, that empowerment should be removed.

Or. en

Justification

Sector-specific reporting standards would be a useful tool for companies who currently feel that the general reporting standards are very broad and not suited to their particular specificities. Not providing sector-specific standards is a missed opportunity to provide guidance and clarity at sector level. Rather than extra burden, these specific standards can help make things more clear and pertinent.

Amendment 12

Proposal for a directive Recital 14

Text proposed by the Commission

Amendment

(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 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 **deleted**

reporting standards for voluntary use by undertakings that are not required to report on their sustainability.

Or. en

Justification

Restricting the information that larger companies can ask of their business partners and subcontractors will significantly reduce those companies' abilities to understand and address the main sustainability impacts, risks and opportunities in their value chain. Reliable, consistent and comparable data is necessary to assess risks. Compared to the essential data provided for by the original scope of the CSRD, the VSME does not cover important data related to social sustainability, human rights violations, workers' rights and climate risks.

Amendment 13

Proposal for a directive

Recital 17

Text proposed by the Commission

Amendment

(17) Pursuant to Article 40a(1), fourth and fifth subparagraph of Directive 2013/34/EU, a subsidiary in the Union of a third-country 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

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raised from EUR 40 000 000 to EUR 50 000 000, to align with the net turnover threshold for large undertakings.

Or. en

Justification

As the threshold for coverage by the CSRD should not be raised, neither should the thresholds for third-country undertakings.

Amendment 14

**Proposal for a directive
Recital 18**

Text proposed by the Commission

Amendment

(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 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. ***deleted***

Or. en

Amendment 15

Proposal for a directive Recital 19

Text proposed by the Commission

Amendment

(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. *deleted*

Or. en

Amendment 16

Proposal for a directive Recital 20

Text proposed by the Commission

Amendment

(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 *deleted*

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.

Or. en

Justification

While the original scope of the CSDDD was an important first step in ensuring corporate accountability for human rights and the environment, it still diverged from the UN Guiding Principles on Business and Human Rights. Member States' ability to improve upon aspects of the Directive should not be further restricted.

Amendment 17

Proposal for a directive

Recital 21

Text proposed by the Commission

(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 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')*.

Amendment

(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 ensure comprehensive risk-based due diligence that adequately addresses problems along companies' supply chains*, the required due diligence should *cover the entire value chain*. In addition, companies should seek to ensure that their code of conduct –

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 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.

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.

Or. en

Justification

Human rights and labor rights abuses and environmental harms are most likely to occur further down a company's value chain, not among its tier 1 business partners. A whole-of-supply chain approach is in line with international best practice for due diligence.

Amendment 18

Proposal for a directive

Recital 22

Text proposed by the Commission

Amendment

(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. *deleted*

Or. en

Justification

The VSME standard was designed for SMEs, not companies with between 250-1000 employees. It is overly simplistic for this purpose and has not been tested with these larger companies. The purpose of the VSMEs was to set a basis for data requests from SMEs by detailing basic ESG data relevant for all SMEs - not to limit the kind of information that can be sought.

Amendment 19

Proposal for a directive

Recital 23

Text proposed by the Commission

Amendment

(23) Companies may find themselves in situations where their production heavily relies on inputs from one or several

(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 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.

specific suppliers. At the same time, where the business operations 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 ***or ultimately terminate*** the business relationship while continuing to work with the supplier towards a solution, where possible using any increased leverage resulting from the suspension.

Or. en

Amendment 20

Proposal for a directive Recital 24

Text proposed by the Commission

(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 parts of the due diligence process, namely at the identification stage, for the***

Amendment

(24) To ***ensure that*** stakeholder engagement ***is effective and*** more proportionate, companies should have to engage with workers ***at all levels of*** their ***supply chain, workers'*** representatives including trade unions, ***NGOs*** 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.

*development of (enhanced) action plans
and when designing remediation
measures.*

Or. en

Amendment 21

Proposal for a directive Recital 26

Text proposed by the Commission

Amendment

(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. *deleted*

Or. en

Justification

The removal of the obligation to put into effect climate transition plans can create, as highlighted by stakeholders from corporate sustainability organisations, to trade unions to the ECB, unclarity whether undertakings are merely supposed to adopt but not to implement them. For assessing risk and sustainability impacts, the information on taken actions is crucial.

