

Manifesto 4 – WP3.2

Simplification vs. Sustainability? How social sustainability can benefit migrant workers and enhance competitiveness of Farm to Fork sectors

Author: Karina Smreková (European Policy Centre)



Simplification vs. Sustainability?

How social sustainability can benefit migrant workers and enhance competitiveness of Farm to Fork sectors

Core Reflections

- > In the current mandate, competitiveness and simplification have emerged as defining priorities in EU policymaking, often positioned in tension with social sustainability and labour standards.
- > Framing competitiveness, simplification, and sustainability as opposing goals obscures evidence that socially sustainable business practices contribute to operational efficiency, risk mitigation, workforce resilience, and stronger financial performance in the long-term.
- > Scaling back EU-level sustainability obligations and standards risks shifting social and labour-related risks further down the supply chain, reinforcing

informality and distorting competition to the detriment of responsible businesses.

- > Conversely, maintaining or even enhancing social sustainability and labour standards in F2F sectors can help address persistent labour shortages, improve workforce retention, and support food security, if supported by evidence-based policymaking.

Introduction

Amid rising geoeconomic and geopolitical tensions, simplification has emerged as a central policy priority for the European Union (EU) under the current 2024-2029 policy cycle. In a push to boost competitiveness and economic growth, mandatory sustainability requirements and labour standards are increasingly framed as burdens on companies.

In this context, the European Commission has so far proposed ten 'Omnibus packages' aimed at simplifying EU regulation and reducing administrative burdens. Among them, the EU has already adopted the 'Sustainability Omnibus' and the 'Common Agricultural Policy (CAP) Omnibus'. While the former scales back sustainability reporting and due diligence obligations introduced only a few years back, the latter focuses on streamlining administrative requirements, increasing flexibility for farmers, and simplifying compliance and control rules linked to EU funding.

Reactions from stakeholders have been mixed. Some farmers and business associations welcomed efforts to curb perceived over-administration. On the other hand, commentators warned that frequent regulatory shifts undermine predictable business environment. Meanwhile, trade unions criticised these initiatives as 'de-regulation', warning of

weakened environmental and social safeguards.

Regulatory frameworks governing sustainability and due diligence play a critical role in shaping labour market standards as well as access to rights. For foreign workers, who form a significant share of workforce in EU Farm to Fork (F2F) sectors, the stakes are particularly high. Marked by labour shortages, informal employment, and economic and supply-chain pressures, migrant labour plays a pivotal role in sustaining productivity. Yet, migrant workers, particularly those in situations of irregularity, frequently face substandard working conditions and limited access to effective protection mechanisms.

In the meantime, some business actors have called on the Commission to introduce a 'Labour Market Omnibus'. They ask to reduce reporting and administrative burden in the field of social affairs by rolling back legislation on pay transparency, platform work, transparent and predictable working conditions, occupational health and safety, and working time.

Current debates increasingly frame simplification and competitiveness on the one hand, and sustainability on the other, as mutually incompatible objectives. This dichotomy is false, diverting attention from how administrative streamlining can be pursued without weakening social and

labour protections. It also overlooks evidence that socially sustainable business practices can reinforce competitiveness by enhancing workforce stability, risk management, and long-term resilience.

Against this backdrop, this Manifesto examines the evolution of EU corporate sustainability due diligence and reporting obligations, and the role of social conditionality under the CAP as examples of how regulatory design, simplification choices, and enforcement structures can shape both competitiveness dynamics and labour conditions in F2F sectors.

Sustainability Omnibus: Simplifying or weakening corporate sustainability mechanisms?

Among the instruments aimed at strengthening environmental and social sustainability, the EU adopted the Corporate Sustainability Reporting Directive ([CSRD](#)) in 2022 and the Corporate Sustainability Due Diligence Directive ([CSDDD](#)) in 2024.

