Answering the Top 7 CSRD Reporting Questions for HR and People Analytics
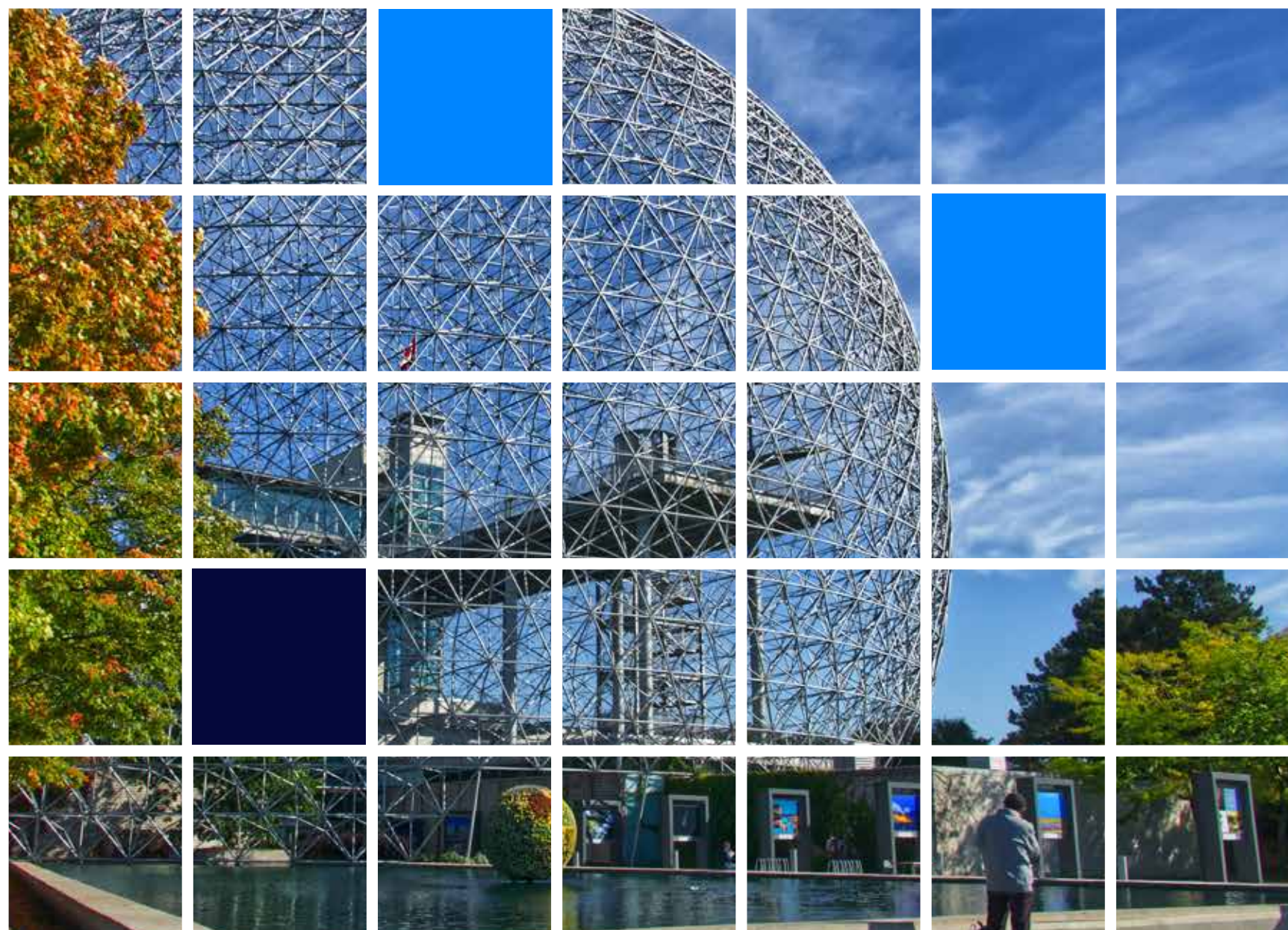
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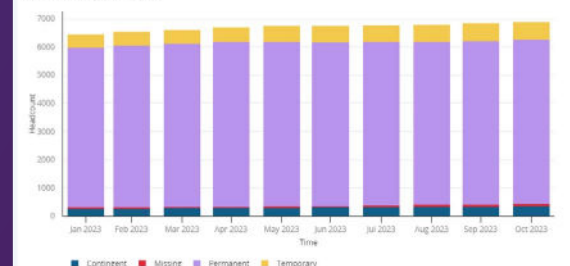
The EU Corporate Sustainability Reporting Directive (CSRD) is here, and it's not going anywhere. So what does this mean for HR and people analytics leaders? Keep reading for everything you need to know - including why it's important to start compiling the relevant people data now, while there's still time.

