

## THE POTENTIAL IMPACT OF ESG (ENVIRONMENT, SOCIAL AND GOVERNANCE) REPORTING ON OSH COMPLIANCE

### 1 Introduction

The European Green Deal launched in 2019 is an ambitious initiative by the EU to help address climate change, with the goal of a 50% CO<sub>2</sub> reduction by 2030 and a carbon neutral Europe by 2050. The focus is on climate change with the goal of a carbon-neutral Europe in 2050 and 50% CO<sub>2</sub> reduction already by 2030. The Green Deal covers several other environmental dimensions such as biodiversity, pollution, circular economy and water. The Green Deal is not only about environment as it aims at full sustainability for people and the economy. Social sustainability as well as a just environmental transition constitute key elements. This is reflected in the main directives and regulation issued as part of the implementation of the Green Deal:

- EU green taxonomy (2020/852/EU)<sup>1</sup>
- Corporate Sustainability Reporting Directive (CSRD)<sup>2</sup>
- European Sustainability Reporting Standards (ESRS)<sup>3</sup>
- Sustainable Financial Disclosure Regulation (SFDR)<sup>4</sup>
- Corporate Sustainability Due Diligence Directive (CSDDD)<sup>5</sup>

The Green Deal with all the directives and regulation includes a social dimension related to companies' own workforce and to workers in the value chain. The social topics cover human rights and working conditions in a broad sense as well as occupational safety and health (OSH).<sup>6</sup> The most direct impact on OSH is expected from the CSRD, which covers reporting of environment, social and governance (ESG) in combination with the ESRS, covering the reporting standards. The requirements are quite extensive with 12 standards, 81 topics and >1,100 datapoints to develop policies, action plans, monitoring and reporting. For reporting on conditions for workers there are two standards<sup>7</sup> with 28 topics in total, where many of the topics are of potential relevance for OSH. The purpose of the CSRD and ESRS is to create transparency about companies' ESG performance and thereby motivate companies to select the highest ESG performing business partners. Further, the standards are also interconnected as, for instance, the SFDR will motivate banks and investors to ask about sustainability, and interest rates will then be influenced by the sustainability performance of the companies presented in the ESG reports. Likewise, the EU green taxonomy includes a reporting requirement, which also covers the 'Just Transition'.<sup>8</sup> Taken all together, working conditions and OSH have by these standards unprecedented possibility to be included in business choices and strategies.

In January 2025, the European Commission launched the Omnibus initiative<sup>9</sup> with the aim of strengthening the competitiveness of the EU. A key element in this initiative is a simplification of the CSRD, and the Commission followed up with a suggestion for changes to the CSRD, which will reduce the number of companies covered and postpone deadlines with two years.<sup>10</sup> The implications of this initiative for OSH

<sup>1</sup> See: <https://eur-lex.europa.eu/eli/reg/2020/852/oj/eng>

<sup>2</sup> See: [https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting\\_en](https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en)

<sup>3</sup> See: [https://finance.ec.europa.eu/news/commission-adopts-european-sustainability-reporting-standards-2023-07-31\\_en](https://finance.ec.europa.eu/news/commission-adopts-european-sustainability-reporting-standards-2023-07-31_en)

<sup>4</sup> See: [https://finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector\\_en](https://finance.ec.europa.eu/sustainable-finance/disclosures/sustainability-related-disclosure-financial-services-sector_en)

<sup>5</sup> See: [https://commission.europa.eu/business-economy-euro/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence\\_en](https://commission.europa.eu/business-economy-euro/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence_en)

<sup>6</sup> The social dimension also covers local communities and consumers, which are not included in this paper.

<sup>7</sup> The ESRS S1 (own workers) and ESRS S2 (workers in the value chain).

<sup>8</sup> See: [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/finance-and-green-deal/just-transition-mechanism\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/finance-and-green-deal/just-transition-mechanism_en)

<sup>9</sup> See: [https://commission.europa.eu/document/download/10017eb1-4722-4333-add2-e0ed18105a34\\_en](https://commission.europa.eu/document/download/10017eb1-4722-4333-add2-e0ed18105a34_en)

<sup>10</sup> See: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52025PC0080>

are reviewed in the final part of this paper.

ESG reporting both in the EU and on a global level has a longer history than the present CSRD, including among others, the former Non-Financial Reporting Directive (NFRD)<sup>11</sup>. Research and debate about sustainability reporting has been increasing in the last decades, as has critical reflections on the impact of mandatory ESG reporting in EU (Rolo in Câmara & Morais, 2022). One strain of criticism has criticised ESG reporting for being excessively bureaucratic<sup>12</sup> and putting unnecessary regulatory burdens on companies (Rolo in Câmara & Morais, 2022). Another criticism has been the lack of transparency in comparisons between companies (Yu et al., 2018) caused by the lack of consistency in reporting and disclosures (Frade and Fromouth in Câmara & Morais, 2022; Kotsantonis & Serafeim, 2019). Furthermore criticisms has been directed at reporting for presenting a large burden on SMEs (Barro et al., 2024), generating information overload (Abbas et al., 2023), and enabling greenwashing (Dwekat et al., 2021) just to name a few. It is therefore important to figure out how the possibilities for working conditions and OSH can best be utilised, and this paper tried to identify the key success factors for ESG to succeed in improving OSH, and to avoid the pitfalls described above.

This paper analyses the ESG directives themselves, the scientific literature on ESG, as well as the results of interviews with representatives of three large companies at the forefront of European sustainability reporting. It also draws on testimony from smaller suppliers collected in other research projects, including the Lift-OSH project,<sup>13</sup> conducted by the authors of this paper. In addition, some examples from the first full CSRD reports are included. We start the analysis by looking at the history behind ESG reporting.

## 1.1 The ESG history

The ESG construction is based on responsible investments, which appeared on the business agenda in the 1960s as a response to certain investors wanting to avoid military investments related to the Vietnam war and investment in apartheid-dominated South Africa. Responsible investments slowly expanded in volume during the next 20 years until the 1990s when the construct of ESG was used among other things to create the first ESG investment index,<sup>14</sup> which helps investors to select more sustainable investments. The first attempts to standardise the ESG reporting came with the Global Reporting Initiative (GRI)<sup>15</sup> that was established in 1997. In parallel, corporate social responsibility (CSR) developed as a response to criticism of working conditions in the suppliers to multinational corporations. The UN took the lead after the new millennium, first with the UN Global Compact in 2000<sup>16</sup> where companies could sign up to adhere to basic CSR principles. This was followed in 2006 with the UN Principles for Responsible Investments,<sup>17</sup> building on the GRI, which has been instrumental in developing standards also at sector level. These standards were also a foundation for the CSRD and ESRS. The UN made two more major contributions in the form of the UN Guiding Principles on Business and Human Rights<sup>18</sup> in 2011 and the UN Sustainable Development Goals (SDG)<sup>19</sup> in 2015.