Originally intended to enter into application between 2024 and 2028, depending on company size and listing status, the CSRD requires large companies to disclose how their activities affect people and the environment throughout their value

chains. This includes reporting on issues such as working conditions, health and safety, equal treatment, and the risk of labour exploitation among their suppliers and business partners. Complementing this framework, the [CSDDD](#) establishes obligations for companies to identify and address adverse environmental and human rights impacts, such as forced labour and unsafe working conditions, linked to their own operations and to companies in their value chains.

Farms classified as small and medium-sized enterprises have been excluded from the obligations imposed by the Directives, as their scope is determined by thresholds based on size and turnover, without a sector-specific approach targeting high-risk sectors such as agriculture, as initially envisioned in the case of [CSDDD](#). Given that [most farms in the EU](#) can be classified under this category, this exclusion is consequential for worker protection as it limits the reach of the framework in a sector where labour-related risks are structurally present.

During the current mandate, the north star of the European Commission has further shifted from sustainability towards competitiveness. Following this recalibration, the Commission proposed a '[Sustainability Omnibus](#)' package in early 2025 aimed at reducing perceived administrative burdens under the CSRD and CSDDD. In the context of their

revision and as a matter of priority, the EU adopted a 'Stop-the-clock' mechanism, postponing the dates of CSRD obligations for companies that had not yet begun reporting by two years, and delaying the transposition deadline and first phase of application of the CSDDD by one year.

In February of this year, broader and more substantial reforms to the CSRD and CSDDD were also then adopted, significantly narrowing the scope of both instruments. Although the original framework already targeted large companies, the revised rules further raise the size thresholds, limiting due diligence obligations to only the very largest firms and reducing coverage to roughly one quarter of those initially envisaged. The number of companies subject to sustainability reporting requirements will also be significantly reduced, including only a limited subset of companies across the agriculture, forestry and fishing sectors. In parallel, the substance of due diligence obligations has been watered down. Companies will now be required to carry out in-depth risk assessments only in relation to direct business partners rather than across entire value chains, and at longer intervals.

The removal of harmonised EU-level civil liability further limits enforcement coherence, as accountability will rely on national rules and court procedures, which vary across member states.

In F2F sectors, the implications of these changes are particularly significant. Exempting small and medium-sized farms while diluting value-chain obligations for larger ones could shift labour-related risks further down the supply chain where oversight is weaker. Such dynamics could further entrench informal employment and poor working conditions, as businesses relying on precarious labour gain a structural advantage, potentially distorting competition and disadvantaging those investing in more sustainable practices.

The polymaking process itself also raised concerns: the Commission's simplification proposals were fast-tracked without impact assessments. They were also launched without public consultations and without involving social partners, including businesses and workers' associations.

Simplifying the CAP, preserving social conditionality

In the field of agriculture, the Commission introduced a social conditionality mechanism under the 2023-2027 CAP. Mandatory as of 2025, the mechanism links the receipt of CAP income support and rural development funding to compliance with selected EU labour legislation, and more specifically on transparent and predictable working conditions and occupational health and safety. While it does not establish new

labour protections, the mechanism plays an important role by ensuring that EU funds do not inadvertently support socially harmful practices.

From the outset, the mechanism has been limited, however. First, [social conditionality](#) can only be as effective as the monitoring and enforcement capacity of existing national labour inspection systems. If violations go undetected, the mechanism cannot be triggered, limiting its deterrent and corrective function. Further, DignityFIRM research confirms that awareness of the mechanism and enforcement capacity varies considerably between member states.

More broadly, the mechanism is constrained by its payment-conditionality design: it only bites where an employer receives CAP funds. This does not automatically exclude labour-intensive sectors like greenhouse horticulture, but it can create blind spots where such businesses are not CAP beneficiaries and therefore cannot be sanctioned via payment reductions.

Then, in 2025, the Commission's [Vision for Agriculture and Food](#) set a new direction for the EU's agri-food sector, with implications for the mechanism's functioning. In it, the Commission signalled a shift towards competitiveness and food security, while dialling down the [sustainability](#)

[ambitions](#) of its previous mandate. In this context, it launched a '[CAP Omnibus](#)' simplification proposal aimed at easing administrative obligations for farmers.