01.

What is the CSRD?

According to [Deloitte](#) (August 2023), the CSRD will impact approximately 11,700 to 50,000 companies in the European Union, with approximately 3,000 or more U.S. based companies estimated to be impacted. To understand what the CSRD is, you first need to get some basic terminology under your belt.

- **The European Commission** designs and implements EU policies, including directives and regulations, after consultation with and approval by the European Parliament.

- **The European Financial Reporting Advisory Group (EFRAG)** is a private association, separate from the European Commission, that develops views on financial and sustainability reporting in corporate reporting.

- **Regulations** have binding legal force throughout every European Member State.

- **ESG** refers to environment, social, and governance.

- **Directives** lay down certain results that must be achieved. Each European Member State is free to decide how to translate the directives into national laws.
- The CSRD will replace the **Non-Financial Reporting Directive (NFRD)**, which will be phased out starting in early 2024.
- **An undertaking** is a company of a certain legal form which is established in the EU and governed by the laws and regulations on corporate reporting of an EU Member State.

The **Corporate Social Reporting Directive (CSRD)** is a new directive that promotes transparency in the business world. Introduced by the European Union, it's a significant evolution in the realm of ESG and corporate sustainability reporting. The CSRD aims to enhance the consistency and comparability of sustainability information in an era where consumers and investors are increasingly concerned about ethical business practices.

As mentioned, the CSRD will replace the NFRD which has been in effect since 2018. With CSRD, the European Union is taking a decisive step towards a more comprehensive and standardized approach to sustainability. Under this new directive, more companies will be required to adhere to these reporting standards, expanding the scope from 11,000 companies under the NFRD to nearly 50,000. This ensures a broader coverage of economic activities and a more significant contribution to sustainable investment decisions.

NFRD

11,700 companies, comprising large public interest entities with 500+ employees, are impacted by the NFRD since 2018.

As of this writing, 49,000 EU companies, focusing on larger and listed ones, are impacted by the CSRD starting from January 1, 2024.

CSRD

With CSRD in place, we're being introduced to mandatory EU sustainability reporting standards which provide a single set of detailed rules for **all businesses**.

02.

What are ESRS?

Now, this is where it starts to get complicated. So, keep those definitions from the previous section handy.

The European Sustainability Reporting Standards (ESRS or "the standards") are a set of 12 guidelines, developed by EFRAG, that outline clear principles and methodologies for the 49,000+ companies globally who are required to report on their ESG efforts in order to comply with CSRD. So while they are interconnected, the ESRS and the CSRD serve distinct functions. **The CSRD sets the legal framework and reporting obligations; while the ESRS provides the roadmap for compliance.**

03. What is ESRS S1 Own Workorce?

CROSS-CUTTING STANDARDS

ESRS 1	ESRS 2
General principles	General, strategy, governance and materiality assessment disclosure requirements

ENVIRONMENT

ESRS E1	ESRS E2	ESRS E3	ESRS E4	ESRS E5
Climate change	Pollution	Water and marine resources	Biodiversity and ecosystems	Resource use and circular economy

SOCIAL

ESRS S1	ESRS S2	ESRS S3	ESRS S4
Own Workforce	Workers in the value chain	Affected communities	Consumers and end-users

GOVERNANCE

ESRS G1	ESRS G2
Governance, risk management and internal controls	Business Conduct

Overview of deliverables based on the CSRD architecture – Source: EFRAG Eds on Draft ESRS Outreach Event

The ESRS cover a wide range of sustainability issues which include cross-cutting standards; Environmental, Social, and Governance. ESRS S1 Own workforce is one of the four Social standards within ESRS. It's a piece of the ESRS pie – and it's the #1 area HR and People Analysts need to be responsible for when it comes to CSRD.

As part of ESRS S1, companies are required to report on policies for managing impacts on their workforce, including risks and opportunities. Among other things, HR professionals should be prepared to disclose whether there are company policies aimed at promoting work-life balance, diversity and inclusion, improving health and safety measures, and providing adequate pay. By gathering this information today, you'll be ready to comply with CSRD requirements starting in 2024.

