



# Your Urgent Action Plan for CSRD Compliance Preparation It All Starts with Data



-  CSRD Brings Sweeping Changes in the Compliance Landscape
-  Understanding the EU's Corporate Sustainability Reporting Directive (CSRD)
-  The Evolution of HR's Role with CSRD
-  The Shift from Isolated HR Metrics to Integrated People Reporting
-  Navigating the People and HR Data Landscape for CSRD Compliance
-  Leveraging People Analytics for CSRD Readiness
-  Frequently Asked Questions (FAQs)
-  Comfortable Compliance with SplashHR

# CSRD Brings Sweeping Changes in the Compliance Landscape

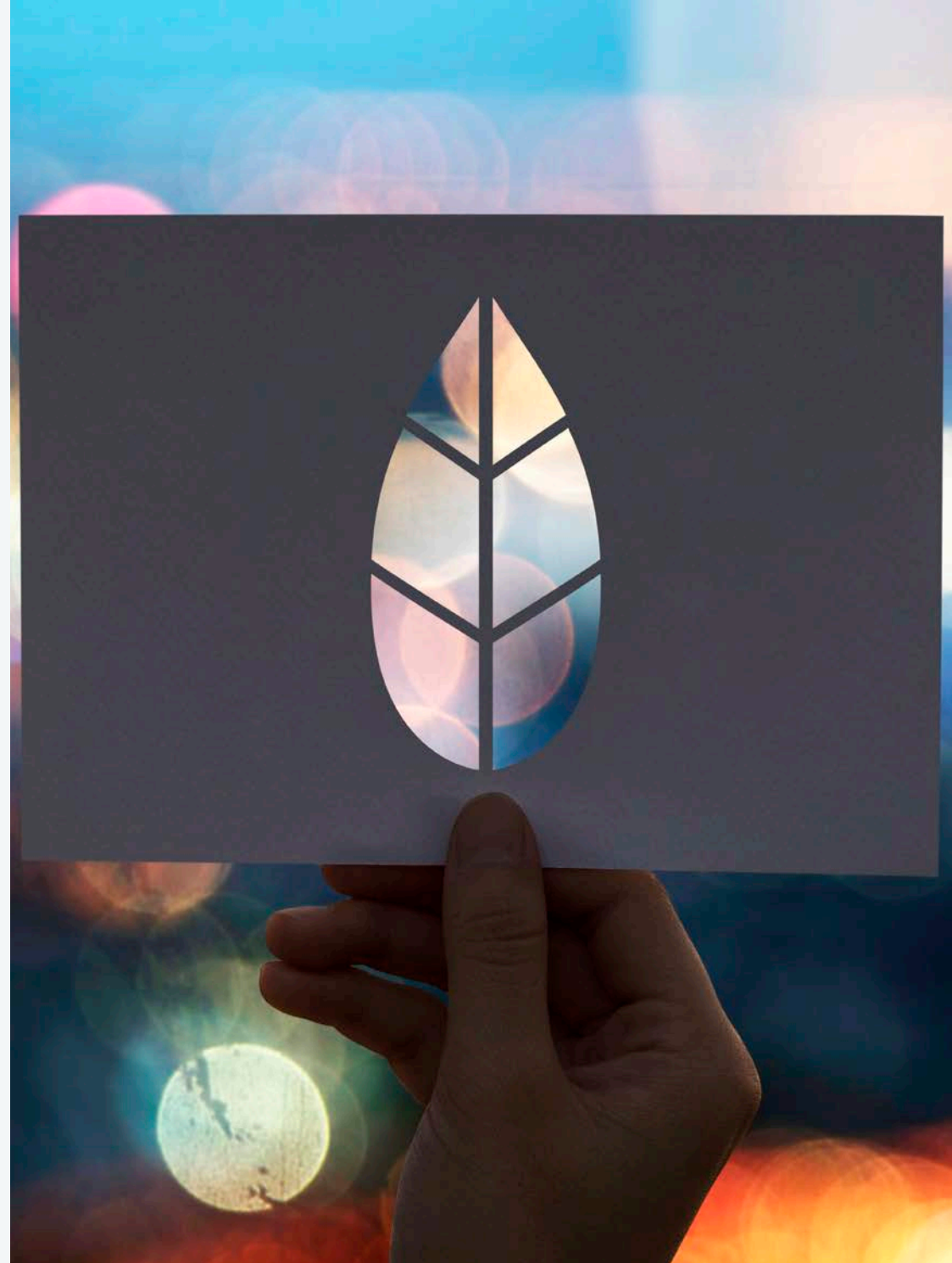
---

The Corporate Sustainability Reporting Directive (CSRD) introduced by the European Union (EU) is arguably the most transformative change in corporate sustainability reporting in recent times — rewriting the rulebook for business accountability and transparency. This directive took effect in January 2023 and will be applicable from the financial year 2024 onwards. The CSRD aims to weave sustainability into the very fabric of business practice, thereby influencing enterprise-wide approaches to environmental, social, and governance (ESG) concerns.

## A Landmark Moment for Corporate Reporting in HR

---

For Human Resource departments, the CSRD is nothing short of a game-changer. Until now, sustainability reporting often fell outside the traditional purview of HR. But the CSRD has dramatically changed the landscape by expanding HR's role in corporate reporting. The directive demands that companies report on 47 different people-centric metrics. These metrics touch upon key facets of organisational health and employee well-being, ranging from workforce diversity and pay equity to employee engagement levels, training, development initiatives, and health and safety protocols.



# A Goldmine of Insights

---

