

Corporate sustainability reporting

Recommendations for trade union action in multinational companies

Brussels, 24 September 2024

This document provides information and guidance for trade union representatives in multinational companies, including workers' representatives in European Works Councils [EWCs], in transnational works councils of companies under the European Company Statute-Societas Europaea [SEs], as well as industriAll Europe coordinators assisting them. The document explains the new legal obligations for multinational companies to report on sustainability issues and introduces concrete tips on how to use sustainable reporting for trade union action.

Corporate sustainability reporting: What are we talking about?

Historically, listed companies must publish a great deal of financial information, of which the content and form are mandatory. But concerning social and environmental information, there is no duty to publish any such information. A first attempt to progress in this matter had been made in 2014, with the Non-financial Reporting Directive (NFRD), but this regulation was essentially laid on good will: the responsibility wasn't binding and companies could publish the information they wanted. This explains why it was often a pure communication exercise, with a non-financial report¹ full of photos, quotations and slogans. Worse, as each company could publish the indicators they wanted, it was impossible to compare companies with each other.

With the CSRD, this situation will dramatically change.

This change finds its origin in the Green Deal of the previous EU Commission. Member States must now establish, follow and be accountable for national climate plans...but how to progress if companies (at least the largest) haven't any symmetrical dues of diligence?

It also finds its origin in the aspirations of civil society towards companies which don't just make do with financial performance, but also attempt to contribute to social welfare and participate in nature and climate protection. For example, some citizens want to invest their savings in companies which have sustainable practices. But how can they be sure that this is the case without any specific standards?

¹ The NFRD refers to "a consolidated non-financial statement", as part of the management report.

The CSRD will now require companies² to publish accurate and up-to-date information on Environmental, Social and Governance (the so-called ESG) matters. This information will be part of the management report, but will often also be published separately in a so-called sustainability report³.



REFERENCE

CORPORATE SUSTAINABLE REPORTING DIRECTIVE (2022)

[Available in all EU languages](#)

This new reporting will replace the old “non-financial” report. The main features of this new sustainability reporting are as follows:

- Companies can’t now “do their shopping” from the items they publish. **The 11 areas for which reporting is mandatory are clearly listed.** Six are about the environment (climate, pollution, water, biodiversity and circular economy), four are about social and societal aspects (S1 -own workforce-, S2 -workers in the value-chain-, S3-affected communities- and S4 -consumer end-users) and the eleventh one is about business conduct (G1).
- Companies can’t now decide to publish or not publish. To know if they must publish information, they must make a **materiality test** (see Technical Issues).
- Like in financial matters, companies must now **respect very precise norms when they publish information.** These norms are called [ESRS](#): European Sustainability Reporting Standards (see Technical Issues).
- All the information will be part of the consolidated management report (and for listed companies, part of the Universal Document Report - URD), but listed companies will often also go on publishing their information separately in a so-called sustainability report.
- Like financial items, **environmental and social items are mandatory and audited each year**, by the financial auditor or by a specific auditor belonging to a regulated profession.
- Information is often quantitative (for example, in main topics in the E1/climate or S1/own workforce areas), qualitative, or both. **The company must also describe its policies and action plans put in place to suppress or mitigate their negative impacts.**
- This sustainability report will be **machine-readable**, so that comparisons are easier.

² We use the present tense in this paper, but the new regulation will be applied progressively. The CSRD transposition in national laws is in progress. Companies listed with more than 500 employees will have to report according to the new rules as soon as 2025 for the year 2024. Companies, listed or not, fulfilling 2 out of 3 of the following thresholds (revenues superior to 500M€, balance sheet total superior to 25M€ and employees above 250) will have to publish their sustainability statement from 2026 onwards (first year for 2025). Listed small- and medium-sized companies will start in 2027 and non-EU undertakings with revenues superior to 40M€ in EU and worldwide revenues superior to 150M€ will have to publish from 2029 onwards.

