



2020/2137(INI)

29.10.2020

OPINION

of the Committee on the Environment, Public Health and Food Safety

for the Committee on Legal Affairs

on sustainable corporate governance
(2020/2137(INI))

Rapporteur for opinion: Pascal Canfin

PA_NonLeg

SUGGESTIONS

The Committee on the Environment, Public Health and Food Safety calls on the Committee on Legal Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- A. whereas the Paris Agreement aims to contain the rise in the average temperature of the planet well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels;
- B. whereas COVID-19 has illustrated the profound interconnections between human health, animal health and environmental health; whereas sustainable development should not be limited only to environmental and climate protection, but should also seek to ensure the highest level of protection and development for people, living beings and ecosystems; whereas the UN Sustainable Development Goals address multiple cross-cutting issues, including full and productive employment and decent work for all; whereas sustainable corporate governance holds great potential for ensuring that companies contribute to the realisation of all of these goals;
- C. whereas the European Union is founded on the values stated in Article 2 of the Treaty on European Union and whereas its environmental policy is based on the precautionary principle, as stated in Article 191(2) of the Treaty on the Functioning of the European Union;
- D. whereas the rapidly changing global economy necessitates a corporate governance model that will address the most pressing challenges ranging from climate change, environmental degradation and natural disasters to growing global inequalities; whereas the EU and humanity as a whole are currently breaching four of the nine planetary boundaries;
- E. whereas the growing global competition for access to natural resources often results in unsustainable corporate exploitation of the natural and human environment;
- F. whereas corporate governance has a key role to play in delivering the EU's commitments to implement the UN Sustainable Development Goals and the Paris Agreement;
- G. whereas climate change poses serious risks to food security, namely to the availability, accessibility and utilisation of food and the stability of food systems; whereas women farmers currently account for 45-80 % of all food production in developing countries, which are disproportionately affected by climate change and environmental degradation;
- H. whereas on average, deforestation is responsible for 20 % of human-induced carbon dioxide emissions; whereas deforestation in Brazil and the overexploitation of the high seas are two powerful reminders that we urgently need better sustainable governance of the environment on a global scale;
- I. whereas more and more countries and public authorities are granting legal status to ecosystems; whereas Ecuador has enshrined the Rights of Nature in its Constitution,

thereby recognising the inalienable right of ecosystems to exist and flourish, and has vested individuals, peoples, communities and even other nations with the right to enforce the Rights of Nature and to apply preventative and restrictive measures on activities that could lead to the extinction of species, the destruction of ecosystems or the permanent alteration of natural cycles;

- J. whereas the Aarhus Convention establishes a number of environmental rights for the public and for associations, including the right to access environmental information, the right to participate in environmental decision-making and access to justice;
 - K. whereas in 2017 the UN Aarhus Convention Compliance Committee found the EU in violation of the Aarhus Convention for not allowing members of the public to challenge decisions of the EU institutions before the EU courts;
 - L. whereas the Commission has raised ambitions for the 2019-2024 period by setting out an agenda for the European Green Deal, affirming that ‘Europe must lead the transition to a healthy planet’;
1. Considers that sustainable corporate governance is key to the long-term direction of undertakings to align their activities to the achievement of the EU’s overall environmental objectives as laid down in the European Green Deal, as well as the EU’s commitment to reduce its greenhouse gas emissions as it moves towards the 2050 climate neutrality target; underlines that all sectors should contribute to reaching that target;
 2. Expresses concern that certain international investment agreements such as the Energy Charter Treaty place the financial interests of multinational corporations above environmental and climate priorities; urges the Commission to take swift action to ensure that existing and future trade investment agreements are fully aligned with EU environmental and climate objectives and to come forward with proposals to counteract corporate land grabbing and deforestation in the upcoming review of the Non-Financial Reporting Directive (NFRD);
 3. Stresses that the ecological transition and the rise of digitalisation will have profound repercussions on the labour force; considers, therefore, that any sustainable corporate governance should recognise and guarantee effectively the right of employees to continuing vocational training and lifelong education during their working hours;
 4. Considers that the current approach of having Commission guidelines on non-financial reporting by companies is insufficient on its own to bring about the desired outcome of comparable, reliable and consistent reporting by undertakings;
 5. Calls in this regard for the adoption of EU standards with well-defined requirements in terms of the content and accessibility of non-financial information that should apply to at least all listed and non-listed large undertakings operating in the EU; points out that new European standards need to be based on an impact assessment and adapted to the capabilities of small and medium-sized enterprises (SMEs); calls for the introduction of specific mechanisms for SMEs to facilitate and ensure the implementation of these standards, including language support tools to help them access online platforms;
 6. Calls on the Commission to commit to developing such standards during the upcoming

NFRD review; considers that these standards should not pose an undue burden on SMEs;

