**AMENDMENT CONFINDUSTRIA**

***Corporate Sustainability Reporting Directive***

1. **To provide flexibility in the publication of prospective information** to ensure reasonableness and protect sensitive information

***Amendment 1***

**Draft directive**   
**Article 1 (3)**  
Directive 2013/34/UE

Article 19 bis (2) (b)

|  |  |
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| *Text proposed by the Commission* | *Amendment* |
| (b) a description of the targets related to sustainability matters set by the undertaking and of the progress the undertaking has made towards achieving those targets; | ***b) if a company has defined the*** targets related to sustainability matters, **a description** of the progress the undertaking has made towards achieving those targets; |

*Justification*

*Companies should remain free to set the goals and time horizon that best match their specific situation. It is unreasonable to expect companies to set targets on every sustainability policy they implement.*

***Amendment* 2**

**Draft directive**   
***Article 1 (7)***  
Directive *2013/34/UE*

*Article 29 bis (2) (b)*

|  |  |
| --- | --- |
| *Text proposed by the Commission* | *Amendment* |
| (b) a description of the targets related to sustainability matters set by the group and of the progress of the undertaking towards achieving them; | ***b) if the group has defined the*** targets related to sustainability matters, **a description** of the progress the undertaking has made towards achieving them; |

*Justification*

*Coordination amendment (see above)*

***Amendment 3***

**Draft directive**   
**Article 1 (3)**

Directive 2013/34/UE

Article 19 bis (3)

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| *Text proposed by the Commission* | *Amendment* |
| 3. The information referred to in paragraphs 1 and 2 shall contain **forward-looking and retrospective information**, and qualitative and quantitative information. | 3. The information referred to in paragraphs 1 and 2 shall contain retrospective information, and qualitative and quantitative information. |

*Justification*

*Companies should not be required to disclose forward-looking information as this could lead to the disclosure of strategic and commercially sensitive information. In addition, assurance on this type of forward-looking information would be very complex to carry out, given the lack of certainty.*

***Amendment 4***

**Draft directive**   
**Article 1 (7)**  
Directive 2013/34/UE

Article 29 bis (3)

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| *Text proposed by the Commission* | *Amendment* |
| 3. The information referred to in paragraphs 1 and 2 shall contain **forward-looking information and information about past performance,** and qualitative and quantitative information. This information shall take into account short, medium and long-term time horizons, where appropriate | 3. The information referred to in paragraphs 1 and 2 shall contain information about past performance,qualitative and quantitative information. This information shall take into account short, medium and long-term time horizons, where appropriate |

*Justification*

*Coordination amendment (see above)*

**4)** **To specify information on intangible assets**

***Amendment 5***

**Draft directive**   
**Article 1 (2)**

Directive 2013/34/UE

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| *Text proposed by the Commission* | *Amendment* |
| (19) **“intangibles”** means **non physical resources that contribute to the undertaking’s value creation** | (19) ‘key intangible resources’ means resources without physical substance on which the business model of the undertaking fundamentally depends, as they are material, source of creation, preservation or erosion of the value of the undertaking’ |

***Amendment 6***

**Draft directive**   
**Article 1 (3)**

Directive 2013/34/UE

Article 19 bis (2)

|  |  |
| --- | --- |
| *Text proposed by the Commission* | *Amendment* |
| Undertakings shall also **disclose information on intangibles, including information on intellectual, human, and social and relationship capital.** | Undertakings shall also report information on the key intangible resources on which the business model of the undertaking fundamentally depends, and explain this dependency and how they are a material, source of value creation, preservation or erosion for the undertaking.  This information shall include, as appropriate  a) information about human capital employees’ skills, competencies, experience, loyalty to the undertaking and motivation for improving processes, goods and services;  b) information about intellectual property including patents, copyrights, software and licences, and information about other organisational resources, including tacit knowledge, systems, procedures and protocols;  c) information about the quality of the relationships between the undertaking and its stakeholders , including customers, suppliers and communities affected by the activities of the undertaking;  d) information about the brand value and reputation of the undertaking.  Information about key intangible resource which are not recognized as assets in financial statements are provided in narrative reporting, and must be of a qualitative nature, that is, descriptive. |

*Justification*

*To avoid information overload, it is important to require companies to only provide* ***information on intangible assets that are relevant*** *to the creation, preservation or erosion of business value; and to* ***exclude those that are already recognized financial reporting*** *(i.e., those for which a financial reporting standard already exists).*

*Today, investments in intangible assets represent the majority of private sector investments in advanced economies and constitute an added value for companies to correctly evaluate their sustainability performance.*

*However, it is necessary to better identify the concept of intangible assets, focusing on those that are fundamental for the company's activity, stressing more accurately* ***the materiality profile*** *that intangible assets must have for the company.*

*Moreover, it is suitable to specify that this information must, in principle, only be of qualitative nature, that is, descriptive.*