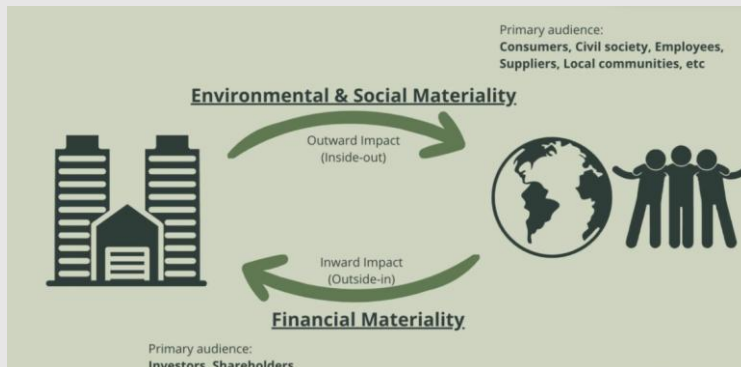
³ Other words are possible, for example ‘ESG report’, ‘Non-Financial Information Report’, ... But let’s bet that the expression “sustainability report” will become the more usual.



TECHNICAL ISSUES

MATERIALITY TEST AND ESRS NORMS

The materiality test: A company takes a **materiality test** to know if it must publish or not information on a social or environmental topic. When the company has a “material” (important) impact on the social or environmental topic, the company must publish information concerning the topic.



How to assess whether your company has a material impact on social or environmental matters?
The company must assess the severity of the actual impact through:

- Scale: How grave is the impact on people or on the planet?
- Scope: How widespread is the impact? (e.g. the number of people concerned)
- Remediability: Whether a negative impact can be reversed or fixed

If it deals with a potential impact, the company must also assess the likelihood (with historical data, predictive models, expert opinions), but severity is more important than likelihood.

This assessment is not “black and white”. The company must nevertheless define and use an estimation grid. And stakeholders (among them workers’ reps) must challenge these assessments!

The table underneath gives an example of a possible approach to the assessment.

Illustration	Severity assessment			Is the impact assessed as material?
	Scale	Scope	Irremediability	
Negative impact				
Impact 1	Low	Medium	High	No
Impact 2	Low	High	High	Yes
Impact 3	Medium	Medium	Low	Yes

Colour coding:

Low	Medium	High
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If you want more information on this materiality assessment, please consult the [following document from EFRAG](#).

ESRS Norms: When the materiality test has shown that the company must publish information, it must now **respect very precise norms**:

- At the general level, these norms are called [ESRS](#): European Sustainability Reporting Standards. There are already 11 norms, corresponding to environment (E1 to E5, concerning respectively climate, pollution, water, biodiversity and circular economy), to social and societal (S1 -own workforce-, S2 -workers in the value-chain-, S3-affected communities- and S4 -consumer end-users) and to business conduct (G1).
- In the next years, we will have also norms in some sectors (e.g. mining, textiles industries...).

Note that for each social issue, ESRS norms indicate which information is mandatory (see details in the annex of this document) and at which level the information must be broken down.

ESRS norms insist also on the need to have qualitative information, notably action plans.

For the issues connected with own-workforce (ESRS S1), there are 12 issues : own employees (S1-6), non-employee (S1-7), CBA and social dialogue (S1-8), diversity (S1-9), adequate wage (S1-10), social protection (S1-11), person with disabilities (S1-12), training (S1-13), OHS (S1-14), work-life balance (S1-15), pay gap and total remuneration (S1-16) and severe human rights' impact (S1-17). See the annex of the present document and the details of mandatory information for each of the topics.

The CSRD makes it mandatory for companies to publish social and environmental information and plans to achieve objectives and reach targets. It is a step, but will it put sufficient pressure on companies to adopt new practices? Note that the **Corporate Sustainability Due Diligence Directive (called the CS3D)** deals with that difficult issue in the field of workers in value-chains.



TIP!

Corporate Sustainability Due Diligence Directive – CS3D

The CSRD and CS3D have the same origin and take roots in the conviction that companies can't limit their actions to profit maximisation: they must take care of people and of the environment.

But the CSRD and CS3D haven't the same purpose: with the CSRD, it's a question of reporting; and with the CS3D, of acting, with a legal sanction. According to the CS3D, companies must put in place concrete vigilance plans to mitigate risks of violation of human and social rights in their value-chains (also on environmental matters), and if their plans are not consistent, they risk being convicted.

The CS3D was adopted in April 2024 and Member States have until June 2026 to transpose the Directive (for an application in 2027).