The [Council](#) and the [European Parliament](#) rejected the Commission's proposal to exempt "crisis payments" for farmers affected by natural disasters from social conditionality, thus formally preserving the mechanism. Yet, the structural limits of the social conditionality system remain, as only businesses receiving CAP payments will continue to be subject to it.

Separately, the Commission also considered expanding the scope of social conditionality to non-discrimination rules. However, no initiative was taken to this end following a [study](#) highlighting the administrative costs that would derive from this. This means that the mechanism will remain tied to a specific subset of labour legislation. Other core labour rights, including those relating to minimum wages and frameworks governing seasonal work, will remain outside the conditionality framework.

Turning to the next budget, the Commission's [proposal for the post-2027 CAP](#) largely preserves both the [existing area-based allocation model](#) and the current design of social conditionality. However, its [negotiation](#) could result in [exemptions for small farmers](#).

Competitiveness vs sustainability: a false dichotomy

Despite what recent policymaking trends might suggest, competitiveness and simplification efforts do not have to come at the expense of sustainability. On the contrary, sustainability can enhance competitiveness, while well-designed simplification measures can serve both objectives.

To begin with, frequent revisions and regulatory reversals risk generating legal uncertainty, particularly but not only for rules that are yet to be applied. Changes to the CSRD and CSDDD, for example, contribute to an even more unpredictable business environment and penalize early movers. It does not surprise that, while some business actors welcomed the simplification initiative, others noted that many companies had already invested substantial resources in preparation for the new rules.

Further illustrating this, the introduction of changes to the CAP social conditionality mechanism mid-way through the current financing period risks adding complexity, although farmers rely on regulatory stability for strategic planning.

Regulatory shifts and changes negatively affect competition dynamics. For example, strategies centred on minimising labour costs at the expense

of working conditions can be used to get short-term competitive advantages, including in labour-intensive F2F sectors. Prolonged uncertainty and uneven enforcement may further incentivise *mala fide* actors to exploit gaps, distort competition, and externalise social costs along supply chains. This undercuts businesses that adjusted to the rules before binding deadlines or were ready to do so in accordance with the announced timelines.

Fragmentation and exceptions compound these risks and unintended effects. The emergence of divergent national and sectoral regimes imposes additional burdens on companies operating across borders, increasing compliance costs.

By contrast, more coherent EU-level frameworks would enhance legal certainty and promote a level playing field. Other than the indirect benefits that would come from regulatory consistency, investments in social sustainability and higher standards would also have direct positive effects on competitiveness.

For example, research suggests that companies adopting human rights due diligence, including in the agri-food sector, gain tangible financial benefits by avoiding exposure to labour-rights scandals, reputational damage, litigation, and supply chain disruptions, while maintaining market access.

Mandatory due diligence and other social sustainability mechanisms, including credible audits and grievance procedures, therefore also function as risk management instruments.

The Commission's own [impact assessment for the CSDDD](#) highlighted improved financial performance in the medium to long term, including, among others, through operational efficiency, cost savings, reputational gains, innovation, and first-mover advantages. It also put emphasis on talent attraction.

In F2F sectors, where output is highly sensitive to labour disruptions, the [productivity effects](#) are particularly tangible. Safer and healthier working environments achieved through stronger occupational safety and health practices, adequate protective equipment, safer machinery, heat-stress prevention measures, and decent housing and transport arrangements for seasonal workers reduce workplace accidents, increase stable day-to-day operations and translate into measurable productivity gains.

[Training opportunities](#) are another crucial competitiveness lever. Investments in [skills-development](#), encompassing language acquisition, but also safety protocols, equipment handling, supervisory capabilities, and formal certification enhance working conditions. Besides this, they also lead to

greater adaptability, operational efficiency, and innovation capacity, all associated with positive productivity and performance outcomes. Particularly in some [agri-food sectors](#), rapid [technological developments](#) will also increase the importance of [upskilling and reskilling](#) opportunities (see Box 1).