The reporting information covered by ESRS S1 Own Workforce falls under two umbrella categories:

1. Impacts, risks and opportunities management
2. Metrics and targets

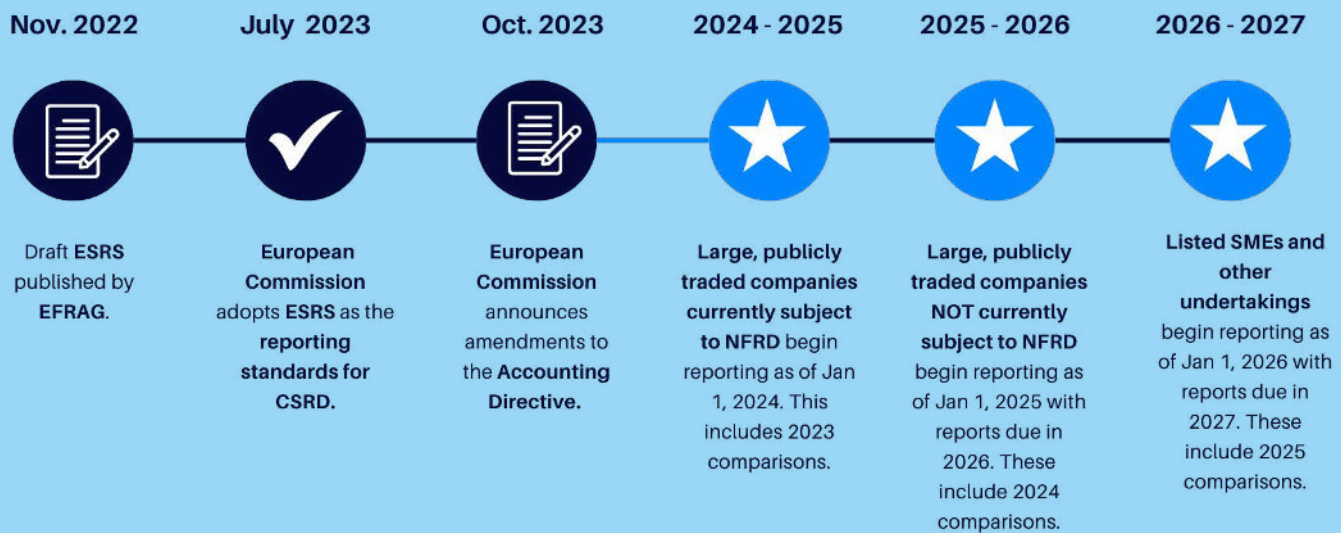Within these categories, there are 17 total topics covering a range of workforce-related qualitative insights as well as quantitative data. For more details on Disclosure Requirements and Topics skip to the Appendix.

While some of these metrics seem straightforward enough, others require careful planning, time, and dedicated resources to be able to pull insights that are both accurate and compliant.

04. Who needs to comply with CSRD – and what's the timeline?

Corporate Sustainability Reporting Directive (CSRD) and ESRS Timeline

Nov. 2022	July 2023	Oct. 2023	2024 - 2025	2025 - 2026	2026 - 2027
Draft **ESRS** published by **EFRAG**.	**European Commission** adopts **ESRS** as the **reporting standards for CSRD.**	**European Commission** announces amendments to the **Accounting Directive.**	**Large, publicly traded companies currently subject to NFRD** begin reporting as of Jan 1, 2024. This includes 2023 comparisons.	**Large, publicly traded companies NOT currently subject to NFRD** begin reporting as of Jan 1, 2025 with reports due in 2026. These include 2024 comparisons.	**Listed SMEs and other undertakings** begin reporting as of Jan 1, 2026 with reports due in 2027. These include 2025 comparisons.

The big question everyone is asking is this; "When will we need to report out on these metrics?" and unfortunately, the answer isn't cut and dry.

For now, there are high-level milestones HR leaders should be aware of when it comes to approval of the standards and CSRD compliance. First, let's look at the progress that's been made to date:

- In November 2022 the first set of draft ESRS were published by EFRAG.

- Between November 2022 – July 2023 there were additional rounds of consultation leading to the ESRS being adopted by the European Commission on July 31, 2023.
- On October 17, 2023, the European Commission made an amendment to the Account Directive to account for inflation. This will impact the number of Small and Mid-sized Enterprises required to comply with the CSRD.