For workers' reps, this standards reporting and externally audited information is a major opportunity, because:

- One of the eleven fields of reporting is “own workforce” (S1). The company will then need to give more adequate information on many issues (see later information on the detailed topics) and this information will enable a comparison of the company with its competitors from social points of view (for example: Does my company employ more temporary workers than its competitors? Does my company train as much as its competitors?)
- Another social field of information is value chain workers (S2), especially those employed by suppliers (whatever their tier!). In this field, information is foreseen in the standard as more qualitative than quantitative, but can help detect and prevent the biggest abuses (in terms of child labour or fundamental rights, such as freedom of association)
- At least two environmental fields can be very useful for workers' reps, insofar as these issues will have huge social impacts in most companies:
 - Climate (E1): as all large companies have an important impact on climate, nearly every company subject to the CSRD (at least the largest) will have to publish information on climate: GHG emissions, time-bound GHG targets (with terms in 2030 and 2050) and an associated “transition plan for climate change mitigation” (according to ESRS standard E1). EWC and WCs should use the opportunity to understand the details of this climate plan and above all, demand anticipation measures in the field of employment and training associated with this climate plan⁴.
 - Circular economy (E5): circular economy can have a huge impact on used materials in industrial processes, and then on employment and training. Circular economy is also more generally a part of the strategy of the company, encouraging it to develop new services or new products, which can have a huge impact on employment in the long run.



TIP!

What strategies could management use to minimise CSRD-requirements?

- Focusing on environmental issues and publishing little information about social matters
- Using social and green reporting as a pure communication exercise: action plans must be concrete
- Limiting screening of value chains to tier 1 sub-contractors
- Eliminating important issues too quickly as “immaterial” (unimportant)
- Giving most of the social information at the consolidated level (and not a breakdown by countries)
- Focusing on quantitative data, without taking into account the context⁵

⁴ Note that EWCs and WCs have a legitimate right to ask for anticipation measures; both the Directive establishing a general framework for Information and Consultation rights (2002/14/EC) AND the EWC Directive (2019/38/EC) state that “the consultation shall cover the structure and probable development of employment within the undertaking or establishment and on any anticipatory measures envisaged”.

⁵ Sometimes, quantitative information is poor or misleading. For example, with only one company's worldwide collective bargaining agreement (CBA), the percentage of workers covered by the CBA will reach ... 100%! Another example: in poor countries, the weakness of the work-related illness regulation explains why there are not work-related illnesses in a purely legal sense. It will be important for workers' reps to understand how indicators are built. We see the same phenomenon in some multinational companies, whose reporting shows that work-related injury rates are higher in Europe than in other, less developed

This is the reason why workers' reps must be present and give their opinion at every step of the reporting: Has the management forgotten any important issues? Why? Are the future datapoints relevant and sufficient? Should the information be broken down by countries?

Here we provide a few recommendations for reporting (in reference to industriAll Europe's position paper on responsible business conduct):

- **Reporting must be integrated** instead of being dispersed between financial reports on the one hand, and non-financial reports on the other hand. It must include reporting about due diligence policies (respect of human, environment, social and trade union rights) and about industrial relations (compliance with information, consultation, participation rights and collective bargaining obligations). The CSRD foresees such provisions.
- **Reporting should be broken down country-by-country⁶**. Please note that it is not mandatory in the CSRD (with a few meaningless exceptions⁷), so it will depend on companies and on social dialogue.
- **Reporting must be elaborated with all concerned stakeholders**, starting with social fields with worker's representatives. The CSRD quality check must be performed, not only by external auditors, but also by workers' representatives.
- **Reporting must be public**. Here, note that in the Directive, this publicity is only a possibility, and the obligation of publishing will vary according to transposition laws in EU countries.

Recommendation 1 Coordinate your trade union strategy

As a workers' representative in a multinational company, you have a key role to play: be proactive! Do not wait for the management to inform you about what they think sustainability reporting is. Make up your own mind, assess the situation and the strategic data that you believe your company must report on.

Focus on issues which are relevant to workers

The list of ESG indicators is far-reaching. As a first step, you must identify the key data which are relevant to workers.

All the items contained in the so-called 'Own workforce field' (S1) will be key for you. But other fields can also provide you with a great deal of useful information: workers in the value chain (S2), climate (E1- in order to anticipate social consequences of climate transition plans), circular economy (E5 for the same reason as climate)...

countries. Reporting is not necessarily false (it is nevertheless possible, since information isn't currently audited), but can potentially refer to different frames of legislation.