It is significant that the development of responsible investments and the later UN developments started with social considerations, while the environmental dimension mainly appeared after the new millennium and with the European Green Deal. Working conditions and OSH have thus been a key element of standards and reporting throughout their development. At the same time, however, CSR reporting has been criticised for lack of efficiency and for enabling window dressing. This criticism came to the top of the agenda after the Rana Plaza garment factory collapse in Bangladesh that killed more than 1,200 workers (Ashwin et al., 2020; Frenkel & Schuessler, 2021) as well as more general criticism for greenwashing (Liu, 2022), image enhancement (García-Torea et al., 2019) and superficial hiding of the structural causes of problems (Spence, 2007).

While CSR and responsible investment are based on voluntary standards and guidance, the EU chose a partly different track with the NFRD, which made the first legal requirements for compliance with reporting standards. Again, the effects are disputed. Several authors have pointed out that the directive lifted the

<sup>11</sup> See: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32014L0095>

<sup>12</sup> See: [https://boardagenda.com/2024/11/06/critics-call-for-revision-of-csrd/?lp\\_txn\\_id=124460](https://boardagenda.com/2024/11/06/critics-call-for-revision-of-csrd/?lp_txn_id=124460)

<sup>13</sup> See: <https://osha.europa.eu/en/publications/summary-supply-chains-role-promoting-safety-and-health-construction-and-agriculture-lift-osh-project>

<sup>14</sup> See: <https://www.msci.com/indexes>

<sup>15</sup> See: <https://www.globalreporting.org/>

<sup>16</sup> See: <https://unglobalcompact.org/>

<sup>17</sup> See: <https://www.unpri.org/>

<sup>18</sup> See: <https://www.undp.org/sites/g/files/zskgke326/files/migration/in/UNGP-Brochure.pdf>

<sup>19</sup> See: <https://sdgs.un.org/goals>

quality of reporting (Dumay et al., 2019; Krasodomska et al., 2022), although the same authors and others (Baumüller & Schaffhauser-Linzatti, 2018; Venturelli et al., 2019, 2020) pointed towards critical aspects of the regulation such as lack of harmonisation, voluntary aspects, dominance of financial reporting and superficial, poor quality data. One of the key questions is the relation between actual improvement of conditions due to the directive and compliance with the formal reporting requirements (Buhmann, 2021).

More specifically for reporting of OSH and working conditions, research generally indicates a positive impact (Cuomo et al., 2022; Dinu et al., 2023; Korca & Costa, 2021; Venturelli et al., 2019, 2020), although the researchers also point towards challenges related to comprehensive and meaningful disclosures. The CSRD and ESRS standards can be considered a response to the positive experience as well as the criticism of both UN reporting principles and the NFRD by emphasising increased mandatory demands for standardisation and verification.

On 26 February 2025, the European Commission adopted a simplification (so-called ‘Omnibus’) package for reducing the bureaucratic burden on companies in the EU.<sup>20, 21</sup> According to the proposal, the size of companies that must disclose mandatory ESG reports will be increased to 1,000 employees, potentially decreasing the total number of affected companies by almost 80%.<sup>22</sup> Furthermore, the ESRS will be simplified, and smaller companies will be covered by a voluntary standard, which buyers can use for assessment of suppliers. It is not clear when and to what extent the proposal will be adopted, but the intention is, according to the Commission<sup>23</sup>, to achieve the same sustainability goals with less bureaucracy. So the intention is still for CSRD to contribute to the Green New Deal goals as stated in the original agreement. There is now an ongoing related political process involving the European Parliament and the Council of Ministers, which will eventually result in agreement about changes. The tangible content of the changes is therefore not known at the time of writing this paper. The CSRD is still in force in the original version, and we use this version for the analysis of the consequences for working conditions and OSH of ESG reporting. It is our assessment that the market drive for sustainability in general and specifically social sustainability will continue, and that smaller companies as suppliers and in their search for investors will be pushed to expand their sustainability reporting, and that the ESRS standards will constitute the most generally accepted tool for reporting. In the analysis of the perspectives for working conditions and OSH in this paper, we therefore stick to rules as they are at the time of writing. We return to considerations about changes in the perspectives in the last chapter of the paper.

## 2 The contents of the CSRD and ESRS

### 2.1 Directive, standards and datapoints – CSRD and ESRS

The Corporate Sustainability Reporting Directive (CSRD) was adopted in 2022 by the European Parliament and Council of the European Union. The consequences are that EU companies in the future will be compelled to include sustainability performance as part of their yearly financial reports — companies with >500 workers must already report for the fiscal year 2024. The directive itself does not give detailed guidelines as to what parameters or indicators should be used to report sustainability performance as these are found in the accompanying ‘European Sustainability Reporting Standards’ (ESRS). The CSRD specifies corporate responsibilities and actions for compliance, while the ESRS details reporting data, descriptions, methods and verification processes.

The themes specifically concerned with companies’ OSH activities are primarily found in two standards ‘own workforce’ (S1<sup>24</sup>) and ‘workers in the value chain’ (S2<sup>25, 26</sup>). This is not to say that OSH concerns should not apply to the rest of the framework. We know there are health and safety risks in the production, maintenance, dismantling and recycling of machinery for new renewable energy sources (EU-OSHA, 2021) as there are new exposures and risks in circular economy as well (EU-OSHA, 2023a). Furthermore, there are also potential risks to the psychosocial work environment of the e.g. organisational actors who have to

<sup>20</sup> See: [https://commission.europa.eu/document/download/892fa8\\_EC's\\_summary\\_Omnibus\\_package\\_4e-d027-439b-8527-72669cc42844\\_en?filename=COM\\_2025\\_81\\_EN.pdf](https://commission.europa.eu/document/download/892fa8_EC's_summary_Omnibus_package_4e-d027-439b-8527-72669cc42844_en?filename=COM_2025_81_EN.pdf)

<sup>21</sup> See [https://finance.ec.europa.eu/news/omnibus-package-2025-04-01\\_en](https://finance.ec.europa.eu/news/omnibus-package-2025-04-01_en)

<sup>22</sup> See: [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_25\\_614](https://ec.europa.eu/commission/presscorner/detail/en/ip_25_614)

<sup>23</sup> See: [https://ec.europa.eu/commission/presscorner/detail/en/speech\\_25\\_631](https://ec.europa.eu/commission/presscorner/detail/en/speech_25_631)

<sup>24</sup> <https://xbrl.efrag.org/e-esrs/esrs-set1-2023.html#d1e26395-3-1>.