Looking ahead, the following provides a timeline of which companies will be required to comply with the CSRD and when:

- Large public-interest companies with 500+ employees and already subjected to the NFRD will have to comply starting from January 1, 2024. The reports for this category are due in 2025.
- Large companies not currently subject to the NFRD, with 250+ employees and/or €40 million in turnover and/or €20 million in total assets will have to comply from January 1, 2025. CSRD-compliant reports for this category are due in 2026.
- Listed SMEs and other undertakings will have to comply starting from January 1, 2026, with their first annual CSRD-compliant report published in 2027. Reports for this category are due in 2027. This group will have the option to opt-out until 2028.

05.

Why does ESRS S1 Own Workforce reporting fall under HR and People Analytics?
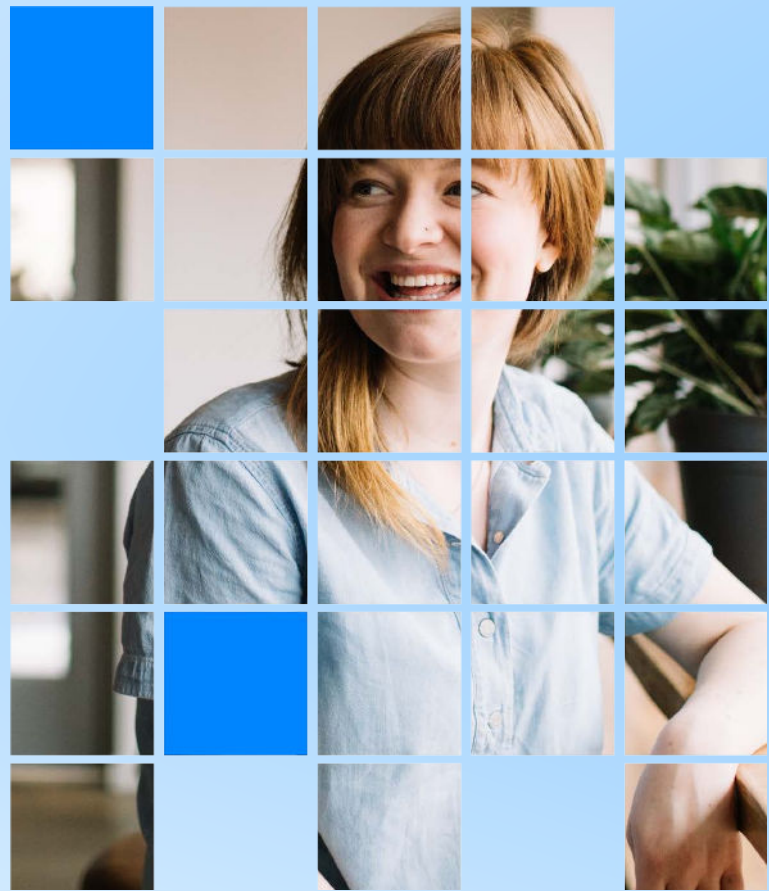
The fact is, ESRS S1 Own Workforce requires organizations to disclose more than 50 quantitative and qualitative insights that fall under the purview of Human Resources and People Analytics. We're talking raw people data here, as well as insights related to the strategies and policies that only HR can speak to.

Many large organizations have mere weeks left to get CSRD reporting in order. If your organization is not required to comply today, that doesn't mean it won't grow to in the near future. For this reason, we recommend being prepared now, to avoid risk when the time comes.

Own Workforce reporting may seem like another regulatory burden to navigate, however, once you peel back the layers, you'll find it provides a unique opportunity for HR leaders like you to become more strategic and assert your place at the corporate decision-making table.

Complying with CSRD can also help you build a better workplace culture. Culture isn't just about employee satisfaction—it's about creating an environment where everyone can thrive. With the data-driven insights you gain from Own Workforce reporting, you can measure the impact of your culture initiatives, make necessary adjustments, and track progress over time. This proactive approach can lead to increased employee engagement, better hiring decisions, improved productivity, and better business outcomes.

⏰ **Bottom line: if you haven't started pulling 2023 data by now, you're behind, and time is ticking!** ⏰

The HR teams who can get ahead of their CSRD reporting now will be well positioned to drive business conversations that make an impact **for years to come**.

06.

What other departments are responsible for CSRD and ESRS?

