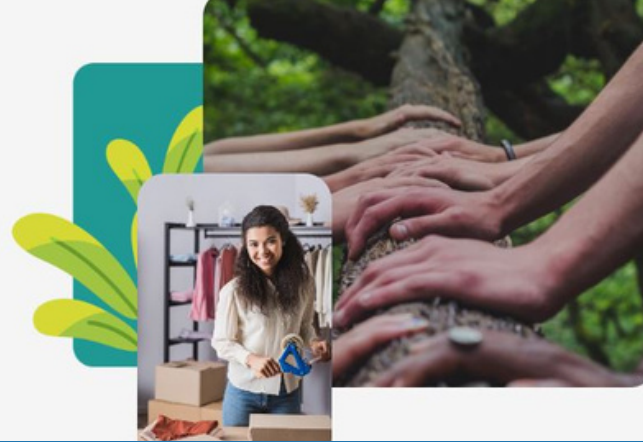


WELCOME TO

Start on Sustainability

Welcome to our Start on Sustainability project, a program designed to help Europe's small businesses adopt environmentally friendly practices. Our aim is to provide knowledge, tools, and support to make sustainability a practical reality for these vital contributors to the EU economy.



THE “DRAGHI REPORT” BELIEVES THAT EXCESSIVE SUSTAINABILITY-RELATED REGULATION COULD HARM THE COMPETITIVENESS OF EUROPEAN SMES.

September 17, 2024 – Former President of the European Central Bank, Mario Draghi, published his report to the European Commission, offering insights on Europe’s sustainable competitiveness and recommendations for the continent’s future.

One factor identified as detrimental to Europe’s competitiveness is a “much greater regulatory flow,” with considerably more new laws and regulations in the EU than in the U.S. The report highlights three examples, one of which concerns sustainability reporting and due diligence frameworks. This includes the Corporate Sustainability Reporting Directive (CSRD), the Taxonomy Regulation, the Sustainable Finance Disclosure Regulation (SFDR), the Corporate Sustainability Due Diligence Directive (CSDDD), the Ecodesign for Sustainable Products Regulation (ESPR), the Industrial Emissions Directive (IED), the Emissions Trading System (ETS), and the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). The Draghi Report cites estimates indicating that compliance costs for non-listed companies can reach around €150,000, while for publicly listed companies, the cost may climb to €1 million. Additionally, data from the Danish government suggests an average one-time compliance cost of €365,000, with recurring annual costs of €310,000 for a company in Denmark.

The report criticizes the CSRD for creating risks of excessive reporting throughout the value chain, mainly affecting SMEs and potentially adding further compliance burdens. For instance, it notes that the CSRD’s European Sustainability Reporting Standards (ESRS) include 1,052 quantitative or qualitative data points, of which 783 are mandatory (80%, i.e., 622 data points) subject to materiality—meaning they only need to be reported if they are relevant to the company—and 269 are voluntary disclosures. In practice, this is seen as unfeasible for many SMEs.

The EU Taxonomy Regulation is cited as an example of unclear definitions and requirements, notably in relation to the “do no significant harm” principle. Consequently, among various recommendations, the Draghi Report proposes that the EU simplify its regulations, particularly the EU Taxonomy Regulation.

EUROFOUND CONSIDERS THAT CLIMATE CHANGE COULD MAKE WORK MORE DANGEROUS.

Climate change is a reality of everyday life in Europe. Workers experience its direct and indirect effects in many ways, from working in high temperatures and increased exposure to ultraviolet radiation, to new occupational safety and health risks and the need for training and retraining.

In a new episode of Eurofound Talks, Mary McCaughey speaks with Eurofound researchers Agnès Parent-Thirion, Tina Weber, and Jorge Cabrita about the extent to which climate change is already affecting working conditions and the labor market in Europe, the role of the green transition, and how policy can help protect workers and safeguard workplaces.

The discussion comes on the heels of a new Eurofound study showing that workers in agriculture, fishing, forestry, construction, tourism, and emergency services are particularly exposed to the direct impact of climate change on job quality. Furthermore, 40% of EU workers will be directly affected by the green transition. The quality of green jobs varies depending on the occupation, and some are described as “strained jobs,” in which the negative aspects outweigh the positives. Eurofound’s research calls for greater attention to the implications of the green transition for job quality, a sectoral approach to monitoring and improving job quality, and stronger legislative protection for those whose jobs are most affected by climate change.

