

# The ESG reporting requirement

An opportunity rather than an obligation



acture



**CSRD, ESG and SDGs. These are terms you have undoubtedly encountered in recent times. If not, it is high time to change that!**

The world around us is changing at lightning speed. We are facing climate change and growing inequality in society. The sustainability transition currently underway is placing great demands on the business community. For example, customers' requirements regarding how and by whom a product is made are continuously increasing. The new generation of job seekers only wants to work for companies with a social impact. At the same time, the European Union is coming up with new rules and reporting requirements. These do not only apply to multinational companies but to every business in Europe. The implementation of the CSRD scheme adds hefty responsibilities and sometimes some stress.

This Orange Paper explains the new CSRD regulation. What rules and obligations are being added, when and for whom? How can organisations best deal with that? We also hope that the results of our own search for ESG will inspire you to see the new regulations not as an obligation but as an opportunity—an opportunity to change your business and evolve toward a more sustainable and fair economy.

## The ins and outs of European regulations

The Corporate Sustainability Reporting Directive (CSRD) came into force on 5 January 2023 as part of the EU Green Deal. This new European directive requires companies to report on the impact of their activities on people and the environment. This includes things like CO2 emissions and social capital but also the impact your company has on biodiversity and human rights violations in the supply chain.

Companies must use an ESG report for their sustainability reporting. ESG stands for Environmental, Social and Governance.

## Why?

We are currently facing a global sustainability transition, perhaps the greatest challenge of our time. CSRD regulations are intended to contribute to a sustainable economy with a positive environmental and social impact on a global scale. In this new global economy, companies are encouraged to generate environmental, social and other economic value in addition to financial profits. The goal of the CSRD is, therefore, to increase transparency about sustainability efforts and to improve the quality of sustainability information. What does the European Union intend to achieve by this? The regulations are meant to help achieve climate goals—such as climate neutrality by 2050—and counteract 'greenwashing'.

## For whom?

If you run an SME that is not publicly traded, it is a good idea to prepare early. Companies that are required to report must map out their entire value chain and release figures about it. As an example, take a general contractor [EvdS1] with 75 employees that works for a large, CSRD-compliant construction company; the construction company will likely also request data from the general contractor about topics such as CO2 emissions and the use of reusable raw materials.

## Tijdljn

- From 1 January 2024 for large, publicly traded companies.
- From 1 January 2025 for large companies that are not yet publicly traded but meet at least two of the following three criteria:
  - More than 250 employees;
  - More than €40 million in annual turnover;
  - More than €20 million on the balance sheet.
- From 1 January 2026 for publicly traded SMEs.
- A lighter version of the CSRD for smaller SMEs is also expected in the near future.

## Acture's view

A sustainability report that includes all material information requires quite a lot from a company, and Acture was not initially positive about the new regulations. It takes time to establish a solid sustainability strategy, including clearly formulated objectives and concrete KPIs as a measurement tool, not to mention implementing systems and processes to collect the necessary data to report.

As a forerunner in social security, we decided to explore the ESG playing field to learn more about this. What does ESG mean for our organisation? How can we implement it? What can we add to it?

## Onze verkenning naar ESG-relevantie

- 1 We talked about Acture's raison d'être. What is our organisation good at? What is our social role?
- 2 We interviewed 17 internal and external stakeholders. How do they view Acture? How is Acture providing added value for them? How do they see Acture's social role?
- 3 Based on the interviews, we identified the sustainability themes most relevant to Acture. We also discussed with stakeholders how to integrate those themes into our business operations and strategy.
- 4 We then made choices: in which themes can we make the most impact? What themes can we use to excel and distinguish our organisation?
- 5 We employed a double materiality analysis in our study, measuring both the financial and social impact.

## From obligation to opportunity!

One of the main conclusions of our exploration is that you can see the regulation and reporting as an obligation—a checkmark to be achieved—but it is also an opportunity. It is an opportunity to look at your service from a new perspective. We discovered that actively engaging in sustainability brings numerous benefits, such as a more concrete mission and vision: what do we want to work on in the coming years? What is our dot on the horizon? Another benefit is a better customer value proposition and better differentiation from competitors by making the value we add concrete and transparent. It also strengthens our employer brand; by engaging with employees about our social role, we can become an even better employer.

An ESG audit also encourages innovation, as ESG provides insight into where your company can improve. By identifying weaknesses, you can develop new solutions to reduce your environmental impact or improve your social relationships. In the context of the latter point, we are developing a new support service to prepare ourselves, our clients and the entire market for what is to come: the challenges and opportunities in ESG. We would love to tell you more about that in our next Orange Paper.