⁶ Like the « Country-by-Country » Directive, which makes it mandatory to publish fiscal information broken down country by country (at least for EU countries and non-EU countries which don't cooperate with EU on fiscal matters). This Directive will be applied from 2026 onwards for companies with a turnover superior to 750M€.

⁷ Notably, the number of employees shall be broken down by country... but only for countries in which the undertaking has 50 or more employees representing at least 10% of its total number of employees.

The short (e.g. 40-page long) “sustainable report”, prepared for external communication, is not the full story. Look for the 150+-page-long report, which can be headed “sustainability statement or report”, “extra financial report”, “ESG report”, “CSR report”. This could be even more detailed (500 pages) for listed companies.

[Liaise and coordinate with your national and European trade unions](#)

Trade union organisations have developed their own view of what corporate sustainable reporting must be in many countries. They can also better inform you about the latest developments regarding the regulatory framework at national and European level.

[Liaise and coordinate with trade union representatives in your company, at national and local levels](#)

It is important to have a strong coordination between European and national levels. Sustainable reporting needs to be discussed at the appropriate level, that is both at the EWC and national level. If your company publishes sustainable reporting at national level, make sure that the EWC/SE-WC is informed about it. And the other way around: if a consolidated sustainable reporting is introduced and discussed at the European level, it is important to share the information with national trade unions at the earliest opportunity.

[Develop and fuel your expertise on sustainable reporting](#)

Your national law on worker representation in companies might provide works council members or shop stewards with a right to training or to expert assistance. In addition, European law grants EWC/SE-WC members with the right to training and to invite experts to EWC/SE-WC meetings, who can train/educate them on sustainable reporting. This will ease discussions with management.

Recommendation 2 **Get involved in the company**

You have a say in sustainable reporting - on the method of establishing this reporting AND on the information itself once it is established.

Trade unions welcome that the new CSRD explicitly recognises for the first time in **EU law** that workers’ representatives must be informed and consulted (have an exchange of views and provide their opinion, which must at the end be communicated to the management or supervisory board) at the appropriate level on their company’s sustainable reporting.

In multinational or EU companies, the sustainability reporting will be made and published at the level of the parent company’s undertaking. Then, in such companies, the EWC will play a key role in the process and can play a role in this reporting field like that of an orchestra conductor.

EWC and WCs will have two different and complementary roles in this matter:

- First, a role in the process of reporting: the workers’ reps must be informed about which information is relevant and about **the means of obtaining and verifying sustainability information**. For example, workers’ reps could argue that only information broken down by country could enable them to verify it.
- Second, a role of having an exchange of views with management about the information itself.

This role of the EWC/WC is of course key for social information, but also for environmental information (if only because environmental strategies will have consequences on industrial processes, employment and skilling).



REFERENCE

WORKERS' REPS AND CORPORATE SUSTAINABLE REPORTING DIRECTIVE (2022)

[Available in all EU languages](#)

Recital 52 of the CSRD foresees that “Member States should ensure that sustainability reporting is carried out in compliance with workers’ rights to information and consultation “with a clear reference to the consultation and exchange of views”. And “the opinion of the WC should be communicated, where applicable, to the relevant administrative, management or supervisory bodies”. Then, check the transposition law of your country to have more precise information for provisions at the national level⁸.

The article 19a5 of the CSRD states: “The management of the 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” (article 26a6 states the same rules in case of parent undertaking).

Furthermore, ESRS 1 recommends in its article 3.1 to consult stakeholders, in order to list all the issues/company’s impacts on social and environmental issues/ risks and opportunities. It includes of course workers’ representatives.

To fulfil this role in the establishment of the relevant necessary information, we recommend:

- To have a special training for EWC members on this issue
- To work together, within the EWC and with coordinators and/or the usual expert, and to discuss which information should be reported in this sustainability statement
- To demand a first dedicated meeting of the EWC or the select committee
- To set up a dedicated EWC working group

In some matters, the EWC can ask for more detailed information than foreseen by the ESRS standard. In some cases, the undertaking can legitimately refuse to publish externally very detailed information on an issue, but this information can, in most cases, be provided to the EWC members without any risk.