<sup>25</sup> <https://xbrl.efrag.org/e-esrs/esrs-set1-2023.html#d1e32497-3-1>

<sup>26</sup> Note that the links above leads to the two EFRAG-standards in question. In the rest of the chapter, we only refer Standard (ex.ESRS S1) and paragraph (ex. AR6). Please use the links to find S1 and S2 respectively

implement and maintain the CSRD framework, such as increased job demands and increased symptoms of stress (Han & Lee, 2024). These are of course important factors that deserve further study, however in this paper we are primarily concerned with whether the reporting requirements may lead to improvements in OSH as intended, and whether the CSRD is a strengthening of the regulatory framework already in place in the EU.

The structure of the ESRS (Figure 1) consists of one set of cross-cutting standards describing processes and data requirements. Furthermore, there are three topical sets of standards on ESG factors making up 12 standards altogether. Each of the standards hold several concrete themes such as ‘safety and health’ (ESRS S1 and S2) and ‘prevention and detection of corruption or bribery’ (ESRS G1). Finally, the themes are practically expressed in several concrete datapoints (metrics or disclosure requirements), which must be reported. Overall, the ESRS has 12 standards, 81 themes and >1,100 datapoints.

Figure 1: The ESRS

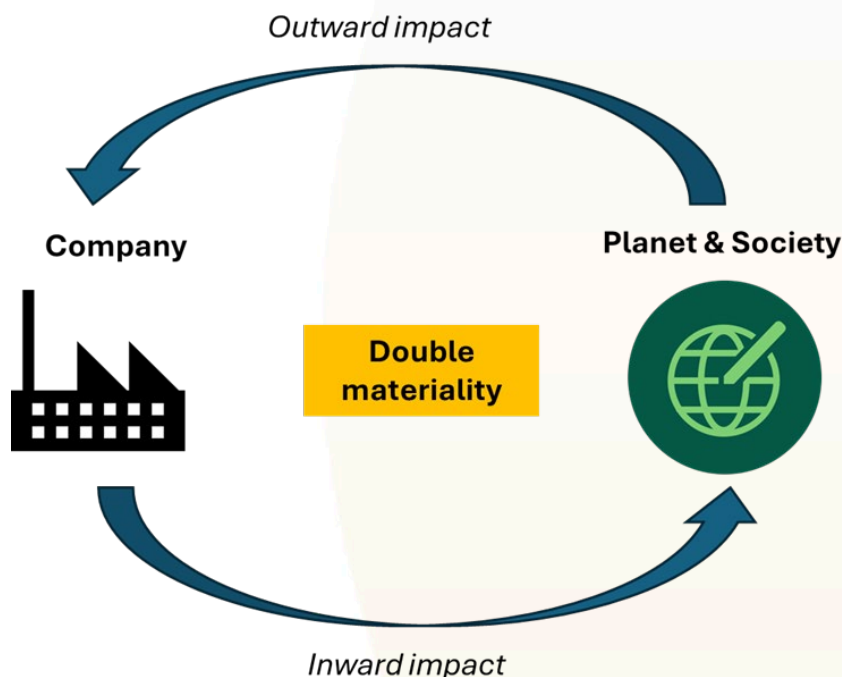
Cross-cutting standards	Environmental standards	Social standards	Governance standards
ESRS 1: General principles	ESRS E1: Climate	ESRS S1: Own Workforce	ESRS G1: Business conduct
ESRS 2: General disclosures	ESRS E2: Pollution	ESRS S2: Workers in the value chain	
	ESRS E3: Water/Marine	ESRS 3: Affected communities	
	ESRS E4: Biodiversity and ecosystems	ESRS S4: Consumers and end-users	
	ESRS E5: Resource use and Circular economy		

## 2.2 Implementation of the CSRD

Since all datapoints are not relevant to all companies, the basic principle underpinning the entire CSRD is that each company must assess which standards, themes and datapoints are relevant to the company. The assessment covers the activities in the company as well as the value chain they are a part of. The assessment in question is based on the principle of ‘double materiality’ (Figure 2). Double materiality is the basic principle behind CSRD reporting, and it is an innovation, as it goes beyond traditional financial reporting practices that are concerned with how a company’s financial performance is impacted by contextual elements (GRI, 2023). However, the CSRD mandates that in terms of sustainability, companies must report not only potential *risks and opportunities* that can have consequences for their business but also how the business of a company *impacts* the world around them. This process, known as ‘impact, risk and opportunities’ (IRO) analysis, determines the datapoints, processes and decisions the company must report. The IRO analysis will determine the topics for the company to disclose, and which are not needed. Therefore, this process is also central to how OSH-related issues will feature in the reporting.



Figure 2: Double materiality analysis



### 2.2.1 Consultation and participation of workers in the process

EU legislation<sup>27</sup> requires that employers involve workers in matters related to OSH. The CSRD follows the same principles for employers' consultation of stakeholders with workers as a primary part of the process. There are requirements spelled out in several parts of the ESRS. 1) First of all, it is stated that: 'Materiality assessment is informed by dialogue with affected stakeholders. The undertaking may engage with affected stakeholders or their representatives (such as employees or trade unions)'.<sup>28</sup> 2) It is a requirement to disclose how 'employees and other workers' are represented in the mandatory governance and oversight structures that must be established when the company begins the IRO analysis.<sup>29</sup> 3) There are extensive disclosure requirements in the standard aimed at 'own workforce' (S1) related to processes of consultation and participation of workers when assessing the impact on workers and 'workers in the value chain' (S2) that state that companies must disclose the processes they have in place to consult and inform workers or their representatives about actual or potential impacts that affect them.<sup>30</sup> In the supply chain, companies also have a duty to consult with workers and/or their representatives in their supply chain,<sup>31</sup> and it is further spelled out that S2 makes it mandatory to build on key international conventions, such as the *UN Guiding Principles on Business and Human Rights*, *ILO Declaration on Fundamental Principles and Rights at Work*, and *OECD Guidelines for Multinational Enterprises*.

### 2.2.2 Assessment of OSH impacts

Safety and health and related themes such as work–life balance, working time, and prevention of violence and harassment are all regulated in the social standards, more specifically in S1 concerning companies' 'own workforce' and in S2 that concerns workers from suppliers and customers in the companies' value chains. The impacts must be specified in relation to 17 factors. One of these factors is health and safety. However, as mentioned above, several other factors are directly or more indirect related to OSH regulation<sup>32</sup> in many EU Member States. Furthermore, factors like '...information, consultation and

<sup>27</sup> For example, in the OSH Framework Directive 89/391/EEC that states: 'Employers shall consult workers and/ or their representatives and allow them to take part in discussions on all questions relating to safety and health at work' (89/391/EEC, Article 11.1).