Box 1: Regenerative agriculture: an emerging pathway in sustainable food systems

Technology and production models are evolving. In 2025, the European Economic and Social Committee (EESC) recognised regenerative agriculture - a holistic farming approach - as key for transforming Europe's food systems. Supporting targeted training opportunities for small farms and young farmers would be needed to support the transition to this type of agriculture, particularly in the context of demographic decline and labour shortages. Upskilling and reskilling initiatives, including through traineeships and [Talent Partnerships](#), could also contribute to the diffusion of regenerative farming practices, ensuring more socially and environmentally sustainable food production.

These benefits should be connected to labour-supply dynamics and demographic trends. Within F2F sectors, employers across many member states

face persistent and structural labour shortages, which are a significant constraint on competitiveness. Meanwhile, native workers tend to avoid low-wage, labour-intensive jobs, especially where working conditions are sub-par. While social sustainability cannot in itself address these challenges, poor job quality further contributes to high turnover, skills loss, and operational volatility. By contrast, improving working conditions and ensuring predictable schedules, fair treatment, transparent and decent pay, and accessible complaint mechanisms, could help enhance the sector's attractiveness, strengthen worker retention, and stabilise production.

Improving recruitment and retention would not only meet labour shortages. It would also reduce reliance on intermediaries, improving workforce planning and enhancing business continuity.

Making sustainability and simplification work together

Competitiveness will remain a key goal for EU policymakers, suggesting that simplification discussions may extend to further frameworks and that the Commission may in the future propose more reform packages in other policy areas. Illustrating this prospect, business associations recently called for a 'Labour Market Omnibus', presented as

a way to strengthen labour mobility and reduce the regulatory burden.

As noted by some commentators, such efforts risk diluting corporate obligations and lowering worker protections, a risk amplified by the lack of comprehensive assessments. At the same time, they could leave largely unaddressed the structural supply-chain pressures faced by small and medium-sized businesses, including in F2F sectors.

By contrast, consistent investments in social sustainability and systemic support for *bona fide* actors can generate a triple dividend: enhanced business performance, improved working conditions, and greater resilience of F2F sectors and food security. With a strengthened and well-designed setup, social protections could enhance coherence across policy domains, provide stability and incentives for long-term investment, and better protect workers in precarious situations.

To achieve this, future simplification initiatives should be underpinned by impact assessments and preceded by systematic and inclusive consultations with all relevant stakeholders, including businesses and migrant-led organisations for sectors with a large share of foreign workers. This will strengthen the efficiency of the policymaking process, improving coherence and standards to the benefit of all actors.

At the same time, the European Commission, social partners and stakeholders who are keen to promote more resilient societies and economies should avoid false dichotomies. Narrowing the scope of obligations, delaying timelines or adding exceptions will not by itself lead to a more competitive Europe.

Instead, competitiveness, simplification, and sustainability are mutually

reinforcing when regulatory design prioritises clarity, proportionality, and predictability. Targeted simplification measures underpinned by evidence and stakeholder consultations that address genuine bottlenecks, clarify obligations, and harmonise requirements in a predictable manner will foster a more conducive business environment while supporting the development of a resilient workforce.

Acknowledgements

The author would like to thank Annalisa Buscaini for her valuable contributions to earlier drafts of this Manifesto.

Deliverable information

Schedule Information	
Title and number	Simplification vs. Sustainability? How social sustainability can benefit migrant workers and enhance competitiveness of Farm to Fork sectors
Work Package, Task and Deliverable	Manifesto 4 - WP3.2
Publication date	12.03.2026
Doi reference	10.5281/zenodo.18980810
Authors	Karina Smreková (EPC)
Dissemination level	PU
Deliverable type	Manifesto

Manifesto 4 – WP3.2

Simplification vs. Sustainability? How social sustainability can benefit migrant workers and enhance competitiveness of Farm to Fork sectors

March 2026

About DignityFIRM

Towards becoming sustainable and resilient societies we must address the structural contradictions between our societies' exclusion of migrant workers and their substantive role in producing our food.

www.dignityfirm.eu



This project has been funded by the European Union's Horizon 2020 research and innovation programme under grant agreement No 101094652