

CSRD's impact on trade unions and the ETUC's demands for a revision of the ESRS as proposed in Omnibus I

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My background

- Advise the European Trade Union Confederation (ETUC) on worker participation issues in company law
- Supported ETUC in lobbying for CSRD
- In EFRAG expert groups on sustainability reporting for 5 years, now as Vice Chair of the Technical Expert Group
- Training workshops + presentations for trade unions and workers' representatives on CSRD/ESRS

Overall evaluation of 2024 Sustainability statements

- Significant improvement over the previous (NFRD) reports
 - Quality and quantity of information relevant for workers
 - Not just positive impacts are reported, some negative impacts too
 - Better comparability of information (= benchmarking)
- But much room for improvement in practice
 - Important negative impacts are not being reported
 - Material issues are not being properly defined (e.g. collective bargaining)
 - Value chain workers (S2) often defined as not material
 - Wide variance in reporting, even in the same sector
- TU/Workers' reps must to be involved early in materiality assessment
- ESRS Set 1 revision should not be reduced to just a “cutting” exercise

S1 Metrics – benchmarking potential

Company	Employee #	Non-guaranteed hours contracts / employees	Employee turnover	Collective bargaining coverage	Non-employee workers	Gender wage gap	CEO-median worker pay ratio
Tryg	7943	8%	22%	93%	26%	13	21
DSV	65810	1%	20%	30%		4	102
Vestas	35100	0%	13%			2	96
Pandora	41326	0%	44%	44%		2	288
Novo Nordisk	73109	0%	6%			-3	63
Ringkjøbing Landbobank	694	0%	11%	100%		25	16
GN Store Nord	8145	8%	15%			38	43
Mærsk	108160	0%	11%			5	205
Carlsberg	32591	0%	16%	61%		0	147
Rockwool	12873	0%	12%			2	34
Danske Bank	21306	0%	14%	64%		31	39

What to look for in sustainability statements

Note: This is an incomplete list, particularly focused on S1

DR	What it is	What to look for
IRO-2	Table of contents for reported information	Is there a full list of information in the same order as ESRS with page numbers?
GOV-1	ESG governance	Can you identify who you should contact with your concerns?
SBM-1	Strategy, business model and value chain	Are own operations + value chain well described (location, sector, etc.)
IRO-1	Process to identify material IROs	Can you understand the steps of the materiality assessment process? Were TU/workers' reps involved in materiality assessment?
SBM-2	Interests and views of stakeholders	Are the views of TU/workers' reps on material IROs reported?
SBM-3	Material impacts, risks and opportunities	Are the material Standards + IROs clearly identified? Do the IROs follow AR16? Are negative impacts identified as positive impacts or financial risks?
IRO-2	S1 Metrics	Are all S1 Metrics reported on according to ID-177?
S1-6/8	Country breakdowns	Is the company just reporting the minimum breakdowns?
S1-6	Employee characteristics	What % of employees are temporary/non-guaranteed hours/female? What is the employee turnover level?
S1-7	Non-employee workers	What is the proportion of non-employee workers in own workforce?
S1-8	Collective bargaining coverage + social dialogue	What is the overall coverage? Are there major differences between countries?
S1-10	Adequate wage	Does the company just comply with minimum wages, or does it orient to living wages?
S1 Metrics	Benchmarking	Particularly high levels in comparison with other countries, or from year to year

CSRD: information and consultation rights

If undertakings carried out better sustainability reporting, the ultimate beneficiaries would be individual citizens and savers, including **trade unions and workers' representatives** who would be adequately informed and therefore able to better **engage in social dialogue**. (Recital 9)

The lack of sustainability information provided by undertakings also limits the ability of stakeholders, including civil society actors, **trade unions and workers' representatives**, to **enter into dialogue** with undertakings on sustainability matters. (Recital 14)

Member States should ensure that sustainability reporting is carried out in compliance with **workers' rights to information and consultation**. (Recital 52)

The management of the undertaking/parent undertaking **shall inform the workers' representatives at the appropriate level and discuss with them** the relevant information and the means of obtaining and verifying sustainability information. The **workers' representatives' opinion shall be communicated, where applicable, to the relevant administrative, management or supervisory bodies**. (Articles 19a(5) and 29a(6))

COM(2025) 80 – delay in CSRD implementation

- | | <u>Name of standard</u> |
|-----------------------------------------------------|-------------------------|
| • Wave 1 – listed cos. > 500 employees – 2024 | Set 1 |
| • Wave 2 – rest of EU cos. > 250 emp – 2025 | |
| • Wave 3 – listed SMEs – 2026 (with 2 year opt out) | LSME |
| • Non-EU cos. – 2028 | NonEU |
| • Voluntary standard for SMEs | VSME |

This Directive delays implementation of Wave 2 and Wave 3 by two years

Change in Scope – NFRD to CSRD to Omnibus CSRD

	NFRD			CSRD			Omnibus CSRD	
	Listed	Non-listed		Listed	Non-listed		Listed	Non-listed
Micro < 10	Red	Red		VSME Voluntary			Yellow	
Small 11-50				LSME Wave 3 2026				
Medium 51-250								
Large 251-500				Wave 2 2025			VSME Voluntary	
Large 501-1000	PIEs (Public Interest Entities)			Wave 1 2024				
Large 1000+						Wave 1 2024	Wave 2 2027	

of cos covered by mandatory reporting

~12k

31-76k

8-14k

etui.

Change in value chain reporting

- Large companies must get information from SMEs in their value chain to report for CSRD
- Under CSRD, the LSME (listed SME standard) is the „value chain cap“
 - i.e. the limit on what large companies can be required to report on their value chain
 - Example: if LSME does not have reporting requirements on adequate wages, large companies do not have to report on adequate wages in the value chain
- To limit „trickle down“ effect, the Omnibus
 - Replaces the LSME with the weaker VSME standard
 - Furthermore, legal limits on what large companies may ask their suppliers are proposed

Omnibus: other Changes in CSRD

- Stop sector-specific standards
- Reduce ambition for auditing (no ,reasonable assurance‘)
- Set 1 reporting requirements to be revised:
 - Remove duplications
 - Reduce narrative data points
 - Reduce costly data points