<sup>28</sup> ESRS 1: Application Requirement No.8: <https://xbrl.efrag.org/e-esrs/esrs-set1-2023.html#d1e3467-3-1>

<sup>29</sup> ESRS 2: 21: <https://www.efrag.org/sites/default/files/media/document/2024-08/ESRS%202%20Delegated-act-2023-5303-annex-1en.pdf#page=5>

<sup>30</sup> ESRS S1, 25-27.

<sup>31</sup> ESRS S2-2.

<sup>32</sup> 'Work–life balance' (a.vii), violence and harassment (b.iv), diversity (a.v) and 'inclusion of people with disabilities' (b.iii)

participation rights of workers' and 'training and skills development' are essential preconditions for maintaining safety and health management systems for assessment and prevention of risks.

In many ways, the process to assess negative impacts on own workers and workers in the value chain in ESRS is similar to the type of 'reflexive regulation' (see Aalders & Wilthagen, 1997; Buhmann, 2013) that is mandatory in all Member States as stipulated in the Framework Directive of 1989 (391/89 EEC), requiring employers to undertake risk assessment of all hazards. Thus, there is no finite list of OSH impacts to control for. Rather, the company must assess any actual or potential negative impacts from the strategy or business model of the company itself.<sup>33</sup> In addition, the company must also disclose any potential OSH impacts that can arise from the switch to renewable energy or sustainable production methods such as circular principles, like recycled and reduced use of materials. The company afterwards must evaluate whether any impacts that they uncover during the IRO analysis are 'material' and thus must be disclosed in the reporting. The materiality assessment of impacts on the company's own workforce must be determined for three different questions:<sup>34</sup> 1) How grave are the consequences of the impact? 2) How many people are *adversely affected*? and 3) Is the impact and its consequences irremediable (i.e. are any safety or health consequences permanent)? Similar requirements hold for workers in the value chain, although numbers of workers is not specified.

### 2.2.3 Policies, actions, metrics and targets – the management of impact

After the IRO analysis is complete, and OSH impacts have been assessed, the company in question must disclose how they are going to manage it. Simply put, the ESRS framework distinguishes between four types of disclosure regarding management actions. These are described in detail below. All examples are from a large European company's CSRD report for 2024 published on their website. The company is not one of the companies interviewed for this report. The examples are based on their report alone.

1. *Policies*,<sup>35</sup> describing the company's overall practices towards material OSH impact, found in the IRO analysis, for example, a code of conduct describing safety responsibilities on all company building sites. The company in question has identified psychosocial work environment as one of the potential impacts for their workforce. Therefore, they describe a globally implemented policy addressing wellbeing and stress, which among other things sets standards and limits on overtime work and seeks to align work-life balance policy across their sites.
2. *Actions*<sup>36</sup> that are applied to concrete material OSH impacts, such as weekly safety walks on a building site. In our example, the company has implemented the action that all managers with responsibility for workers must use a programme to monitor working hours and make sure that working time does not exceed the limits defined in the above-mentioned policy.
3. *Metrics*<sup>37</sup> to be able to monitor whether the chosen action in the policy is working. In our example, the company uses their global wellbeing survey score. Stress and workload are significant components of the questionnaire.
4. *Targets* for the next year must be disclosed as well. Here, our example has set a target for their accident rate to be below 3.5 accidents per 1 million working hours.

## 3 Experience with the CSRD and ESRS

The three companies interviewed for this paper are all multinationals with sites in several European countries as well as overseas. Their size influences their approach to reporting insofar as there is quite a distance between corporate headquarters and the local sites, and we interviewed OSH staff at the corporate level, responsible for ESG reporting. The companies all express that sustainability is high on the agenda in the corporate strategy and that they consider ESG reporting an integrated part of that strategy. They all use sustainability ratings, in particular the ranking in EcoVadis,<sup>38</sup> as part of their strategic approach and emphasise that they are at the top of these ratings. They also ask key suppliers for EcoVadis ratings. EcoVadis is the rating methodology that is used by the interviewed companies to rate their key suppliers

<sup>33</sup> ESRS S1, 14 and AR 6.

<sup>34</sup> ESRS S1, AR 10.

<sup>35</sup> ESRS S1, AR 10 to AR 17.

<sup>36</sup> ESRS S1, AR 33 to AR 48.

<sup>37</sup> ESRS S1, AR 49 to AR 52.

<sup>38</sup> See: <https://ecovadis.com/>.

as well for them to inform their customers about their rating.

One of the three interviewed companies published a fully integrated CSRD report already in 2023 with both financial and ESG reporting, and as required it was audited by an external third-party auditor. Another company published a fully integrated CSRD report in 2024 (also audited), whereas the last company had not published their yearly report at the time of writing.

All the companies experience an increasing pressure from customers for sustainability reporting — including on OSH and social issues — and they also transfer that pressure to their suppliers:

*‘Some of them go this way [third party] and ask us for an EcoVadis score, others forward their own questionnaires. There are all sorts of questions — from child labour, equal pay, women’s rights. Things we also ask our suppliers about’ (ESG-responsible manager, company 3).*

### 3.1 Managing ESG reporting

One of the key challenges of ESG reporting is the risk of decoupling between practice and reporting. (Aboud et al., 2024). It is therefore important to integrate the responsible staff functions in the data collection, reporting and disclosures when it concerns their area of expertise, in particular for our purpose, e.g. HR-, EHS- or OSH-professionals have to be involved in the planning and the reporting of OSH-related disclosures and descriptions. We do not have data to evaluate the risk of decoupling generally or in the interviewed companies, but use the information given to point at risks and decoupling mitigation. The overall responsibility for reporting is often placed in the accounting or financial department under responsibility of the Chief Financial Officers, although some companies choose a sustainability department.<sup>39</sup> An organisation with the responsibility potentially outside the operating units leaves a risk of decoupling, but two of the interviewed companies had cross-organisational committees with representatives from different departments. They indicate in their yearly reports details about their organisation of ESG reporting and sustainability policy. Both have clear links upwards to senior management and to their boards. The last company has placed the overall responsibility with the Chief Financial Officer but still organised across units. One interviewee pointed to the importance of organising across the company to integrate sustainability in the whole business strategy and operation.

*‘We have worked for the last eight to ten years in trying to have our organisation understand that sustainability is not something that can be run by a small number of persons — it’s not an isolated island. We need to incorporate sustainability into the business in general, therefore we also saw a huge need for this ESG committee, because then we have all business areas represented, and we can really address the sustainability topics in one go so to say making sure that the total business is involved and engaged.’*

*(HR officer responsible for OSH and ESG reporting, company 1)*

The experience of the OSH-responsible staff is that senior management still considers sustainability to be about climate and environment and less about OSH: ‘I struggle to have their attention, but what I feel is when there are for instance people on a higher level speaking about sustainability, they are normally referring to energy or environmental issues, so when I ask them critical questions then they are like yeah of course also health and safety’ (HR officer responsible for OSH and ESG reporting, company 1), but company 1 also recognized a business opportunity in promoting their performance on the softer ESG issues.