This guide is designed to arm you with the essential strategies and insights needed to navigate the complexities of CSRD compliance. Leveraging nearly a decade of experience in analytics and reporting, SplashHR's experienced team of data experts provides a reliable roadmap for success. Our robust analytics solutions have empowered HR teams to build inclusive cultures and get accurate snapshots of people metrics long before CSRD was even on the horizon.

Many of the insights and strategies compiled here are drawn from a wealth of expertise shared during our exclusive webinar,



'Preparing People Data for the EU CSRD:  
Best Practices and Strategies for HR Professionals'

This webinar explored the intricacies of what CSRD means for HR departments and how best to prepare for these sweeping changes.

To supplement your journey through this guide, we recommend watching the webinar, available on demand.

CSRD may have expanded the scope and complexity of your HR responsibilities, but this guide is designed to help you navigate each phase of your compliance journey, transforming a daunting challenge into an opportunity for organisational growth and ethical leadership. Whether you are considering building an in-house data analytics system or contemplating an outsourced solution, you'll find insights that empower you to make informed decisions.



# Understanding the EU's Corporate Sustainability Reporting Directive (CSRD)

Instituted by the European Union, the Corporate Sustainability Reporting Directive (CSRD) radically restructures how companies must report on sustainability issues. Effective from January 2023 and applicable from the financial year 2024, CSRD requires roughly 49,000 large and listed SMEs in the EU to submit comprehensive reports on a broad array of sustainability indicators. This directive goes beyond ticking boxes and focuses on enhancing corporate responsibility, transparency, and ultimately, contributing to the EU's green and social ambitions.

## Introduction and Applicability:

The CSRD came into effect in January 2023 and will be applicable from the financial year 2024. It replaces the Non-Financial Reporting Directive (NFRD) and broadens the scope of sustainability reporting.