> While Human Resources needs to own ESRS S1 reporting, CSRD compliance as a whole is a multi-departmental task that requires a unified approach from different teams.
>
> Ian Pinkett, Global People Analytics Manager at Arcadis, shares an important perspective on this: "What you don't want is for your people team to go off and start looking at CSRD reporting when the whole thing is already being driven by another department." This reflects the reality that CSRD often falls under the umbrella of non-financial reporting, which typically resides within the Finance team's purview.

"What you don't want is for your people team to go off and start looking at CSRD reporting when the whole thing is already being driven by another department."

Ian Pinkett
Global People Analytics Manager
Arcadis

The finance department, then, becomes a key player in driving CSRD, along with ESG/sustainability, IT, Procurement, and of course, HR.

Still, as Ian Pinkett points out, it's important for HR to be proactive. Many large organizations would likely engage their people team at the last minute, leading to rushed and potentially incomplete reporting. Not to mention, diminishing your reputation with internal stakeholders.

Again, ESRS S1 really is HR's bread and butter when it comes to CSRD. It's critical for People Analytics to take a proactive approach to Own Workforce reporting now, instead of when it's too late.

Disclosure Requirement S1-6 – Characteristics of the Undertaking's Employees

The objective of this Disclosure Requirement is to provide insight into the undertaking's approach to employment, including the scope and nature of impacts arising from its employment practices, to provide contextual information that aids an understanding of the information reported in other disclosures, and to serve as the basis for calculation for quantitative metrics to be disclosed under other disclosure requirements in this Standard.
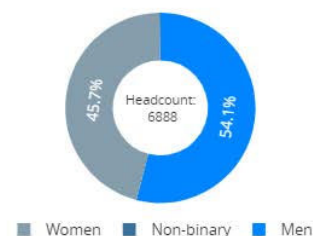
Headcount Distributions by Gender

Headcount by Gender
Oct '23 · Employees in EEA (CSRD)

Gender ^	Headcount	FTE Monthly
Men	3.725	3.219,4
Non-binary	12	10,0
Women	3.151	2.740,6
Overall	6.888	5.970,0

Headcount by Gender
Oct '23 · Employees in EEA (CSRD)

45.7% 54.1%
Headcount: 6888

■ Women ■ Non-binary ■ Men

07. How can HR drive effective Own Workforce reporting?

Base pay distribution by gender
Oct '23 - Employees in EEA (CSRD)

Base pay (full-time)

EUR 600k

EUR 500k

EUR 400k

EUR 300k

EUR 200k

EUR 100k

EUR 0

Men   Women   Non-binary

Gender
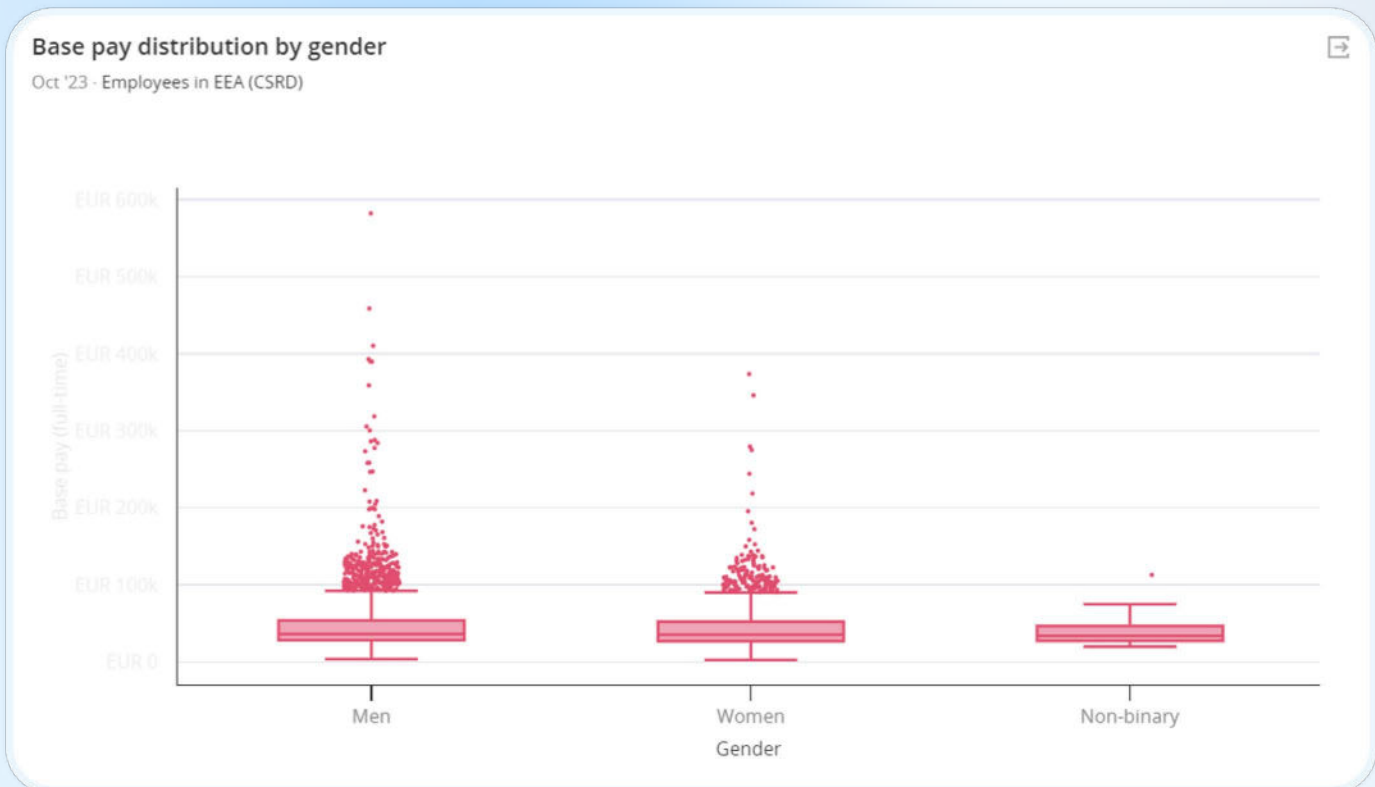
The easiest way is to start now. Period. If you haven't started yet, you're behind.