*Our competitors are having the same products so the way for us to differentiate is the soft things so to say, if I may say so. ... I mean again, we know that for them it is important that we can showcase what we are doing regarding for instance our own employees because they are asking us questions about that, but also about all the other sustainability topics. So, we put a lot of effort into listening to our customers.’*

In spite of being under pressure from the administrative burden of the comprehensive tasks in ESG reporting, the companies also point to advantages: ‘So, putting it on paper and to be able to in a more synchronised way compare or benchmark with others will help us, I think’ (HR officer responsible for OSH

<sup>39</sup> See: [https://vimeo.com/961007666/36c7a19443?utm\\_campaign=CSRD&utm\\_medium=email&\\_hsenc=p2ANqtz--OmC5GX28viw1i0GPIJt6WukW2j\\_v9qvB2veSWMwpVfCB\\_KqERdUXatQtz2zU30uFghi1VkiqP\\_x9b3J-Xycl5IWDZNw&\\_hsmi=309179517&utm\\_content=309179517&utm\\_source=hs\\_automation](https://vimeo.com/961007666/36c7a19443?utm_campaign=CSRD&utm_medium=email&_hsenc=p2ANqtz--OmC5GX28viw1i0GPIJt6WukW2j_v9qvB2veSWMwpVfCB_KqERdUXatQtz2zU30uFghi1VkiqP_x9b3J-Xycl5IWDZNw&_hsmi=309179517&utm_content=309179517&utm_source=hs_automation) and <https://www.pwc.com/gx/en/issues/esg/global-csrd-survey.html>



and ESG reporting, company 1), although they also point to some of the specific data items in the ESRS being too detailed, and another Environment, Health and Safety (EHS) officer pointed to the reporting exercise taking time away from doing practical OSH activities at the sites: 'For us in EHS it just keeps my resources away from running our programmes so it's a burden rather than a help. For some other companies it might be because they [the HSE staff] can go and say we need more resources, but for me it's binding resources that I would need in operations' (company 2).

Generally, they do have reflections on how big the change with the CSRD will be: 'I am not quite sure whether there will be changes in the real world. It is mainly reporting. Really, there is a lot, which makes good sense, and it is annoying if it ends in a discussion whether the last sub-sub actually is relevant, but I think when we have been through a couple of times, it will find a level, and so it will be for the financial auditors as well, but one needs to practice, right?' (ESG-responsible manager, company 3).

The companies generally experience ESG reporting as building on earlier activities and reporting and therefore not necessarily so new, although for all of them there are also new useful experiences. 'In reality the reporting is close to what we already have done for a long time. Then there are of course some things, which are changes, and there are some things with somewhat more focus, but it is not a revolution' (ESG-responsible manager, company 3). Yet, the companies also note new useful experience. For instance, one company points to how they became aware of the need for more comprehensive policies: 'We will start looking at our policies to see what we need to change, because I think we have already identified that in our policies we have very seldom had any targets so that is something we need for instance to update' (HR officer responsible for OSH and ESG reporting, company 1). Another example is that ESG reporting has helped to expand their approach to think more about wellbeing: 'Maybe we, I mean we are a manufacturing industrial company and to be honest we haven't been more into safety so for us now also understanding that the wellbeing part is also something that we should prioritise' (HR officer responsible for OSH and ESG reporting, company 1), although they do have difficulties in identifying KPIs to report for wellbeing and similar factors.

All three companies give some details about their performance on the social factors in their ESG reporting, which cover working conditions in a broad sense as well as occupational safety and health (OSH). For OSH they only include accident rates but no other risk factors, and none of them have related disclosure in their 2023 reports, and therefore no information about the management requirements in ESRS S1 and S2, item 1-5, requiring setting targets for potential negative impacts (IRO). Yet, in their 2024 report, company 2 has started to report on IRO, for instance, by setting targets for improvements in ergonomics.

They do expect the reporting burden to be biggest in this earlier reporting stage when they are building the system, while it will be more routine in the longer term. 'The report does not continue to be super exciting and varied from year to year, so it gets down to a fundamental question of just updating data' (ESG-responsible manager, company 3).

Most companies — also larger ones — use consultants to varying degrees in their ESG reporting activities.

We did not find examples from the three companies or elsewhere of workers or workers' representatives being involved in the ESG work, neither at strategic nor operational level. Company 2 writes extensively in its 2024 report about communication with workers and OSH committees, but not about workers being involved in the ESG reporting or more generally on the sustainability report. One explanation could be that the companies do not have their attention on worker participation. All interviewees seemed a bit surprised about our questions, and it appears that worker participation was included in the ESRS rather late in the negotiation phase (Vitols, 2023).

### 3.2 Experience with double materiality analysis

Two of the three companies have completed a full double materiality analysis while the third with the help of an external consultant was in the process of completion. The two companies have only a few details about the process in their 2023 reports and did not provide much more in the interviews. The two companies have both pointed out in their double materiality analysis that 'own workers' (ESRS S1) and 'workers in the value chain' (ESRS S2) are of high priority.

None of the three companies have involved workers' representatives or their unions in the preparation of the double materiality report. Company 2 in the process of preparing the full double materiality analysis mentioned that they had a formal consultation with their European works council about their sustainability strategy in 2018, but not since. Company 1 mentioned that they conducted more systematic interviews with workers on the shop floor in the preparation of the double materiality analysis, but representatives



were not involved. Lastly, company 3 does not give any indications in the report, but the interviewed representative mentioned that workers or their representatives have not been systematically involved, but that they had good knowledge about workers' opinions from meeting workers during their regular site visits.

### 3.3 Experience from the buyers' perspective

The large companies have a series of requirements for their suppliers that goes beyond the traditional elements of price, quality and delivery. All of them include both environmental and social issues. Two of the companies have production facilities outside Europe in Africa, Asia or Latin America, and they generally consider these regions to have a higher risk of social problems and give high priority to policies as well as report on more details about how they manage social risks to secure working conditions for the workers in these locations. The reporting covers both their own workers and workers in the supply chain. They have codes of conduct (CoCs) with requirements for their suppliers based on UN guiding principles and ILO conventions. The CoCs emphasise human rights and working conditions, while environment traditionally has played a minor role. The companies have various methods for monitoring their suppliers, normally with an assessment before procurement and a regular monitoring where third-party audits will be considered sufficient to secure CoC compliance.