As the subject is quite technical and the scope of CSRD in the social matter is quite comprehensive, we recommend that Workers’ representative make choice. It’s very difficult to deal deeply with all the 12 social issues covered by ESRS1 for the own-workforce, especially the first year. **Then, you can prioritize and choose 2 or 3 issues, which seem to you urgent, relevant or most important.**

⁸ At this stage, we have only a few examples. In the French law, transposed at the end of 2022, the reference article of the labour law concerning regular WC’s information and consultation was amended to take this sustainability information into account.

EXAMPLE

Good practices:

INEOS EWC

Chemical Industry

EWC since 1995

IndustriAll Europe coordinator: Armendo Dente (IG BCE)

The EWC reps organised in June 2024 a first reunion with an ETUI expert to discuss INEOS' existing sustainability report and to receive training in the possibilities of involvement for the EWC.

A meeting with the management will be organised in January 2025 about the CSR and EWC involvement in the design of the next CSR (to be published first in 2026, according to the new rules).

Recommendation 3 Discuss with management

Bring up sustainable reporting in the work of the EWC/SE-WC and include it for discussion with the management. Be aware that this is not a one-off discussion, but one that must take place regularly (at least annually).

Be sure that you talk with the appropriate management representatives (CSRD is not necessarily in the hands of HR managers, but “compliance” or “investor relations” managers).

Don't forget the two sides of the EWC's involvement and demand to be involved at these two stages:

- Reporting establishment (definition of important issues from a qualitative point of view, materiality assessment, list of indicators to report on).
- Annual social dialogue with the management on the results of the reporting.

TIP!

Request a specific slot to be dedicated at your EWC meeting when the sustainable report is published, and have management present it. Prioritize the 2 or 3 social subjects (in the long list of possible issues covered by CSRD) which seem to you the most important, in order to deal with them thoroughly.

EWC/SE-WC members are advised to raise the following questions with central management:

Methodology used for sustainable reporting

- ☐ How are data collected?
- ☐ How was the “materiality” assessment conducted? What are the outcomes? Were EWC reps associated with the materiality assessment?
- ☐ Which social issue were assessed as “immaterial”/not important, and why?
- ☐ Were EWC reps associated with the definition of the items?
- ☐ What are the bias of the indicators? E.g. a single, global CBA can lead to a 100% coverage of CB in each country.

Quality of the social information reported

In some rare cases, information shall be broken down by country, but the ESRS S1 standard (on reporting concerning own workforces) hasn’t made it compulsory. EWC members have to ask for this standard information at the European level, and broken down by country. It will be difficult for management to say that collecting this information will waste time, since this information has already been collected in every country to be consolidated in the management report. Note that breaking down information by gender is quite often mandatory for ESRS standards.

Then, request information broken down by:

- ☐ Country (at least for countries where the number of employees is above a threshold to be defined together)
- ☐ Business unit
- ☐ Occupation (e.g. on training)

Request qualitative information in addition to quantitative data. For instance, it will be good to know how many works councils there are in Europe, or how many EWC meetings took place over a year, but it is even better to know what topics are discussed with the EWC/local WC.

Employee indicators (S1-6)

Much information is mandatory in this field.⁹ You can ask for more relevant information if it isn’t published.

- ☐ Which country employs the most temporary workers? Are there any objective reasons for this situation? Please note that we are speaking here only about internal temporary workers. Interim workers are considered under the “non-employee” item.
- ☐ What is the number of full-time employees? Part-time employees?

⁹ See the annex for details of mandatory information. Note that the publication of this mandatory information is mandatory only if the concerned issue was first assessed as material in the material test.

- ☐ Which country employs the most part-time workers? Are there any objective reasons for this situation?
- ☐ How many permanent employees were recruited? In which countries are there difficulties recruiting skilled employees?
- ☐ How do you estimate the level of turn-over? What kind of problems can it reveal? Low wages? Worsening working conditions?

Non-employee indicators (S1-7)

Only a little information is mandatory in this field⁹. You can ask for more information, especially qualitative information.

- ☐ Does the company employ many non-employees? For which reason? In which field: production, R&D, support? Does the use of non-employees gain momentum?
- ☐ Is it only about interim workers or does the company also employ “self-employed people”? If so, in which field?
- ☐ What is the work-related injury rate for non-employees? Can you compare it to the employees’ rate?