We recommend first confirming your timeline and meeting with the finance team to level-set on roles and responsibilities. From here, start pulling together your Own Workforce reporting. You'll want to collect the relevant data, calculate metrics, and finish off by visualizing the required topics in reports and dashboards.

If and when you feel confident in your data, you'll be ready to tell a story with those insights. It's important to note that Own Workforce reporting is not just about quantitative metrics, it includes qualitative disclosures as well.

Suffice it to say, this will be an extremely complex and time-consuming process. There are numerous things that could go wrong, causing your data to be skewed and even putting your organization at risk of non-compliance. It's also important to consider that the goal of the entire CSRD is to level-up sustainability efforts by looking at how far your organization has come, and what actions it will take to improve moving forward.

By ensuring you have accurate data now, **you'll save time and energy** to craft the required qualitative information such as explanations of metrics, details on processes, and the impact of your efforts on the broader ESG ecosystem.

Considering the time it takes to craft data-backed stories of this caliber, HR and People Analytics leaders should consider working from a professional reporting platform such as Crunchr CSRD Workforce Reporting. The industry's most intuitive People Analytics platform provides **out-of-the-box CSRD dashboards that are risk-free, customizable, and fast to implement**; so you can get ahead of your Own Workforce reporting. By working with Crunchr, you'll also show potential auditors that they can trust your data is accurate and comprehensive.

Summary
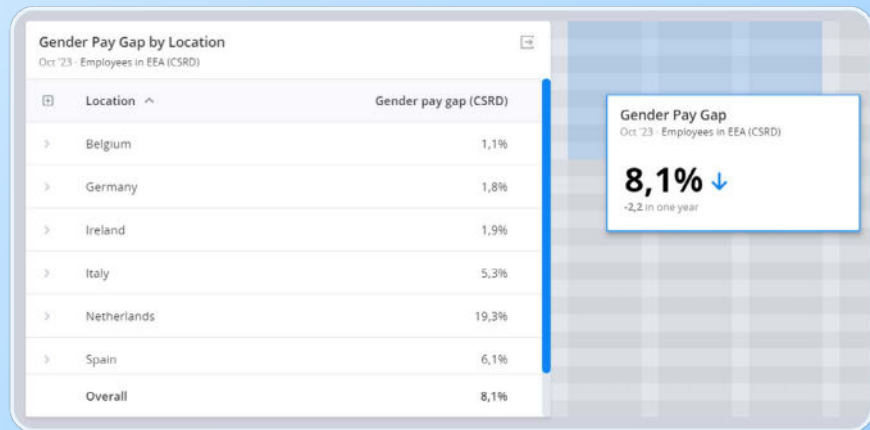
For many HR and People Analytics leaders, the need to comply with ESRS S1 reporting is right around the corner, so time is ticking! Above and beyond the reporting requirements, though, this new directive poses an opportunity for People Analytics to create compelling stories with their data. This is more than just a compliance exercise—it's a catalyst for HR to drive strategic change.