Amendment 22

Proposal for a directive Recital 27

(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 supervisory authorities in determining the level of penalties.

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Or. en

Amendment 23

Proposal for a directive Recital 28

(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 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 **deleted**

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.

Or. en

Justification

Removing the Union-wide liability regime creates more difficulties for those seeking to have their rights upheld, and more uncertainty for companies that will have to contend with a series of national legal systems. A predictable, level playing field is also to the advantage of companies.

Amendment 24

Proposal for a directive Recital 29

Text proposed by the Commission

(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 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*

Amendment

(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 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.

experience with the newly established, general due diligence framework, it should be removed.

Or. en

Justification

The assessment of the need for financial undertakings to undertake due diligence can be made before the due diligence requirements for other sectors come into force. There is already a body of evidence and best practice showing the impact of financial undertakings on sustainability, human rights and the environment which can form the basis of the report.

Amendment 25

Proposal for a directive

Article 2 – paragraph 1 – point 1 – point a

Directive 2013/34/EU

Article 1 – paragraph 3

Text proposed by the Commission

Amendment

(a) in paragraph 3, the introductory wording is replaced by the following: **deleted**

‘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:’

Or. en

Amendment 26

Proposal for a directive

Article 2 – paragraph 1 – point 2

Text proposed by the Commission

Amendment

(2) *Article 19a is amended as follows:* **deleted**

(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;’

(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 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;

Or. en

Justification

Parts of this article effectively forbid companies from seeking to obtain information from mid-cap companies that is not covered by VSME standard. This is a major change from the current value chain cap in CSRD, which does not require companies to collect additional information, but does not forbid them to do so either. The formulation on information commonly shared between undertakings is different to the wording in the VSME and could exclude the exchange of information about sectoral best practices (which may not be very common).

Amendment 27

Proposal for a directive
Article 2 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19b

Text proposed by the Commission

Amendment

[...]

deleted

Or. en

Amendment 28

Proposal for a directive

Article 2 – paragraph 1 – point 4

Directive 2013/34/EU

Article 29a

Text proposed by the Commission

Amendment

(4) *Article 29a is amended as follows:* **deleted**

(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 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 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;'

Or. en

Amendment 29

Proposal for a directive
Article 2 – paragraph 1 – point 6
 Directive 2013/34/EU
 Article 29b

Text proposed by the Commission

Amendment

(6) Article 29b is amended as follows: deleted

(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 of 1000 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;'

Or. en

Justification

Sector-specific reporting standards will actually help companies to report on data that is more relevant for their sector and will prevent overburdening with irrelevant data points. Rather than a burden, well developed standards and accompanying guidelines would simplify and make reporting more pertinent to each company.

Amendment 30

**Proposal for a directive
Article 2 – paragraph 1 – point 7**

Text proposed by the Commission

Amendment

(7) Article 29c is deleted; deleted

Or. en

Justification

The Sustainability Reporting Standards for SMEs as established in the CSRD should be maintained. Replacement by the VSME standard is not sufficient, as the VSME standard was designed for SMEs, not companies with between 250-1000 employees, and has not been tested with these larger companies. The ESRS already protect SMEs by not requiring companies to obtain the information directly from their suppliers if it is not feasible, requires unreasonable effort or the data would not be reliable. The ESRS are built with additional phase-ins for companies with less than 750 employees.

Amendment 31

**Proposal for a directive
Article 2 – paragraph 1 – point 8
Directive 2013/34/EU
Article 29ca**

(8) the following Article 29ca is inserted: **deleted**

‘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 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;’

Or. en

Justification

Restricting the information that larger companies can ask of their business partners and subcontractors will significantly reduce those companies' abilities to understand and address the main sustainability impacts, risks and opportunities in their value chain. Reliable, consistent and comparable data is necessary to assess risks. Compared to the essential data provided for by the original scope of the CSRD, the VSME does not cover important data related to social sustainability, human rights violations, workers' rights and climate risks.