Collective bargaining and workers’ representative indicator (S1-8)

Mandatory information in this field⁹ can be misleading. With the existence of only one worldwide collective bargaining agreement (CBA) at the level of the company, the main indicator of this section (% of workers covered by CBA) will reach...100%!

- ☐ What is the percentage of workers covered by a CBA at the sectoral and national level?
- ☐ In which countries is there no sectoral or national CBA about wages and working time?
- ☐ In which countries are there national or sectoral CBA, to which the company doesn’t join?
- ☐ On which topic should the company negotiate a CBA?

Diversity (age and gender) indicators (S1-9)⁹

- ☐ How many part-time employees by gender?
- ☐ For the item “number of women in the top management”, how is this “top management level” defined? What is the target and objective in this field?
- ☐ What is the percentage of women in technical and engineering areas? Are there good practices to share?

- ☐ In which countries does the percentage of people above 50 years old exceed 40%? In which plants does the percentage of people above 50 years old exceed 40%?
- ☐ In which countries is the percentage of people below 30 years old under 20%? In which plants?

Adequate wage indicators (S1-10)⁹

- ☐ How is the notion of “adequate wage” built? In reference to which standard?
- ☐ If all employees are not paid an adequate wage in the company, how much will it cost to increase the wages to an adequate level in each of these countries? What are the objectives of the company in this field?
- ☐ Are all non-employees (especially interim workers) paid an adequate wage? If not, in which countries? How many workers are not paid an adequate wage in these countries?
- ☐ How much will it cost to pay every non-employee an adequate wage?

Social protection indicators (S1-11)⁹

- Note that the main mandatory indicators can be misleading here. When the company counts people with social protection, one person is considered as covered if only one field (retirement, sickness, parental leave, unemployment, injury, acquired disability) is covered.
- ☐ Globally AND in each country, how many employees are not covered for EACH of the fields: Sickness? Retirement? Unemployment? Parental leave? Work-related injury? Acquired disability?
 - ☐ Are there any CBA at the company level creating a health insurance in case of work-related injury or sickness?
 - ☐ Globally and in each country, how many “non-employees” are not covered for sickness? For retirement? For unemployment?

Persons with disabilities (S1-12)⁹

- ☐ What are the company’s objectives in this matter?
- ☐ Is the percentage of people employed with disabilities very different according to country? Why? Is there any transversal group in the company to share good practices in this field?
- ☐ What are the measures taken to enable a person becoming disabled to keep his/her job? What extra-measures exist when a person becomes disabled after a work-related-injury?
- ☐ What is the number of persons with disabilities among its non-employees?

Training and skills development metrics (S1-13)⁹

- ☐ How many workers did not take part in any training session? By gender and employee category.
- ☐ How many workers did not take part in a training session in a field other than health and safety? By gender and employee category.
- ☐ What is the average number of training hours per employee, distinguishing employee category?

Health and safety metrics (S1-14)⁹

- ☐ Concerning fatalities, add a description of every event and cause.
- ☐ Concerning fatalities, what are the 5 most dangerous jobs in the company?
- ☐ What are the main objectives and areas of the prevention plans for next year?
- ☐ What is the work-related injury rate, broken down by category of employee and distinguishing employee and non-employee?
- ☐ What is the absenteeism rate – in a classical way: absenteeism connected with sickness?

Work-life balance metrics (S1-15)⁹

- ☐ For every country, are there differences of rights AND of practices between men and women concerning parental leave? What can the company do to encourage men to take their parental leave?
- ☐ In which countries is there flexible working time? Are these countries covered by a CBA?

Pay gap and total remuneration (S1-16)⁹

- ☐ Take note that the pay gap includes male and female, but also the pay gap between best-paid employees and median pay.
- ☐ What is the female-male gap in basic pay for each employee category? In variable components?
- ☐ What is the ratio between the average annual remuneration of the 10% best paid employees and the median annual remuneration of employees in the company?

Severe human right's impacts metrics (S1-17)⁹

- ☐ Please note that this item concerns own workforce, it means employees AND non-employees.
- ☐ In which countries were severe human right incidents registered? In which area? For each country and case, give a description of these grave incidents?

- ☐ How were incidents detected? How does the company explain that the internal checking process didn't work well beforehand?
- ☐ Are there grievance mechanisms in this field in each country?