The interviewed companies do not consider that ESG reporting has added much to their supplier management: 'But yeah, there is the supplier manual where we have integrated EHS criteria, but this has been there for a long time as well. So, it's nothing new and the contractor management is not new' (HR officer responsible for OSH and ESG reporting, company 1). However, this finding may be particular for multinationals. Our contacts in companies with <1,000 workers in other research projects indicate that the systematic assessment of their suppliers is a relatively new experience. The two companies with intensive overseas engagement have for years been doing due diligence regarding suppliers on both economic and sustainability risks, but they have not started considerations regarding the consequence of the new EU due diligence directive (CSDDD).

### 3.4 Experience from the suppliers' perspective

This paper draws also on previous interviews with suppliers to larger companies regarding ESG reporting. The three interviewed companies have extensive requirements on sustainability, and that is generally the case for most first-tier suppliers that deliver their products and services to large companies that are already used to extensive delivery and production requirements that stipulate conditions for social and environmental issues.

Nevertheless, while compliance with these requirements may have started as an act, where suppliers had a certain period to adjust to and implement changes, they have now increasingly become a prerequisite for a continued business relationship. According to our interviewees, especially smaller suppliers with limited organisational and governance structures experience this as a big burden. For example, company 1 requires its suppliers to be 'EcoVadis-rated'. This both entails an additional financial burden to pay for the rating and does also tie up working hours that cannot be used otherwise. However, our informants expressed their desire to collaborate with the supplier on these issues and help them with the implementation processes, which can be crucial especially for SMEs that lack the capacity to do this by themselves.

This type of support from the focal company is often integral for suppliers. An example for a supported implementation is the quality assurance programme that company 3 developed specifically for a certain type of strategic supplier engaged in primary production. During the implementation phase, company 3 assisted all its suppliers by providing them with access to advisory services as well as auditing them annually, focusing on capacity building and development of the supplier's safety maturity. After the implementation, the supplier must do a quarterly self-assessment containing more than 100 checkpoints. There are 11 OSH-related checkpoints concerned with an annual safety walk and OSH training for all workers (five checkpoints), the use and training of relevant personal protective equipment (three checkpoints), as well as the management of chemical safety (three checkpoints). Another four checkpoints are concerned with broader employment conditions such as accommodation, working hours and minimum pay. These checkpoints are part of the required management system but can be used in the context of ESG reporting.

Often, SME suppliers have no designated EHS or quality manager whose primary task is to implement or maintain sustainability-related programmes or management systems. Instead, these tasks will be assigned to someone with other primary tasks, who can only use the time when the general workflow allows it.

When we visited a medium-sized supplier, which produces goods that can also be found in the supply chain of company 3, these challenges became very apparent: in order to sell their products to larger customers, the supplier needs to have a third-party certification that entails both requirements related to the product quality but also to environmental issues and OSH. Just filling out the self-assessment prior to the third-party audit requires someone to go through close to 100 pages of questions and describe processes and policies related to the relevant matter ranging from quality to OSH. For OSH, this entailed a detailed written risk assessment of the production processes, as well as documentation of procedures and annual worker training that address these risks, including provision and use of personal protective equipment. The supplier must document available first aid kits and training and describe all relevant issues related to chemical safety and machine safety. Furthermore, sanitary facilities and toilets in the vicinity of work must adhere to a minimum standard. The implementation and subsequent documentation of these issues was described as very time-consuming, as the supplier like most other SMEs cannot dedicate sufficient time to these tasks right away but has to plan and adjust around the daily operations that represent the core work of the organisation: 'In 35 years we have never had a day where we could book an entire day in the calendar and only go through the certification requirements' (Owner, supplier). Nevertheless, it became apparent that the supplier only went through this annual review of OSH-related matters to pass the certification process and otherwise did not have a systematic approach to its OSH management.

In general, suppliers are often subject to buyers who require them to adopt specific certifications to prove compliance with their social and environmental requirements. While industry-specific certifications exist that are dominant and therefore widely accepted, often suppliers will be asked to implement different certification standards and buyer-specific supplier programmes as each buyer typically has their preferred system to work with. Unfortunately, this means that suppliers who are selling their products to several buyers may be subject to something that in research has been labelled as 'audit fatigue' (Jia et al., 2022) as the additional parallel audit and certification requirements represent an immense burden for suppliers. This is also echoed in our data collection, where several suppliers reported that they had to implement several certifications that only vary to a limited amount. Agreeing on a range of standards and leaving it up to the suppliers to decide which one they should implement could often reduce the risk of audit fatigue and free their administrative capacity. There are several attempts to make umbrella systems covering several parallel systems, such as the German standardised self-assessment from Offensive Mittelstand,<sup>40</sup> although the tendency is that such attempts often end as just a new certification scheme.

## 4 The CSRD and OSH – benefiting or conflicting demands

The assessment of the potential impact of ESG reporting in general, and the CSRD in particular, on working conditions and OSH must take account of the existing OSH laws and regulations across the EU.

The basis for regulating OSH in EU Member States is the Council Directive of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work (89/391/EEC), known as the *Framework Directive 89/391/EEC*. The Framework Directive states that every employer across the Member States has the obligation to:

*'... take the measures necessary for the safety and health protection of workers, including prevention of occupational risks and provision of information and training, as well as provision of the necessary organization and means. The employer shall be alert to the need to adjust these measures to take account of changing circumstances and the aim to improve existing situations.'*<sup>41</sup>

On the face of it there is nothing in the CSRD that weakens these obligations for employers. On the contrary, the regulations are somewhat similar because of the reflexive regulation paradigm that underpins both directives (Aalders & Wilthagen, 1997; Buhmann, 2021). Therefore, both directives are seeking to make the regulated companies install functions (e.g. mandated employers 'to carry out activities related to the protection and prevention of occupational risks' in the Framework Directive, and 'supervisory bodies' in the CSRD) and practices (risk assessments in the Framework Directive and IRO analysis in the CSRD)

<sup>40</sup> See: <https://www.gda-orgacheck.de/daten/gda/index.htm>

<sup>41</sup> Council Directive 89/391/EEC, Article 6.1.

that will self-regulate the company's activities and monitor whether new organisational or technological developments make preventive or remedial actions necessary.

The CSRD is therefore not prohibiting or dissuading companies from integrating their internal OSH actors (OSH professionals and OSH representatives) in the OSH-related CSRD activities. Furthermore, the (intended) scope and importance of the CSRD for EU companies' strategic and operational decisions in the coming years could present itself as an opportunity for OSH actors inside companies (OSH professionals and representatives) to increase organisational attention (Ocasio, 2011) from the senior managerial within organisations, and thereby to integrate (Hasle et al., 2021) or mainstream (Hasle et al., 2019; Jain et al., 2018) OSH activities into the strategic core of their respective organisations.