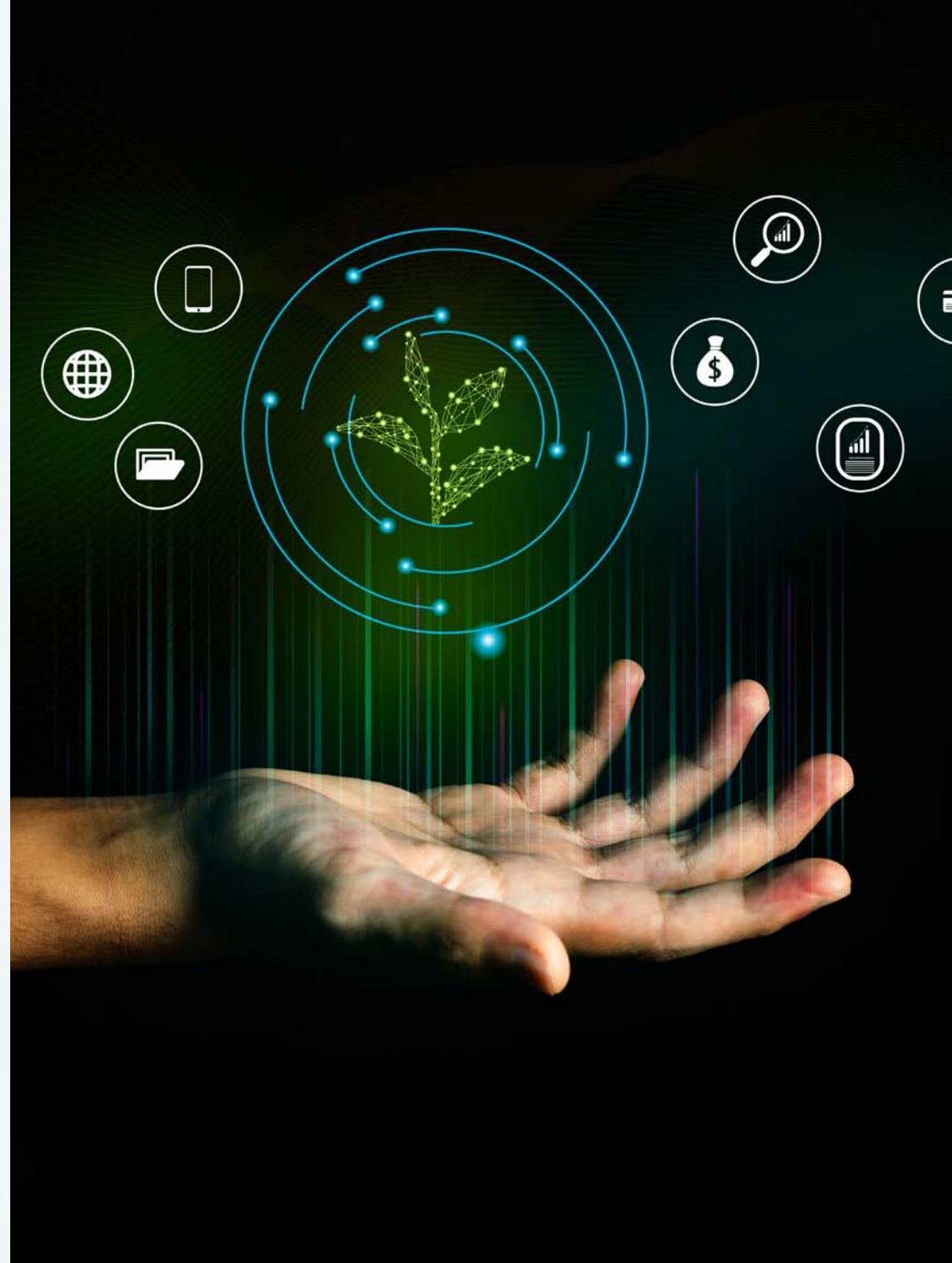
## Criteria for Applicability:

Companies need to meet at least two of these three criteria to come under the purview of CSRD:

- Over 250 employees
- A net turnover greater than €40 million
- Over €20 million on the balance sheet

## Goals and Standards:

The directive aims to improve the quality, consistency, and comparability of sustainability information disclosed by companies. It introduces European Sustainability Reporting Standards (ESRS) and aligns with international initiatives like the International Financial Reporting Standards (IFRS) and Task Force on Climate-related Financial Disclosures (TCFD).



## Reporting Categories:

The directive mandates companies to report under four broad categories: cross-cutting, environment, social, and governance. It introduces the concept of 'double materiality', requiring companies to report on both their impact on people and the environment and how sustainability issues impact the company.

## Implications for HR:

One of the significant highlights is the expansion of HR reporting requirements. Companies now must report on 47 different 'people metrics' – particularly under the category termed 'Own Workforce' within the legislation. These include aspects like diversity, pay gaps, employee engagement, turnover, training and development, health and safety, and others.

## Audit and Penalties:

The directive mandates that an independent auditor assures the sustainability information. Non-compliant companies could face fines of up to €10 million or 5% of their annual revenue.





## How CSRD Differs from the Previous Reporting Directives

---

To appreciate the revolutionary impact of CSRD, it's crucial to contrast it with its predecessor, the Non-Financial Reporting Directive (NFRD). While NFRD was a stepping-stone in the world of corporate reporting, CSRD takes a far-reaching approach by introducing European Sustainability Reporting Standards (ESRS). Unlike the NFRD, the CSRD mandates companies to disclose information across four major categories: cross-cutting, environment, social, and governance.

