












Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) 2023/0368(COD) Decision	Procedure completed, awaiting publication in Official Journal
Company law: time limits for the adoption of sustainability reporting standards for certain sectors and for certain third-country undertakings Amending Directive 2013/34 2011/0308(COD) Subject 2.50.10 Financial supervision 3.45 Enterprise policy, inter-company cooperation 3.45.01 Company law 3.45.02 Small and medium-sized enterprises (SME), craft industries 3.45.03 Financial management of undertakings, business loans, accounting 3.45.08 Business environment, reduction of the administrative burdens	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Legal Affairs	 VOSS Axel	29/11/2023
		Shadow rapporteur	
		 DURAND Pascal	
		 KARLESKIND Pierre	
		 TOUSSAINT Marie	
		 STANCANELLI Raffaele	
		 AUBRY Manon	
	Committee for opinion	Rapporteur for opinion	Appointed
	 Foreign Affairs	The committee decided not to give an opinion.	
	 Development	The committee decided not to give an opinion.	
	 Economic and Monetary Affairs		25/10/2023
		 POLFJÄRD Jessica	
Council of the European Union	Commission DG	Commissioner	

Key events

17/10/2023	Legislative proposal published	COM(2023)0596	Summary
20/11/2023	Committee referral announced in Parliament, 1st reading		
24/01/2024	Vote in committee, 1st reading		
24/01/2024	Committee decision to open interinstitutional negotiations with report adopted in committee		
29/01/2024	Committee report tabled for plenary, 1st reading	A9-0013/2024	Summary
05/02/2024	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
07/02/2024	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		
11/03/2024	Approval in committee of the text agreed at 1st reading interinstitutional negotiations		
10/04/2024	Decision by Parliament, 1st reading	T9-0189/2024	Summary
29/04/2024	Act adopted by Council after Parliament's 1st reading		
29/04/2024	Act adopted by Council after Parliament's 1st reading		
29/04/2024	Final act signed		

Technical information

Procedure reference	2023/0368(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Decision
	Amending Directive 2013/34 2011/0308(COD)
Legal basis	Treaty on the Functioning of the EU TFEU 050-p1
Other legal basis	Rules of Procedure EP 159
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Procedure completed, awaiting publication in Official Journal
Committee dossier	JURI/9/13506

Documentation gateway

Legislative proposal		COM(2023)0596	17/10/2023	EC	Summary
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Committee draft report		PE757.140	04/12/2023	EP	
Economic and Social Committee: opinion, report		CES5558/2023	13/12/2023	ESC	
Amendments tabled in committee		PE757.854	15/12/2023	EP	
Committee opinion	ECON	PE757.192	12/01/2024	EP	
Committee report tabled for plenary, 1st reading/single reading		A9-0013/2024	29/01/2024	EP	Summary
Text adopted by Parliament, 1st reading/single reading		T9-0189/2024	10/04/2024	EP	Summary
Draft final act		00028/2024/LEX	29/04/2024	CSL	

Company law: time limits for the adoption of sustainability reporting standards for certain sectors and for certain third-country undertakings

PURPOSE: to amend Directive 2013/34/EU as regards the time limits for the adoption of sustainability reporting standards for certain sectors and for certain third-country undertakings.

PROPOSED ACT: Decision of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: reporting requirements play a key role in ensuring proper monitoring and correct enforcement of legislation. Reporting requirements can however also impose disproportionate burdens on stakeholders, particularly affecting SMEs and micro-companies, also given organisational and technological developments that call for original reporting requirements to be adjusted. Their cumulation over time can result in redundant, duplicating or obsolete obligations, inefficient frequency and timing, or inadequate methods of collection.

Streamlining reporting obligations and reducing the administrative burden are therefore a priority.

Article 29b(1), third subparagraph, of the Accounting Directive (2013/34/EU) of the European Parliament and of the Council requires the Commission to provide for sustainability reporting standards by means of delegated acts by 30 June 2024 specifying the information that undertakings are to report with regard to sustainability matters and the reporting areas specific to the sector in which an undertaking operates, in addition to the information that undertakings are already to provide under Commission Delegated Regulation (EU) XX/XXX.

To reduce the reporting burden on undertakings, it is provided that undertakings should be allowed to focus first on the implementation of sustainability reporting requirements laid down in Delegated Regulation (EU) XX/XXX.

In addition, Article 40b of the Accounting Directive sets the adoption date for the ESRS to be used by certain non-EU companies with business in the Union by 30 June 2024. Considering that the reporting requirements for these non-EU companies only applies from financial year 2028 and considering the 2-year postponement of the deadline for adopting the sector specific ESRS, the adoption deadline for these standards should also be postponed by 2 years. This will allow more resources to be dedicated to the development of effective and proportionate sector-specific ESRS, while still giving enough time for these non-EU companies to prepare ahead of financial year 2028.

In line with the Commissions Communication on [Long-term competitiveness of the EU: looking beyond 2030](#), this proposal is part of a first package of measures to rationalise reporting requirements. This is a step in a process looking comprehensively at existing reporting requirements, with a view to assess their continued relevance and to make them more efficient.