Requirements concerning value chain workers (S2)¹⁰

- ☐ What are the main risks and impacts in terms of severe fundamental rights' abuse on the workers of the company's value chain?
- ☐ What are the main risks and impacts in terms of labour work or forced work abuse on the workers of the company's value chain? In which countries?
- ☐ What are the countries (in which the company has suppliers - whatever their tier- or co-contractors) where the risk of having a negative impact on fundamental rights and child labour is the most important? How does the company deal specifically with these high-risk countries? What is the exposure of the company to such countries?
- ☐ How does the company act to obtain and check information about severe fundamental rights' abuse in the value chain (beyond the tier 1 suppliers)?



TIP!

Transition plan for climate change mitigation: what are we talking about?

If a company has an important impact on climate (cf. materiality test), it will have to report this (like every area in which the company has a material impact), including the levels of GHG emissions, targets in the medium term and plans to achieve the target. The plan is called a **Transition plan for climate change mitigation**.

Note that the CS3D Directive speaks of a **plan for climate change transition** (described in its article 22). This plan has the same content as the transition plan, but as already mentioned, the absence or the non-implementation of this plan can be sanctioned with a fine.

Note also that the ETS Directive (relating to GES Gas and CO2 quotas) refers to the **Climate Neutrality Plan**. This plan must be made at the plant level. If a plant doesn't make such a plan, attributed free quotas could be slashed by 20%.

¹⁰ Please note that in this field, the approach is less quantitative than qualitative, and risk-based. The objective is to prevent and mitigate severe rights abuses in the value chain (not only tier 1 suppliers, but all suppliers, and even clients or co-subcontractors). Quantitative information concerns time-bound and outcome-oriented targets in the field of prevention or mitigation risks or impact.

Social impact of the transition plan for climate change mitigation (E1)

- ☐ What will the consequences be of the transition climate plan on employment by 2030? Both from a quantitative and a qualitative perspective.
- ☐ What are the anticipation measures that will be negotiated and implemented?
- ☐ What are the associated training plans?

Social impact of circular economy development (E5)

- ☐ Which materials does the company use in the main industrial processes? For each material, how will the company cope in the future with reuse? Recycling? Reuse of waste?
- ☐ What are the targeted opportunities and objectives of the company's circular economy strategy in terms of new products? Market shares?
- ☐ What will the impact of the circular economy strategy be on industrial processes? Where? With which horizon?
- ☐ What are the associated training plans?

IndustriAll Europe and its affiliated trade union organisations are here to support you. For all questions, suggestions, or should you need specific assistance to advance dialogue on sustainable reporting with your management or policymakers, please contact:

- ⇒ **Your national trade union organisation**
- ⇒ **The industriAll Europe coordinator assisting your EWC or SE-WC**
- or
- ⇒ **IndustriAll Europe's dedicated team**

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Read more...

Here is a compilation of existing trade union positions and studies which can be useful for your discussions as a trade union representative in a multinational company.

IndustriAll Europe position

Towards mandatory Responsible Business Conduct

Position paper (2021)

in [English](#), [French](#), [German](#)

ETUC position

Recommendations for the transposition of the Corporate Sustainability Reporting Directive (CSRD)

Guidelines (2024)

in [English](#)

Other resources

EFrag webinars:

- [ESRS S1 Own Workforce](#), Sig Vitols, 2023
 - [ESRS S2, S3 and S4](#), Joanne Houston, December 2022
-

Annex: List of mandatory information (mandatory when the concerned issue was first assessed as material/ important in the materiality test) linked to ESRS S1-Own workforce

S1-6 Employees

- Description of key characteristics of employees in the undertaking's own workforce
- The total number of employees by head count, and breakdowns by gender and by country for countries in which the undertaking has 50 or more employees representing at least 10% of its total number of employees
- The total number by headcount or full-time equivalent (FTE) of permanent employees, and breakdown by gender
- The total number by headcount or full-time equivalent (FTE) of temporary employees, and breakdown by gender
- The total number by headcount or full-time equivalent (FTE) of non-guaranteed employees, and breakdown by gender
- The total number of employees who have left the undertaking during the reporting period and the rate of employee turnover in the reporting period
- Description of the methodologies and assumptions used to compile the data, including whether the numbers are reported:
 1. In headcount or full-time equivalent (FTE) (including an explanation of how FTE is defined)
 2. And at the end of the reporting period, as an average across the reporting period, or using another methodology