## Acture's social role

First and foremost, the exploration of ESG led us to think critically about our social role with stakeholders. Who are we as an organisation? What do we stand for? What are we contributing to? These are incredibly important aspects, because if you don't add value to society, you may not have a reason to exist in five or ten years. The stakeholder interviews revealed that Acture plays a role on several levels: In society, in the chain, as a service provider and as an employer. We can summarise Acture's role as follows:

**Acture fulfils an activating role and influences fair work and economic growth by preventing and shortening absenteeism.**

From this position, our organisation can create value, using ESG as a tool to determine in which area we are most relevant.

## Our focus on the S of ESG

Our study revealed that, as a human capital company, Acture makes the most impact within the 'S' of ESG—the Social pillar. Our core business is social security, and we create the greatest impact by excelling in our services, both financially and socially. This is the pillar on which we will focus. The Social pillar distinguishes four groups: the employees in the organisation, the employees in the chain, the communities around the organisation and customers and end-users. Acture has the most impact on customers and end users, and then on employees in the organisation.

We make no substantial contribution to the Environmental pillar, and our impact on Governance is also relatively small. As such, we will limit ourselves to the mandatory reporting items for these two pillars. This was an important choice to avoid lapsing into simply checking boxes but add real focus instead!

## Our impact on customers and end-users

*Acture's customers and end-users are employers and their employees (our participants). With our services—which focus on optimal guidance and activation of sick employees—we prevent absenteeism and shorten the duration of absence. We use the Acture Method to intrinsically motivate employees to re-enter the workforce. Our method's success is evidenced by a 44 per cent reduction in absence duration compared to UWV. The Acture Method also results in significantly lower absence rates—tens of percentage points compared to UWV's traditional method. Part of the Acture Method is our "Take control of mental-health-related absence" approach, an absence guidance method that helps alleviate mental health complaints and has demonstrably reduced mental-health-related absence by 40 per cent at various organisations. This was documented by an outcome measurement by ArdoSZ in 2021 (see info box).*

You can read more about this in our Orange Paper

→ [The growing problem of mental health-related absence—and the approach that works](#)

By reducing absenteeism, Acture also reduces disability rates and, logically, increases availability. This makes the Acture Method a clear part of the solution to the labour shortage in the Netherlands.

**It is extraordinary to conclude that our core business also generates the most financial and social impact. It also provides an impetus for ourselves to want to excel in this.**

## Our impact on our employees

After customers and end-users, we have the most impact on our employees. We have expanded our definition of our employees to include temporary employees, seconded workers and freelancers. This means we make perks such as absence management and the Acture Academy accessible to them as well. This is a great opportunity to do well on the 'S' of Social.

We want to be an above-average employer to set a good example for our customers. We distinguish ourselves not only by offering good salaries but also by offering attractive fringe benefits and an excellent work atmosphere. There is plenty of room for growth and development at Acture. We invest in unlimited training and offer challenging career opportunities. We guide our employees optimally to help them achieve their ambitions. We encourage a work environment where everyone is allowed and encouraged to be themselves, and we foster a high degree of collegiality, rated 8.8 in our latest Employee Satisfaction Survey.

Nevertheless, we are not satisfied with our current scores on these topics. Our study shows that we still rely too heavily on a middle-of-the-road approach in this regard. The challenge we face in the coming period is how to excel and make a difference in the most impactful topics, and we have a long way to go!



## Research: The Acture Method Works

At the request of the Arbeidsdeskundig Kennis Centrum (Occupational Health Knowledge Centre, AKC), Impact Centre Erasmus (ICE) researched the added value of early intervention by an occupational consultant in the event of absenteeism. The study looked at various causes of absenteeism, not just mental-health-related absence. Conclusion: research shows that the early involvement of an occupational consultant contributes to sustainable employability and early return to work. This relationship is strongest among incapacitated employees with socio-emotional symptoms.

## Lessons learned

The initial driver for our search was Acture's reporting requirement, which takes effect in 2025. However, our comprehensive exploration was not only for ourselves; we want to share our insights and experiences so that other companies can potentially learn from them as well. We have translated our insights into some concrete lessons learned that you can apply within your organisation.

1

Do not look at ESG reporting as an end in itself, but rather as a tool to future-proof your business—a tool to help you transition to a new, sustainable economy and ensure you are still in business ten years from now.

2

Use ESG to define your company's identity. What is your role in society? How is your company making an impact on society? And, importantly, how do you combine that with making a profit? By working on ESG, you are taking a closer look at your business model.

3

Engage with your stakeholders, both internal and external, direct and indirect. If you want to go fast, go alone; if you want to go far, go together!

4

Look at ESG not only as an obligation but primarily as an opportunity—an opportunity to look at your services differently and raise your profile to both your employees and customers.



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For more information or to find out what Acture can do for your company, please contact us. We look forward to working with you.

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