CONTENT: the proposal intends to postpone time limits for the Commission to adopt delegated acts for sustainability reporting standards for certain sectors and for certain third-country undertakings.

This initiative has the primary objective of allowing companies to focus on the implementation of the first set of ESRS adopted on 31 July 2023, ensure that EFRAG has time to develop sectoral ESRS that are efficient, and limit the reporting requirements to the minimum necessary. Postponing the deadlines for the adoption by the Commission of the sustainability reporting standards for certain sectors - as well as for certain third-country companies - would achieve this objective while leaving sufficient time for companies to prepare for these additional reporting requirements.

More precisely, Directive 2013/34/EU is amended as follows:

- the deadline for the Commission to adopt sector-specific ESRS by way of delegated acts under Article 29b(1), third subparagraph, is set by 30 June 2026 (instead of by 30 June 2024);
- the deadline for the Commission to adopt ESRS for non-EU companies meeting certain thresholds by way of delegated acts under Article 40b is set by 30 June 2026 (instead of by 30 June 2024).

Company law: time limits for the adoption of sustainability reporting standards for certain sectors and for certain third-country undertakings

The Committee on Legal Affairs adopted the report by Axel VOSS (EPP, DE) on the proposal for a decision of the European Parliament and of the Council on amending Directive 2013/34/EU as regards the time limits for the adoption of sustainability reporting standards for certain sectors and for certain third-country undertakings.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Title

Members proposed to change the title of the proposal to a Directive instead of a Decision.

Reducing the reporting burden

It is noted that EU companies have recently been facing many challenges and heavy bureaucratic burden in times of the COVID pandemic as well as the war in Ukraine and its impact on energy prices etc. The Commission has committed to simplify reporting requirements for companies. It proposed to postpone the adoption of the second set of standards under the Corporate Sustainability Reporting Directive (CSRD) by two years to give companies more time to digest the first set of standards and to focus on their proper implementation. This would mean these standards are adopted in June 2026 instead of June 2024, as currently foreseen.

The report stipulated, however, that this change does not prevent the Commission from publishing the sector specific sustainability reporting standards before that date and the Commission should endeavour to adopt eight of the sector-specific sustainability reporting standards as soon as each is ready.

Company law: time limits for the adoption of sustainability reporting standards for certain sectors and for certain third-country undertakings

The European Parliament adopted by 562 votes to 44, with 15 abstentions, a legislative resolution on the proposal for a decision of the European Parliament and of the Council on amending Directive 2013/34/EU as regards the time limits for the adoption of sustainability reporting standards for certain sectors and for certain third-country undertakings.

The European Parliament adopted its position adopted at first reading under the ordinary legislative procedure.

In order to reduce the burden of the reporting requirements on companies, it is proposed to postpone by two years (until 30 June 2026) the deadline for the adoption of the delegated acts containing the sustainability reporting standards that specify the information that undertakings must disclose in relation to the sustainability issues and sector-specific reporting areas in which an undertaking operates referred to in Directive 2013/34/EU.

The amended text stipulates that this postponement should not prevent the Commission from publishing the delegated acts containing the sector-specific sustainability reporting standards before that two-year period has elapsed, and the Commission should endeavour to adopt delegated acts containing eight of the sector-specific sustainability reporting standards as soon as each is ready.

When adopting delegated acts containing sector-specific sustainability reporting standards, the Commission should ensure the information specified by those sustainability reporting standards is proportionate to the scale of the risks and impacts related to sustainability matters specific to each sector, taking account of the fact that the risks and impacts of some sectors are higher than those of other sectors.

The Commission should also take account of the fact that not all activities within a particular sector are necessarily associated with high sustainability risks or impacts. For undertakings that operate in sectors particularly reliant on natural resources, sector-specific sustainability reporting standards would require the disclosure of nature-related impacts on and risks for biodiversity and ecosystems.

In order to foster democratic control, scrutiny and transparency, the Commission should, at least once a year, consult regarding the development of sustainability reporting standards the European Parliament, and jointly the Member State Expert Group on Sustainable Finance and Accounting Regulatory Committee, concerning the work programme of EFRAG. As regards the development of sustainability reporting standards, EFRAGs work programme should include information on its planning, prioritisation and timelines for future draft standards and other deliverables.

Transparency				
KARLESKIND Pierre	Shadow rapporteur	JURI	15/01/2024	Global Reporting Initiative
TOUSSAINT Marie	Shadow rapporteur	JURI	12/01/2024	Frank Bold Society
VOSS Axel	Rapporteur	JURI	11/01/2024	International Financial Reporting Standards (IFRS) Foundation
DURAND Pascal	Shadow rapporteur	JURI	08/12/2023	Frank Bold Society
HAUTALA Heidi	Shadow rapporteur	JURI	24/10/2023	Fair Trade
TOUSSAINT Marie	Shadow rapporteur	JURI	16/10/2023	Frank Bold Society Notre Affaire à Tous Transport and Environment (European

				Federation for Transport and Environment) ETUI Eurosif
TOUSSAINT Marie	Shadow rapporteur	JURI	19/07/2023	Eurosif