Companies can limit the additional work imposed by the CSRD by integrating the risk assessment and OSH management processes they already have in place. They can use these processes to report IRO and other requirements, but to do that they need to align the present OSH management system with the formats required in the CSRD, which in most cases will hardly be an extensive undertaking. In addition, the CSRD can trigger an evaluation of the present OSH management system and result in more systematic processes to set OSH targets and accompanying measures. In this process, some companies will need additional professional OSH staff to develop the new integrated system.

## 4.1 Tensions between information and transformation

Traditionally, the primary purpose of corporate reporting has been to provide market participants with insight into a company's performance to facilitate underlying its value to investors in the marketplace. This reporting mechanism is fundamental to a free market economy. Consequently, regulations on corporate financial statements have been subject to extensive legal requirements since the earliest market economies (Eccles & Serafeim, 2015) for investors to assess whether the business looks sound and prosperous with good prospects.

For non-financial reporting, including sustainability disclosures, an important distinction is between a primarily externally oriented *informative* effort, focusing on compliance and on informing potential investors and regulators correctly, and a *transformative* reporting process where the aim of the reporting initiative is learning and change within the organisation (Eccles & Serafeim, 2015). The CSRD holds both a transformative and an informative ambition. The great magnitude and complexity of the disclosure and data demands in the CSRD could mean that more companies get stuck in an informative aim, rather than continuing to transformation to improve sustainability (Buhmann, 2021), although pressure from investors and customers may push the companies into more transformative activities, in particular if the ESG report indicates a below market standard performance.

This tension between information and transformation makes it relevant to examine whether and how companies' efforts to comply with legal requirements (compliance) are integrated into and influence their actual work with OSH. If reporting serves solely an informative role, it has no impact on a company's internal decision-making and companies will be less likely to consider any potential benefits from an integrative process, let alone allocate resources to adopt and tailor internal practices to make a stronger integration feasible. Companies at least in the initial tend to be occupied with the formal reporting of the quantitative numbers, whereas the outcome of the IRO analysis with attached action plans are most important for the transformative perspective.

It is easy to imagine that OSH-related parts of the IRO analysis with smaller modifications and additions could be better alignment with existing OSH processes, both voluntary and those that are mandatory in the framework directive..This would mean that OSH efforts would gain increased organisational commitment, which is a key factor for a culture of safety and health in workplaces (Guldenmund, 2010). Furthermore, it could make OSH activities more effective. A number of studies inspired by organisational sociology have researched the tasks and roles of OSH professionals in large organisations (Daudigeos, 2013; Møller et al., 2021; Uhrenholdt Madsen & Boch Waldorff, 2019). These studies describe how managerial commitment from top-level management is a key factor for these efforts of 'institutional work' (Madigan et al., 2021; Sandholtz & Burrows, 2016) within the organisations of the OSH professionals to succeed. The integration of the professionals' OSH activities under the broader umbrella of the CSRD could provide internal OSH actors with a stronger commitment from management and closer links with other organisational actors.

However, all these opportunities are contingent on companies involving OSH actors in their CSRD activities in the first place. The possibility exists to use existing OSH data such as risk assessments, worker surveys and OSH management procedures as the data for ESG reporting. Thereby, the company does not need



to make parallel data collection but can use existing data, and at the same time increase the value of the already existing OSH activities. Without such integration, there is a risk of developing parallel processes in different parts of the company, leading to important OSH decisions being made outside the realm of worker representatives and OSH professionals. Although the CSRD and ESRS clearly state that stakeholders, including workers and their representatives, must be involved, they do not provide detailed descriptions of how this involvement should be structured. Instead, the interpretation of these requirements is left significantly more open compared to the many national OSH regulations across the Member States. The indications we have from our interviews clearly point towards limited to no involvement of workers and their representatives.

As discussed in section 3.1, a potential weakness of the CSRD is that sustainability and OSH policies may get challenged by 'decoupling'. The concept refers to a situation where sustainability and, more specifically, OSH initiatives are communicated externally and internally and primarily take place without the involvement of other parts of the company's staff and line management. Instead, they become isolated within departments such as CSR or accounting, ultimately failing to influence practical initiatives (Åhlström, 2010; Behnam & MacLean, 2011; EU-OSHA, 2023b). This lack of integration may also result in OSH professionals not having the necessary influence on the formulation of goals, policies and initiatives within OSH management and for the CSRD in relation to the IRO assessment.

## 4.2 Transparency

In addition to standardising the data reports, the CSRD requires companies to report in a machine-readable format<sup>42</sup> that will make it possible to benchmark between companies, among others by using by artificial intelligence. Yet, different rules for reporting of accidents between member states can make comparison across countries difficult. Benchmarking can help regulators across the EU Member States using the so-called risk-based approach (Black & Baldwin, 2010). For risk-based inspection, regulating agencies are prioritising resources such as labour, economy and innovative capabilities, based on the risk profile of certain groups of companies. By benchmarking across company reports, regulators can improve the accuracy with which they are selecting companies for inspection. This means that regulators will use most resources to combat the risks, that lawmakers and the political community have given priority to. Even though there are differences, it is a converging tendency across the EU that more and more risk-based elements are being introduced into OSH regulatory enforcements (Blanc & Escobar Pereira, 2020). With the introduction and implementation of the CSRD, the number of available public data on OSH factors and activities in companies will rise significantly, contributing, among other things, to provide the improved data access, asked for in the EU strategic framework on health and safety at work 2021-2027.<sup>43</sup> A white paper from Denmark described exactly how it was possible for researchers to use survey data on OSH activities to predict risk of accidents (Dyreborg et al., 2021). With the implementation of the CSRD, regulating agencies across the EU can, based on the ESG data, create similar predictor models, which will make risk-based approaches to OSH regulation in all Member States more resource-economic and more efficient in identifying and preventing dangerous risks.

Finally, the CSRD will make the performance of companies regarding working conditions and OSH more transparent for the public. This transparency will also open new possibilities for trade unions, media, NGOs and consumers to question low performance and thereby apply pressure for improvements. This transparency can also be applied for benchmarking across Europe where stakeholders do have much more informed debates on mechanisms and effects of both regulatory and voluntary OSH activities both generally and in specific sectors. This could mean stronger incentives for the creation of a common OSH public consisting of networks and connections between OSH stakeholders within and across sectors in the EU.

## 5 Conclusion and perspectives

As discussed above, integration of the CSRD requirement for ESG reporting and the OSH management systems, among others, required by the EU Framework Directive opens positive perspectives for the improvement of workers' safety and health of workers. However, the opportunities cannot be taken for

<sup>42</sup> See: <https://www.efrag.org/en/news-and-calendar/news/efrag-publishes-the-esrs-set-1-xbrl-taxonomy>

<sup>43</sup> See: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52021DC0323>



granted. It is important for OSH stakeholders to take a lead in this regard and we list below several suggestions, which can further this.