S1-7 Non-employees

- Key characteristics of non-employees in the undertaking's own workforce
- The total number of non-employees in the undertaking's own workforce, i.e., either people with contracts with the undertaking to supply labour ("self-employed people") or people provided by undertakings primarily engaged in "employment activities" (NACE Code N78)
- An explanation of the methodologies and assumptions used to compile the data, including whether the number of non-employees is reported

S1-8 Collective Bargaining Agreement

- The percentage of its total employees covered by collective bargaining agreements
- In the EEA (European Economic Area), whether it has one or more collective bargaining agreements and, if so, the overall percentage of its employees covered by such agreement(s) for each country in which it has significant employment, defined as at least 50 employees by head count, representing at least 10% of its total number of employees
- Outside the EEA, the percentage of its own employees covered by collective bargaining agreements by region

- The global percentage of employees covered by workers' representatives, reported at the country level for each EEA country in which the undertaking has significant employment
- The existence of any agreement with its employees for representation by a European Works Council (EWC), a Societas Europaea (SE) Works Council, or a Societas Cooperativa Europaea (SCE) Works Council

S1-9 Diversity

- The gender distribution at top management and the age distribution among its employees
- The gender distribution in number and percentage at top management level
- The distribution of employees by age group: under 30 years old; 30-50 years old; over 50 years old

S1-10 Adequate wage

- Whether all its employees are paid an adequate wage, in line with applicable benchmarks. If so, stating this will be sufficient to fulfil this disclosure requirement and no further information is needed
- The countries where employees earn below the applicable adequate wage benchmark and the percentage of employees who earn below the applicable adequate wage benchmark for each of these countries

S1-11 Social protection

- Whether all its employees are covered by social protection, through public programmes or through benefits offered by the undertaking, against loss of income due to any of the following major life events (sickness, unemployment, employment injury, acquired disability, parental leave, retirement)
- If not all of its employees are covered by social protection in accordance with paragraph 72, the undertaking shall, in addition, disclose the countries where employees do not have social protection with regard to one or more of the types of events listed in paragraph 72, and for each of those countries the types of employees who do not have social protection with regard to each applicable major life event

S1-12 Person with disabilities

- Percentage of persons with disabilities among its employees

S1-13 Training

- Percentage of employees who participated in regular performance and career development reviews; such information shall be broken down by gender
- Average number of training hours per employee and by gender

S1-14 Health and safety

- The extent to which its own workforce is covered by its health and safety management system
- Number of incidents associated with work-related injuries, ill health and fatalities of its own workforce

- The percentage of people in its own workforce who are covered by the undertaking's health and safety management system based on legal requirements and/or recognised standards or guidelines (broken down by employees and non-employees)
- The number of fatalities as a result of work-related injuries and work-related ill health (broken down by employees and non-employees and also for other workers working on the undertaking's sites, such as value chain workers if they are working in the undertaking's sites)
- The number and rate of recordable work-related accidents (broken down by employees and non-employees)
- The number of cases of recordable, work-related ill health
- The number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health

S1-15 Work-life balance

- The percentage of employees entitled to take family-related leave
- The percentage of entitled employees who took family-related leave, and a breakdown by gender

S1-16 Pay gap and total remuneration

- The percentage gap in pay between its female and male employees
- The ratio between the remuneration of its highest paid individuals and the median remuneration for its employees (the undertaking may report this figure adjusted to reflect purchasing power differences between countries, in which case it shall report the methodology used for the calculation)
- The difference in average pay levels between female and male employees, expressed as a percentage of the average pay level of male employees

S1-17 Severe human rights metrics

- The number of work-related incidents and/or complaints and severe human rights impacts within its own workforce, and any related material fines, sanctions or compensation for the reporting period
- The number of complaints filed through channels for people in the undertaking's own workforce to raise concerns (including grievance mechanisms) and, where applicable, to the National Contact Points for OECD Multinational Enterprises related to the matters defined in paragraph 2 of this Standard.
- The total amount of fines, penalties, and compensation for damages as a result of the incidents and complaints disclosed above, and a reconciliation of such monetary amounts disclosed with the most relevant amount presented in the financial statements
- The total amount of fines, penalties and compensation for damages for the incidents and a reconciliation of the monetary amounts disclosed in the most relevant amount in the financial statements.