Amendment 32

Proposal for a directive

Article 2 – paragraph 1 – point 11

Text proposed by the Commission

Amendment

(11) Article 34 is amended as follows: *deleted*

(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 29ca, except for additional sustainability information that is commonly shared between undertakings in the sector concerned;’

Or. en

Justification

A broad and sweeping limitation for companies asking necessary ESG related information is a major obstacle for the assessment of sustainability impact and risks. Restricting reporting will reduce transparency and limit the possibility for positive change. There is already a lack of quality, comparable data on sustainability. Further, the voluntary SME standard was developed for companies with less than 250 staff. It has not been tested for larger companies. The Draghi report recommended using the listed SME standard, not the voluntary SME standard.

Amendment 33

Proposal for a directive

Article 2 – paragraph 1 – point 12

Directive 2013/34/EU

Article 40a

Text proposed by the Commission

Amendment

**(12) in Article 40a, paragraph 1 is
amended as follows:** *deleted*

**(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;'

Or. en

Justification

As the threshold for coverage by the CSRD should not be raised, neither should the thresholds for third-country undertakings.

Amendment 34

Proposal for a directive

Article 2 – paragraph 1 – point 13 – point b

Directive (EU) 2024/1760

Article 49 – paragraph 5

Text proposed by the Commission

5. A delegated act adopted pursuant to Article 1(2), Article 3(13), Article 19b, Article 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..

Amendment

5. A delegated act adopted pursuant to Article 1(2), Article 3(13), Article 19b, Article 29aa, Article 29b 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..

Or. en

Justification

The Simplified Sustainability Reporting should not be replaced by the voluntary SME standard. The VSME standard was designed for SMEs, not companies with between 250-1000 employees, and has not been tested with these larger companies. The purpose of the VSMEs was to set a basis for data requests from SMEs by detailing basic ESG data relevant for all SMEs - it omits important information on exposures to social sustainability, including human rights abuses, workers' rights abuses and child labour, high-risk value chains, climate risks and GHG emissions.

Amendment 35

Proposal for a directive

Article 3

Directive (EU) 2022/2464

Article 5 – paragraph 2

Text proposed by the Commission

Amendment

Article 3

deleted

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;

(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.

Or. en

Justification

Increasing the threshold for CSRD reporting to 1000 companies will remove 80% of companies from the scope and seriously reduce the effectiveness of the Directive for driving positive change in companies.

Amendment 36

Proposal for a directive

Article 4 – paragraph 1 – point 1

Directive (EU) 2024/1760

Article 1 – paragraph 1 – point c

Text proposed by the Commission

(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 company with the transition to a sustainable economy and with the limiting of global warming to 1,5 °C in line with the Paris Agreement.;

Amendment

(c) the obligation for companies to adopt ***and, through best efforts, put into effect*** 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 company with the transition to a sustainable economy and with the limiting of global warming to 1,5 °C in line with the Paris Agreement.;

Or. en

Amendment 37

Proposal for a directive

Article 4 – paragraph 1 – point 2

Directive (EU) 2024/1760

Article 3 – paragraph 1 – point n

Text proposed by the Commission

Amendment

(2) in Article 3(1), point (n) is replaced by the following: **deleted**

‘(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;’

Or. en

Justification

Directive (EU) 2024/1760 is aligned with international and European standards. The further limitation of stakeholders risks narrowing levels of engagement with stakeholders who possess important sustainability related information and risks companies picking and choosing which stakeholders they engage with.

Amendment 38

Proposal for a directive

Article 4 – paragraph 1 – point 3

Directive (EU) 2024/1760

Article 4

Text proposed by the Commission

Amendment

(3) Article 4 is replaced by the following: **deleted**

‘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 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;'

Or. en

Justification

This type of maximum harmonisation is effectively creating a ceiling that is a floor for due diligence. It ties the hands of Member States now and also for the future in important areas of due diligence legislation.

Amendment 39

Proposal for a directive

Article 4 – paragraph 1 – point 4 – point a

Directive (EU) 2024/1760

Article 8 – paragraph 2 – point b

Text proposed by the Commission

Amendment

(a) in paragraph 2, point (b) is replaced by the following: **deleted**

‘(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;'

Or. en

Justification

As called into attention by both several Members States as well as international organisations such as the UN OHCHR, the proposal to move to a Tier 1 focus and the approach to include the "plausible information" concept not only waters down the directive but creates a complex assessment system where the burden of identifying risks is shifted to third parties. The risk based approach in the current legislation is inline with international benchmarks such from the UN to the OECD guidelines.