By leveraging Crunchr's CSRD Workforce Reporting tools, you can not only save time on your Own Workforce reporting, but feel confident in your insights, so you can spend more time focused on making decisions that impact lasting change.

What it all comes down to is this: the time to seize this opportunity is now. The CSRD represents a giant leap forward in terms of holding businesses accountable for sustainability efforts that make a real difference. So don't wait, get started on your ESRS S1 Own Workforce reporting today.

Start gathering your insights now with Crunchr's CSRD Workforce Reporting

AA.

Appendix A. Impacts, risks and opportunities management

Disclosure Requirement	Topic(s)
S1-1 – Policies related to own workforce	Description of policies around human rights, trafficking, accident prevention policy, discrimination, etc.
S1-2 – Processes for engaging with own workers and workers' representatives about impacts	Description of processes around due diligence to prevent mishaps, such as ensuring voices of marginalized groups are heard.
S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns	Description of processes to remediate negative impacts on employees as well as channels and protocols whereby issues are submitted and can be addressed.
S1-4 – Taking action on material impacts on own workforce	Description of processes to reduce pre-identified workforce risks including a summarized description of action plans and resources to manage impacts, risks, and opportunities.

For full details, be sure to reference official EFRAG standards HERE.

AB.

Appendix B. Metrics and Targets

Disclosure Requirement	Topic(s)
S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing risks and opportunities	The organization's targets around a) reducing negative impacts on its workforce, b) advancing positive impacts on its workforce, and c) managing material risks and opportunities related to its workforce. You must also disclose how these are set, tracked, and followed up on (ideally together with your own workforce).
S1-6 – Characteristics of the undertaking's employees	• <u>S1-6, 51a.</u> Headcount (total, by gender, and by country). • <u>S1-6, 51b.</u> Headcount (or FTE) of permanent, temporary, and non-guaranteed-hours employees. Broken down by gender and region. • <u>S1-6, 51c.</u> Leaver count and turnover in the CSRD reporting period. • <u>S1-6, 51d.</u> A description of the computations behind S1-6, 51a-c. • <u>S1-6, 51e.</u> An interpretation of the numbers S1-6, 51a-c,
S1-7 – Characteristics of non-employee workers in the undertaking's own workforce	• <u>S1-7, 55a.</u> Headcount of external workers. • <u>S1-7, 55a ii.</u> The type of work such workers perform. • <u>S1-7, 55b.</u> A description of the computations behind S1-7, 55a. • <u>S1-7, 55c.</u> An interpretation of the numbers S1-7, 55a, e.g., the reason for a fluctuating headcount.

For full details, be sure to reference official EFRAG standards [HERE](#).

Disclosure Requirement	Topic(s)
S1-8 – Collective bargaining coverage and social dialogue	• <u>S1-8, 60a.</u> Percentage of total employees covered by social bargaining agreements. • <u>S1-8, 60b.</u> Qualitative description of percentage not covered by social bargaining agreements. • <u>S1-8, 60c.</u> Continued qualitative description and a coverage rate estimation. • <u>S1-8, 61.</u> Qualitative description of one or more bargaining agreements and breakdown of coverage rate by country and bargaining agreement. • <u>S1-8, 62a.</u> Percentage of total employees covered by workers' representatives. Broken down by business unit by EEA country. • <u>S1-8, 62b.</u> Existence of agreement with employees for EWC, SE, or SCE council representation.
S1-9 – Diversity metrics	• <u>S1-9, 65a.</u> Gender distribution in number and percentage at the top management level. • <u>S1-9, 65b.</u> Age distribution with buckets < 30, 30-50, and >50 for the entire workforce (not just top management).
S1-10 – Adequate wages	• <u>S1-10, 68.</u> This section is optional if the company can provide the statement that "all workers are paid an adequate wage, in line with applicable benchmarks." Don't be fooled! You should be pulling this information in order to avoid risk further down the line. • <u>S1-10, 69a.</u> If S1-10, 68 does not apply, elaborate on whether this is the case just for direct employees, just for non-employee workers, or for both (qualitative description). • <u>S1-10, 69b.</u> If S1-10, 68 does not apply, report the percentage of own workforce paid below the adequate wage, with a breakdown for employees and non-employee workers.