7. Calls on the Commission and the Member States to adhere to and promote the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct in order to prevent, reduce and remedy harm to the environment and biodiversity, while taking due account of obligations and commitments to ensure a safe, clean, healthy and sustainable environment;
8. Considers that the EU framework should help and assist companies, in particular SMEs, by ensuring that disclosures are clear, balanced, understandable and comparable among companies within a sector;
9. Further considers that consistency of EU legislation on sustainable corporate governance should be achieved not only through the obligation to report information, but also through the introduction of concrete, proportionate and enforceable obligations and quantified objectives, based on an impact assessment; calls on the Commission to ensure that the revision of the NFRD is in line with the EU Taxonomy Regulation for sustainable activities and to define the minimum standards to be applied to companies in a mandatory and binding way; further considers that incentives should also be introduced on how to implement these measures, in particular for smaller companies;
10. Considers that corporate sustainability strategies should prioritise long-term interests in order to facilitate a mandatory shift away from unsustainable investments and corporate practices and towards more sustainable operations that promote environmental and climate objectives such as renewable energy production, waste reduction and the promotion of a truly circular economy;
11. Recalls that the sustainable character of companies depends on whether their management fully abides by their environmental and social obligations; stresses that strong and independent inspection services are necessary to ensure full respect for these obligations;
12. Calls in this regard for the adoption of an EU legislative framework requiring undertakings to establish, implement, regularly assess and update a corporate sustainability strategy in consultation with all relevant stakeholders; believes that this strategy should address in particular the companies' environmental impacts such as loss of biodiversity and deforestation, as well as mid- and long-term planning towards achieving climate neutrality by 2050;
13. Recognises that while women are vulnerable to the effects of climate change, they are also effective agents of change in relation to mitigation and adaptation; calls on the Commission and the Member States to include gender mainstreaming in their environmental analyses, policymaking, action plans and any other measures applicable to sustainable development and climate change in order to command greater attention for gender perspectives.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	29.10.2020
Result of final vote	+: 66 -: 11 0: 3
Members present for the final vote	Nikos Androulakis, Bartosz Arłukowicz, Margrete Auken, Simona Baldassarre, Marek Paweł Balt, Traian Băsescu, Aurelia Beigneux, Monika Beňová, Sergio Berlato, Alexander Bernhuber, Malin Björk, Simona Bonafè, Delara Burkhardt, Pascal Canfin, Sara Cerdas, Mohammed Chahim, Tudor Ciuhodaru, Nathalie Colin-Oesterlé, Esther de Lange, Christian Doleschal, Marco Dreosto, Eleonora Evi, Agnès Evren, Fredrick Federley, Pietro Fiocchi, Catherine Griset, Jytte Guteland, Anja Hazekamp, Martin Hojsík, Pär Holmgren, Jan Huitema, Yannick Jadot, Adam Jarubas, Petros Kokkalis, Athanasios Konstantinou, Joanna Kopcińska, Sylvia Limmer, Javi López, Fulvio Martusciello, Liudas Mažylis, Joëlle Mélin, Tilly Metz, Dolors Montserrat, Alessandra Moretti, Dan-Ștefan Motreanu, Ville Niinistö, Ljudmila Novak, Grace O'Sullivan, Jutta Paulus, Jessica Polfjård, Luisa Regimenti, Frédérique Ries, María Soraya Rodríguez Ramos, Sándor Rónai, Rob Rooken, Silvia Sardone, Christine Schneider, Günther Sidl, Linea Søgaard-Lidell, Nicolae Ștefănuță, Nils Torvalds, Edina Tóth, Véronique Trillet-Lenoir, Alexandr Vondra, Mick Wallace, Pernille Weiss, Michal Wiezik, Tiemo Wölken, Anna Zalewska
Substitutes present for the final vote	Maria Arena, Manuel Bompard, Antoni Comín i Oliveres, Margarita de la Pisa Carrión, Sven Giegold, Jens Gieseke, Nicolás González Casares, Christophe Hansen, Laura Huhtasaari, Ondřej Knotek, Róza Thun und Hohenstein

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

66	+
EPP	Bartosz Arłukowicz, Traian Băsescu, Alexander Bernhuber, Nathalie Colin-Oesterlé, Esther de Lange, Christian Doleschal, Agnès Evren, Jens Gieseke, Christophe Hansen, Adam Jarubas, Fulvio Martusciello, Liudas Mažylis, Dolors Montserrat, Dan-Ștefan Motreanu, Ljudmila Novak, Christine Schneider, Róza Thun und Hohenstein, Edina Tóth, Michal Wiezik
S&D	Nikos Androulakis, Maria Arena, Marek Paweł Balt, Monika Beňová, Simona Bonafè, Delara Burkhardt, Sara Cerdas, Mohammed Chahim, Tudor Ciuhodaru, Nicolás González Casares, Jytte Guteland, Javi López, Alessandra Moretti, Sándor Rónai, Günther Sidl, Tiemo Wölken
RENEW	Pascal Canfin, Fredrick Federley, Martin Hojsík, Jan Huitema, Ondřej Knotek, Frédérique Ries, María Soraya Rodríguez Ramos, Nicolae Ștefănuță, Nils Torvalds, Véronique Trillet-Lenoir
GREENS/EFA	Margrete Auken, Sven Giegold, Pär Holmgren, Yannick Jadot, Tilly Metz, Ville Niinistö, Grace O'Sullivan, Jutta Paulus
ECR	Sergio Berlato, Pietro Fiocchi, Joanna Kopcińska, Alexandr Vondra, Anna Zalewska
GUE/NGL	Malin Björk, Manuel Bompard, Anja Hazekamp, Petros Kokkalis, Mick Wallace
NI	Antoni Comín i Oliveres, Eleonora Evi, Athanasios Konstantinou

11	-
EPP	Jessica Polfjärd
ID	Simona Baldassarre, Aurelia Beigneux, Marco Dreosto, Catherine Griset, Laura Huhtasaari, Sylvia Limmer, Joëlle Mélin, Luisa Regimentí, Silvia Sardone
ECR	Rob Rooker

3	0
EPP	Pernille Weiss
RENEW	Linea Søgaard-Lidell
ECR	Margarita de la Pisa Carrión

Key to symbols:

+ : in favour

- : against

0 : abstention