Amendment 40

Proposal for a directive

Article 4 – paragraph 1 – point 4 – point b

Directive (EU) 2024/1760

Article 8 – paragraph 2a

Text proposed by the Commission

Amendment

(b) the following paragraph 2a is inserted: **deleted**

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, 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;

Or. en

Amendment 41

Proposal for a directive

Article 4 – paragraph 1 – point 4 – point c

Directive (EU) 2024/1760

Article 8 – paragraph 4

Text proposed by the Commission

Amendment

(c) paragraph 4 is replaced by the following:

deleted

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 shall prioritise requesting such information, where reasonable, directly from the business partner or partners where the adverse impacts are most likely to occur;

Or. en

Amendment 42

Proposal for a directive

Article 4 – paragraph 1 – point 4 – point d

Directive (EU) 2024/1760

Article 8 – paragraph 5

Text proposed by the Commission

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 subparagraph, 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;

Amendment

Where necessary in the light of resource and knowledge constraints of an SME that is a business partner of a company, Member States shall ensure that companies provide targeted and proportionate support. Support may include financial support, providing or enabling access to capacity building or training, or support in upgrading management systems or facilitating the upgrading of such systems in order to support the identification of adverse impacts.

Or. en

Amendment 43

Proposal for a directive

Article 4 – paragraph 1 – point 5

Directive (EU) 2024/1760

Article 10 – paragraph 6

Text proposed by the Commission

Amendment

(5) in Article 10, paragraph 6 is

deleted

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:

(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.

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.;

Or. en

Amendment 44

Proposal for a directive

Article 4 – paragraph 1 – point 7

Directive (EU) 2024/1760

Article 13 – paragraph 3

Text proposed by the Commission

Amendment

(7) in Article 13, paragraph 3 is amended as follows: **deleted**

(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;

Or. en

Amendment 45

Proposal for a directive

Article 4 – paragraph 1 – point 8

Text proposed by the Commission

Amendment

(8) in Article 15, the second sentence is replaced by the following:

deleted

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.;

Or. en

Amendment 46

Proposal for a directive

Article 4 – paragraph 1 – point 10

Directive (EU) 2024/1760

Article 22 – paragraph 1 – subparagraph 1

Text proposed by the Commission

Amendment

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

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 ***and, through best efforts, put into effect*** a transition plan for climate change mitigation, including implementing actions, which aim to ensure 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

activities.;

gas-related activities.;

Or. en

Justification

The ECB opinion on the Omnibus “recommends that the drafting of the relevant provision should be clarified in the proposed amendments to the CSDDD to ensure that transition plans are put into effect” and adds that “there is a risk that the revised drafting may be misinterpreted as meaning that undertakings are obliged to adopt transition plans but not to implement them”.

Amendment 47

Proposal for a directive

Article 4 – paragraph 1 – point 11

Directive (EU) 2024/1760

Article 27 – paragraph 4

Text proposed by the Commission

Amendment

(11) in Article 27, paragraph 4 is replaced by the following: **deleted**

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. 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;

Or. en

Justification

Penalties should not be less than 5% of a company's net worldwide turnover so that the enforcement of the CSDDD can be effective and actually discourage companies from shirking their due diligence obligations. A level playing field in penalties discourages forum shopping.

Amendment 48

Proposal for a directive

Article 4 – paragraph 1 – point 12

Directive (EU) 2024/1760

Article 29

Text proposed by the Commission

Amendment

(12) Article 29 is amended as follows: *deleted*

(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.;

(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;

Or. en

Justification

Shared civil liability allows victims of human rights violations or those affected by environmental harm caused by a lack of due diligence to be defended by the legal system. Removing this core element weakens the directive significantly. It makes the legal framework for companies more complicated, creates unequal treatment across member states, and makes it harder for plaintiffs to know how to access the relevant legal system. Removing the right to appoint an appropriate trade union, human rights or environmental NGO for representation risks access to justice.

Amendment 49

Proposal for a directive

Article 4 – paragraph 1 – point 13

Text proposed by the Commission

Amendment

(13) in Article 36, paragraph 1 is deleted.

Or. en

Justification

The review of the CSDDD should consider whether the Directive should be expanded to cover financial undertakings. There is already a body of evidence and best practice showing the impact of financial undertakings on sustainability, human rights and the environment which can form the basis of the review.