***Amendment 7***

**Draft directive**   
**Article 1 (7)**

Directive 2013/34/EU

Article 29 bis (2)

|  |  |
| --- | --- |
| *Text proposed by the Commission* | *Amendment* |
| Parent undertakings shall also report information on **intangibles, including information on intellectual, human, and social and relationship capital**. | Parent undertakings shall also report information on the key intangible resources on which the business model of the undertaking fundamentally depends, and explain this dependency and how they are a material, source of value creation, preservation or erosion for the undertaking.  This information shall include, as appropriate  a) information about human capital employees’ skills, competencies, experience, loyalty to the undertaking and motivation for improving processes, goods and services;  b) information about intellectual property including patents, copyrights, software and licences, and information about other organisational resources, including tacit knowledge, systems, procedures and protocols;  c) information about the quality of the relationships between the undertaking and its stakeholders , including customers, suppliers and communities affected by the activities of the undertaking;  d) information about the brand value and reputation of the undertaking.  Information about key intangible resource which are not recognized as assets in financial statements are provided in narrative reporting, and must be of a qualitative nature, that is, descriptive. |

*Justification*

*Coordination amendment (see above)*

1. **To simplify disclosure content**

***Amendment 8***

**Draft directive**   
**Article 1 (3)**

Directive 2013/34/UE

Article 19 bis (2) (e)

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| *Text proposed by the Commission* | *Amendment* |
| e) a description of:  (i) the due diligence process implemented with regard to sustainability matters;  (ii) the principal actual **or potential** adverse impacts connected with the undertaking’s **value chain,** including its own operations, its products and services, **its business relationships** and its supply chain;  (iii) any actions taken, and the result of such actions, to prevent, mitigate or remediate actual **or potential** adverse impacts; | e) a description of:  (i) the due diligence process implemented with regard to sustainability matters;  (ii) the principal actual adverse impacts connected with the undertaking’s own operations, its products and services, and its supply chain;  (iii) any actions taken, and the result of such actions, to prevent, mitigate or remediate actual adverse impacts; |

*Justification*

*In relation to "actual or potential" negative impacts, potential negative impacts are already covered by the sustainability-risks-related transparency (see paragraph 2 (f) of this Article).*

*In addition, negative impacts should only be linked to the company's activities, products, services and supply chain,* ***removing*** *the link to the* ***value chain*** *and* ***business relationships.***

*The value chain is a very broad concept that encompasses multiple activities and processes, and despite their respective efforts, firms are often unable to provide information because it simply escapes their knowledge. The risk is also that of creating unrealistic expectations on the part of some information users. The same is true for business relationships, understood as the downstream chain of business, which are difficult to control and monitor.*

*Moreover, this directive should not pre-empt the substantive obligations that will be introduced by the future legislative proposal on due diligence.*

***Amendment 9***

**Draft directive**   
**Article 1 (7)**  
Directive 2013/34/UE

Article 29 bis (2) (e)

|  |  |
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| *Text proposed by the Commission* | *Amendment* |
| e) a description of:  (i) the due diligence process implemented with regard to sustainability matters;  (ii) the principal actual **or potential** adverse impacts connected with the group’s **value chain, including its** own operations, its products and services, **its business relationships** and its supply chain;  (iii) any actions taken, and the result of such actions, to prevent, mitigate or remediate actual **or potential** adverse impacts; | e) a description of:  (i) the due diligence process implemented with regard to sustainability matters;  (ii) the principal actual adverse impacts connected with the group’s own operations, its products and services, and its supply chain;  (iii) any actions taken, and the result of such actions, to prevent, mitigate or remediate actual adverse impacts; |

*Justification*

*Coordination amendment (see above)*

***Amendment 10***

**Draft directive**   
**Article 1 (3)**

Directive 2013/34/UE

Article 19 bis (3)

|  |  |
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| *Text proposed by the Commission* | *Amendment* |
| 3. The information referred to in paragraphs 1 and 2 shall contain **forward-looking and** retrospective information, and qualitative and quantitative information.  Where appropriate, the information referred to in paragraphs 1 and 2 shall contain information about the undertaking’s **value chain, including the undertaking’s** own operations, products and services, **its business relationships** and its supply chain. | 3. The information referred to in paragraphs 1 and 2 shall contain retrospective information, and qualitative and quantitative information.  Where appropriate, the information referred to in paragraphs 1 and 2 shall contain information about the undertaking’s own operations, products and services and its supply chain. |

