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Joint European Trade Union Statement for EU REGULATION TO DELIVER FOR ALL No to Deregulation!

Deregulation for companies and attacks on EU law protecting workers and trade union rights are not the answer to stop human and environmental rights violations by companies!

The EU has delivered fundamental pieces of EU law on Corporate Sustainability Due Diligence and on Corporate Sustainability Reporting.

Beginning November business organisations called for deregulation of those EU directives. The recently adopted Corporate Sustainability Due Diligence Directive ("CS3D") is, following attacks on the Corporate Sustainability Reporting Directive ("CSRD") and the Deforestation Regulation, the next business target amongst the EU *social acquis* with the view to further watering it down and dismantling it as much as possible from its spirit, content, obligations and effectiveness. The call boils down to create a legal vacuum for business in general and SMEs in particular so as to escape their reporting (and due diligence) obligations under EU law.

For the European Trade Union Confederation and its 94 national Trade Union Confederations and 10 European Trade Union Federations, **this call is unacceptable and even utterly despicable towards the citizens of Europe, workers and planet.**

ETUC requests that:

1) **The Directive should be transposed by the Member States without delay**. **Democracy matters and it is not negotiable:** the CS3D has been adopted democratically, it is the result of a long and intensive legislative process which took over more than two years and where finally a consensus was adopted in April 2024. It is high time for businesses, supported by several Member States, to stop destabilising democratically adopted legislation and to stop bashing EU law for the so-called sake of simplification, whereas the CS3D brings more legal certainty and predictability, allowing for a level playing field for fair and sustainable competition, that businesses, society and workers desperately need and request.

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2) **CS3D sets minimum obligations requirements to be enforced**. Stating that the CSRD is "particularly ambitious in terms of scope" is an unsubstantiated claim from the business associations. Despite EP positions and the numerous calls from the trade unions and (environmental) INGOs for a more ambitious personal scope in line with international human rights standards, the CS3D is far from the UN Guiding Principles on Business and Human Rights. Recital 7 CS3D perfectly sets out what the scope should be "**All** businesses have a responsibility to respect human rights, which are universal, indivisible, interdependent and interrelated" and 'this responsibility of business enterprises to respect human rights applies to all enterprises regardless of their size, sector, operational context, ownership and structure", as prescribed in the UN Guiding Principle No. 14.

3) **Transposition requests trade unions involvement for fair business practices**: The CS3D establishes a minimum level playing field for business and workers to avoid unfair competition. The business associations call for comprehensive competitiveness assessments but miss the point that the core "business" of this CS3D is exactly to secure sustainability in business operations. What the CS3D sets are rules to **avoid unfair competition and prevent harmful practices by operators** established not only inside but also outside the Union, as Recital 47 CS3D clearly states.

The CS3D is "about **Europe's social market economy to achieve a just transition to sustainability, ensuring that no-one is left behind",** to "promote rights ensuring fair working conditions" and to "promote decent work worldwide, including in global value chains" .

In addition, the **CS3D sets minimum standards, not maximum standards**: business associations mislead the EU law principle of non-regression, as they vehemently encourage Member States to reduce existing national standards of protection, like in France, Germany and the Netherlands, when transposing the CS3D. Member States have the obligation to maintain their respective standards, and have the possibility to set higher ones than those provided for in the CS3D (Article 1§3 and 4§2 CS3D). Furthermore the "level of harmonisation" allowed by the CS3D is limited to only a few paragraphs of a few Articles of the CS3D.

The CS3D serves the general interest. The aggressive push for so-called reduction of administrative, reporting and regulatory costs and burdens aims at putting business interests over the general interest, over democracy and societal needs. By exclusively focussing on the quantification of short-term economic costs for compliance and adjustments, the positive social, environmental and economic impacts of quality legislation as a medium and long-term investment for society are completely ignored. Worse the costs of not acting for sustainable business practices is put on society and on workers and their family.

The CS3D is a real investment in people and the planet and a competitive asset for sustainable business. Such investments cannot be unilaterally focused on competitiveness and profit-making: the purpose of business must include investment in the form of reporting requirements to evidence the respect and promotion of human rights, workers' rights and environmental rights, when they operate in Europe and / or sell their products in Europe.

As constituencies of business, labour is not a commodity. **Reporting requirements on workers' rights are the real assets.** Likewise, information, consultation and participation of workers' representatives and trade unions on/in business operations strengthen the resilience

of companies. The co-legislators to this Directive agree that "It is also in the interest of companies to protect human rights and the environment, in particular given the rising concern of consumers and investors regarding these topics" (Recital 4 CS3D).

Sustainable business requesting the CS3D have already accumulated practical expertise and experience in embedding due diligence policies on a voluntary basis. They pave the way for CS3D and cannot stand anymore to be confronted and compared with the "Rhana Plaza catastrophe" including on European soil. Many businesses, including SMEs, are calling for legal certainty on Due Diligence and Human Rights and see benefits and opportunities in a successful implementation of the CS3D in particular in the global supply chain[1].

ETUC and its affiliates call therefore on Member States and the Commission to maintain the CS3D and **to ensure its effective and ambitious transposition** and application, which is in a way already, as compared to international human rights standards – the CS3D is the lowest common denominator when it comes to protecting the fundamental rights of workers, trade unions and the planet! Commissioner Mc Grath ensured at the EP hearings that 'reducing the (reporting) burden for businesses is not the first priority!' Consultation with all stakeholders, including the European trade unions, along the line of Article 20 CS3D, is key and should be organised without delay, that is what matters first and foremost.

The ETUC and its affiliates also calls on the Commission and Ursula von der Leyen in particular to abandon their ideas to re-open and merge the Sustainability Due Diligence Directive (CS3D), the Corporate Sustainability Reporting Directive (CSRD) and the Taxonomy into a so-called "Omnibus" legislation. Legal uncertainty is the least what businesses and workers need for the moment, in particular at a time when many Member States are late in transposing the CSRD and the transposition process of the CS3D has only started. EU legislation should be revised based on sound assessments and experiences, not on mere calls by business for further simplification and reducing regulatory/reporting burden.

The EU Due Diligence rules should "work for all", workers and their family, business and the environment!

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[1] joint statement of RBH network, September/October 2024