**For policymakers and institutional actors at EU and national levels:**

- The CSRD presents a great opportunity to increase focus on OSH in companies across the Member States, especially in terms of improving risk-based monitoring and inspection regimes even further with the use of data and disclosures from the reports. Models and methods for how to draw data and benchmarks will be useful for this process.
- National implementations and future revisions must make sure that the CSRD is both compatible with the OSH Framework Directive and that companies, which want to integrate these two sets of activities, can do so without having to operate two parallel management systems. It would be helpful with the development of IT programs to integrate risk assessments and worker surveys into CSRD reporting, as well as best practice cases from companies that are successful with the integration.
- It is important to make sure that companies are involving stakeholders and workers in their CSRD activities, especially in the double materiality analysis. Guidelines and best practice examples on how to do this in practice provided by OSH institutions and the social partners will be helpful for the process, for example, the production of practical and inspirational materials and guidelines on how this involvement can be done, which could be disseminated via international networks.
- One particular task is to disseminate information about the CSRD to trade unions and workers, who seem to be unaware of the requirements for worker consultation.
- Here also, OSH networks of national institutions could play a role, for example dissemination and awareness raising via EU-OSHA'.
- ..

**For employers, intermediates and other OSH practitioners):**

- Recognise OSH as a key ESG factor in CSRD reporting.
- Utilise the increased transparency in sustainability disclosures to compare OSH standards across industries and companies and use the comparison to introduce tangible measures to improve performance and avoid decoupling for the benefit of workers' safety and health as well as improved credibility among external stakeholders.
- Ensure that workers are actively involved in materiality assessments related to OSH.
- Move beyond minimal reporting requirements and genuinely integrate worker perspectives into sustainability strategies, which can be applied with concrete methodologies for incorporating worker feedback in corporate sustainability governance.
- Continuously assess the effectiveness of worker engagement in improving OSH conditions and adjust strategies accordingly.

**For researchers:**

- The major research gap relates to the question about the impact on tangible sustainability practices. Does the CSRD lead to improvement of working conditions and OSH through reporting and the subsequent institutional pressure from stakeholders or will reports end up as paper exercises with little influence on practice?
- Researchers should produce case studies that uncover the social and organisational mechanisms behind success stories, where companies succeed in improving OSH through CSRD activities.
- An important element in filling this research gap would be to study best practice companies to identify the mechanisms that will create the strongest impact of ESG reporting on OSH practices.
- Another important activity will be studies to quantify the effects of the CSRD on OSH activities and outcomes.

- Finally, researchers can assist to provide guidance on creating calibrated and validated measuring tools to use directly in reporting on improvements of complex OSH topics such as psychosocial risks and ergonomic factors.

## 5.1 The Omnibus process

A final big question is the impact of the Omnibus process, which will reduce the number of companies subject to mandatory reporting significantly (only >1,000 workers), delay the full implementation with two years, and reduce the number of data items. The discussion of the consequences is ongoing with arguments both for maintenance of the impact on sustainability and for the opposite (Bartl, 2025).<sup>44</sup> A first comment is that although the outcome of the political decision about the Omnibus is yet unknown, we expect the outcome to be close to the Commission's suggestion. The EU Parliament has approved the delayed time line, and the Commission has pushed the EFRAG for an early revision of ESRS S1 and S2. There are differences between the levels of adoption in the Member States with some still in the adoption phase and others with full completion<sup>45</sup>. Denmark is one such example of full adoption with companies >500 employees reporting for 2024. With the delay of two years, it is likely to take place with a greater alignment of adoption between the member states.

With the Omnibus process, the expectation is that engagement in ESG reporting in the short run will be weakened – in particular during the transition period until the new rules are clear. At the same time, it is expected that the overall pressure for sustainability in the supply chains will continue. An early report on reactions from Danish companies show that companies expect to work with ESG at the same level or higher, independent of the Omnibus process<sup>46</sup>. Customers, investors, banks and other stakeholders expect companies to behave in a sustainable manner, and they will require documentation to avoid being caught in greenwashing. An important factor is that the Sustainable Financial Disclosure Regulation (SFDR) is not subject to changes, and banks and other financial institutions are therefore required to ask their customers about sustainability, and they will use the ESG reports to assess sustainability risks, and the outcome of the assessment will be reflected in the financial conditions offered to their customers.

As the ESRS constitute the most elaborate and transparent models for reporting, we expect that they will develop into the shared standards that stakeholders expect for reporting. Even though the reporting requirement is raised to >1,000 workers, the larger companies will request ESG reports from their SME suppliers: the diffusion may take longer but will eventually also reach the smaller companies. The smaller suppliers will get a specific voluntary standard (VSME), which will build on the same structure as the requirements for the larger standards, and we consider it likely that the VSME in practice will be the standard to report to larger buyers. This new standard may even have the advantage of making some of the many parallel standards redundant, now used by SMEs to prove social compliance. For OSH, the Omnibus process may open an opportunity to secure stronger integration between OSH reporting and the OSH requirements in the Framework Directive and other OSH directives. Reporting difficulties, due to lack of data access and GDPR, could be solved, for example the reporting of occupational diseases including fatalities. These diseases will rarely be known by the companies, as diagnosing and reporting is up to medical doctors and hospitals and is thereby covered by confidentiality and thus not known by employers. It can even be more difficult for companies to obtain such information from their upstream suppliers. Another problem to solve during the ESRS revision could be on the use of instead of change from lagging indicators (injuries already happened) to leading indicators (application of preventive measures)<sup>47</sup>, where possible.

Our appraisal is therefore that the relevance of the CSRD and ESRS for working conditions and OSH as indicated in the preceding chapters will still be valid, and there are good reasons for promoting the use of ESG reporting to further transparent OSH performance and to integrate OSH in business strategies.

<sup>44</sup> See: <https://www.csrsoftware.com/post/the-omnibus-simplification-package-a-necessary-reform-or-a-setback-for-eu-sustainability>

<sup>45</sup> <https://www.regulatoryandcompliance.com/2024/10/european-commission-issues-warnings-to-eu-member-states-who-failed-to-implement-the-csrd/>

<sup>46</sup> [file:///C:/Users/hasle/Downloads/ESGprofilen\\_Trendrapport\\_2025%20\(1\).pdf](file:///C:/Users/hasle/Downloads/ESGprofilen_Trendrapport_2025%20(1).pdf)

<sup>47</sup> [https://visionzero.global/sites/default/files/2021-04/2-VZ\\_Indicators092020.pdf](https://visionzero.global/sites/default/files/2021-04/2-VZ_Indicators092020.pdf)

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