For full details, be sure to reference official EFRAG standards <u>HERE</u>.

Disclosure Requirement	Topic(s)
S1-11 – Social protection	• <u>S1-14, 84a.</u> Percentage of own workers covered by a health and safety management system (based on legal standards or recognized guidelines). • <u>S1-14, 84b.</u> The number of work-related fatalities. • <u>S1-14, 84c.</u> The number and rate of work-related accidents. • <u>S1-14, 84d.</u> The number of cases of work-related ill health. • S1-14, 84e. The number of days lost to work-related injuries, fatalities, and work-induced ill health. • <u>S1-14, 85.</u> Further elaboration of S1-14, 84a to determine whether the health and safety management system is externally audited or certified.
S1-12– Persons with disabilities	• <u>S1-12, 76.</u> Percentage of employees with disabilities. • <u>S1-12, 77.</u> Percentage of employees with disabilities by gender.
S1-13 – Training and skills development metrics	• <u>S1-13, 80a.</u> Percentage of employees that participated in regular performance and career development reviews. Broken down by employee category and gender. • <u>S1-13, 80b.</u> The average number of employee training hours per person by employee category and gender. • <u>S1-13, 81.</u> The information reported by S1-13, 80a-b, but for non-employee workers.
S1-14 – Health and safety metrics	• <u>S1-14, 84a.</u> Percentage of own workers covered by a health and safety management system (based on legal standards or recognized guidelines). • <u>S1-14, 84b.</u> The number of work-related fatalities. • <u>S1-14, 84c.</u> The number and rate of work-related accidents. • <u>S1-14, 84d.</u> The number of cases of work-related ill health. • <u>S1-14, 84e.</u> The number of days lost to work-related injuries, fatalities, and work-induced ill health. • <u>S1-14, 85.</u> Further elaboration of S1-14, 84a to determine whether the health and safety management system is externally audited or certified.
S1-15 – Work-life balance metrics	• This section is optional if the company can provide the statement that "all own workers are entitled to family-related leaves through social policy or collective bargaining agreements." Don't be fooled. You should be pulling this information in order to avoid risk further down the line.

Disclosure Requirement	Topic(s)
S1-16 – Compensation metrics (pay gap and total compensation)	• <u>S1-16, 92a.</u> The male-female pay gap: (average male pay - average female pay) / male pay. Note that the average is taken - not the median - and only for paid employees (excluding unpaid). • <u>S1-16, 92b.</u> CEO pay ratio: highest-paid individual to median pay (all employees, excl. highest-paid). Note: based on total compensation: incl. bonus, stock and option awards, non-equity incentives, pension value, and nonqualified deferred compensation earnings. • <u>S1-16, 92c.</u> An interpretation of the numbers S1-16, 92a-b, e.g., more information calculation. • <u>S1-16, 93.</u> Male-female pay gap by employee category, by country, by segment. Optionally: include adjusted pay gap (e.g., weighted) and its methodology. • <u>S1-16, 94.</u> It is allowed to adjust for local purchasing power when computing the CEO pay ratio (S1-16, 92b)—if so, state the methodology.
S1-17 – Incidents, complaints and severe human rights impacts	• S1-17, 98a. The number of discrimination incidents in the reporting period. • S1-17, 98b. The number of (excluding those of S1-17, 98a) social and human-rights complaints filed through channels for workers to raise concerns. • S1-17, 98c. Total monetary fines, penalties, and compensation for damages due to social and human rights violations. Include a comparison with financial statements. • S1-17, 98d. Contextual information to support S1-17, 98a-c. • S1-17, 99a. The number of severe human rights issues and incidents. • S1-17, 99b. Near-copy of S1-17, 98c. • S1-17, 100. Status update on incidents and complaints: a) in review, b) remediation implemented, c) remediation plans implemented and with result, and d) closed incidents.

For full details, be sure to reference official EFRAG standards HERE.

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About Us

Meet Crunchr - the most intuitive people analytics platform. Crunchr makes people data secure, fast, and accessible; empowering HR to drive better business outcomes.

The industry's most intuitive People Analytics platform provides out-of-the-box CSRD dashboards that are risk-free, customizable, and fast to implement; so you can get ahead of your Own Workforce reporting.

Have a question that's not on this list? Feel free to reach out to our team for an in-depth CSRD readiness evaluation today!

Learn more   **Take a tour**