*Justification*

*See justification above*

***Amendment 11***

**Draft directive**   
**Article 1 (7)**  
Directive 2013/34/UE

Article 29 bis (3)

|  |  |
| --- | --- |
| *Text proposed by the Commission* | *Amendment* |
| 3. The information referred to in paragraphs 1 and 2 shall contain **forward-looking information and** information about past performance, and qualitative and quantitative information. This information shall take into account short, medium and long-term time horizons, where appropriate.  The information referred to in paragraphs 1 and 2 shall include information about the group’s **value chain, including its** own operations, its products and services, **its business relationships** and its supply chain, where appropriate.  ***.*** | 3. The information referred to in paragraphs 1 and 2 shall contain information about past performance, and qualitative and quantitative information. This information shall take into account short, medium and long-term time horizons, where appropriate.  The information referred to in paragraphs 1 and 2 shall include information about the group’s own operations, its products and services, and its supply chain, where appropriate. |

*Justification*

*Coordination amendment (see above)*

1. **To guarantee a European standard compatible with international standards and ensure a level playing field**

***Amendment* 12**

**Draft directive**   
**Article 1 (3)**

Directive 2013/34/UE

Article 19 bis (4)

|  |  |
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| *Text proposed by the Commission* | *Amendment* |
| 4. Undertakings shall report the information referred to in paragraphs 1 to 3 in accordance with the sustainability reporting standards referred to in Article 19b. | Undertakings shall report the information referred to in paragraphs 1 to 3 in accordance with the sustainability reporting standards referred to in Article 19b.  However European companies can opt for the application of international standards recognized as equivalent at European level |

*Justification*

*In order to avoid European companies being obliged to make two separate sustainability reports (one for the EU and another for non-EU activities) and therefore duplicating burdens and costs, it should be envisaged that, European companies - similarly to what is already in place for non-EU companies -* ***can opt for the use of international standards*** *(GRI, SASB) approved and recognized as equivalent at European level.*

*Overall, it is essential to ensure the* ***coordination of European standards*** *with* ***global standards.***

**7) To contain costs**

***Amendment 13***

**Draft directive**   
**Article 3 (12)**  
Directive 2006/43/CE

Article 26bis (3)

|  |  |
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| *Text proposed by the Commission* | *Amendment* |
| 3. Where the Commission adopts standards for reasonable assurance, the opinion referred to in Article 34(1), second subparagraph, point (aa) of Directive 2013/34/EU shall be based on a reasonable assurance engagement.’; |  |

*Justification*

*It is* ***premature*** *to schedule the rapid evolution towards a reasonable certification. Certification standards must be developed, implemented and tested before they are implemented.*

*Moreover, given that the shift to a reasonable certification will imply* ***an immense increase in costs*** *for businesses**- in accordance with the principles of the Better Regulation and consistent with what the Commission reiterated in its 2022 work program - the shift to a reasonable certification should be carefully examined in a* ***thorough impact assessment before being proposed.***

1. **To ensure an adequate timeframe for the implementation of provisions**

***Amendment 14***

**Draft directive**   
**Article 5**

|  |  |
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| *Text proposed by the Commission* | *Amendment* |
| **Transposition**  1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Articles 1 to 3 **of this Directive by 1 December 2022.** They shall immediately inform the Commission thereof.  Member States shall provide that the provisions referred to in the first subparagraph **shall apply for financial years starting on or after 1 January 2023**  When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. The methods of making such reference shall be laid down by Member States.  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. | 1.Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Articles 1 to 3 of this Directive by [Publications Office - set the date = eighteen months after entry into force]. They shall immediately inform the Commission thereof.  2.Member States shall provide that the provisions referred to in the first subparagraph shall apply for financial years starting on or after:  a) twelve months after the date indicated in paragraph 1 or, if subsequent, after the date of the adoption by the European Commission of delegated Acts mentioned in this Directive, for sustainability reporting of large undertakings referred to in Article 2, point (1), point (a) of Directive 2013/34/EU,  b) twenty four months after the date indicated in paragraph 1 or, if subsequent, after the date of the adoption by the European Commission of delegated Acts mentioned in this Directive for sustainability reporting of large undertakings other than those referred to in point (a) and  c) thirty six months after the date indicated in paragraph 1 or, if subsequent, after the date of the adoption by the European Commission of delegated Acts mentioned in this Directive for sustainability reporting of small and medium-sized undertakings referred to in Article 2, point (1), point (a) of Directive 2013/34/EU |

*Justification*

*On the one hand, Member States should be given a reasonable timeframe (18 months) to implement the provisions of the Directive from the time of its entry into force. On the other hand****, it is necessary to give businesses a reasonable period of time, differentiated by category of business, which will only start to apply once the regulatory framework is complete*** *(transposition in the Member States or, if later, adoption of the delegated acts by the European Commission).*

*A postponement of the deadline for transposition and entry into force of the directive is necessary to allow companies, especially those who will have to apply the legislation for the first time, to organize themselves.*

*The adjustments required to meet the new obligations cannot be implemented at such a short notice as currently envisioned. Indeed, in addition to the actual reporting, companies will inevitably need to change their current internal systems, from creating new reporting processes and structures, to engaging stakeholders, setting targets, and developing indicators to monitor progress.*