Here's a quick overview of the new standards:

## General Disclosures

The General Disclosures section of the ESRS is foundational to the entire report. It syncs with traditional annual reports and includes key areas like governance, strategy, and metrics. This part is crucial for laying out ESG due diligence, alignment with EU taxonomy, and stakeholder engagement, plus the methodology for assessing the impact of each ESG standard.



## Environmental Standards

The ESRS outlines five specific environmental standards, each necessitating that companies disclose relevant material risks, impacts, and opportunities, as well as their respective mitigation plans. These standards are ESRS E1 (Climate Change), ESRS E2 (Pollution), ESRS E3 (Water and Marine Resources), ESRS E4 (Biodiversity and Ecosystems), and ESRS E5 (Resource Use and Circular Economy). For example, ESRS E1 covers everything from Scope 1, 2, & 3 emissions to alignment with the Paris Agreement.



## Social Standards

Four social standards are stipulated: ESRS S1 (Own Workforce), ESRS S2 (Workers in Value Chain) – the ones HR teams should pay attention to – ESRS S3 (Affected Communities), and ESRS S4 (Consumers and End-Users). Companies are mandated to disclose data like employee demographics under ESRS S1 and include specifics like child labor policies and adherence to UN human rights guidelines. ESRS S2 to S4 delve into the company's wider social impact, from supply chain employees to local communities and consumers.



## Governance Standard

Finally, the Governance Standard, known as ESRS G1, deals with Business Conduct and asks for an array of both qualitative and quantitative data. This section aims for transparency in internal operations and specifically addresses issues like bribery and corruption. Data metrics such as incidents of bribery and the scale of political contributions are expected.



# Why HR Teams Must Act Early to Ensure CSRD Compliance

Advance awareness allows for adequate time to review existing data collection mechanisms, understand where the gaps are, and evaluate how easy or complex an activity must be undertaken to fill them. HR leaders must evaluate early in the process whether the required reporting structures can be built in-house or external solutions designed with CSRD compliance in mind should be considered.

Getting a head start on CSRD compliance also ensures ample time to train HR teams and align the whole organisation with the new reporting standards.

## Timeline for the Corporate Sustainability Reporting Directive

SCOPE	EU NFRD				Corporate Sustainability Reporting Directive (CSRD)		
<p>Listed companies with more than 500 employees ~11,000 companies in the EU In force since 2014</p>					<p>All listed companies + large companies that exceed 2/3 of the following:</p> <ul style="list-style-type: none"> <li>Balance sheet total: &gt; EUR 20M</li> <li>Net revenue: &gt; EUR 40M</li> <li>&gt; 250 average number of employees during the FY</li> </ul> <p>~50,000 companies in the EU</p>		
REPORTING REQUIREMENTS	<p><b>FY2020</b></p> <ul style="list-style-type: none"> <li>EU Non-Financial Disclosure Directive (EU NFRD)</li> </ul>	<p><b>FY2021</b></p> <ul style="list-style-type: none"> <li>EU NFRD</li> <li>EU Taxonomy*: Disclosures on extent to which activities contribute to <b>climate change mitigation &amp; adaptation</b></li> <li>Eligibility only</li> </ul>	<p><b>FY2022</b></p> <ul style="list-style-type: none"> <li>EU NFRD</li> <li>EU Taxonomy: <b>eligibility &amp; alignment</b> disclosures over contribution to the first two objectives</li> </ul>	<p><b>FY2023</b></p> <ul style="list-style-type: none"> <li>EU NFRD</li> <li>EU Taxonomy: <b>eligibility &amp; alignment</b> disclosures over contribution to the first two objectives <b>plus eligibility and alignment</b> disclosures over contribution to the remaining four environmental objectives**:</li> <ol style="list-style-type: none"> <li>Protection of water &amp; life in water</li> <li>Transition to a circular economy</li> <li>Pollution prevention</li> <li>Protection of biodiversity</li> </ol> </ul>	<p><b>FY2024</b> (reports published in 2025) for listed companies with over 500 employees</p> <ul style="list-style-type: none"> <li><b>Mandatory EU sustainability reporting standards</b> that will be developed by the European Financial Reporting Advisory Group (EFRAG), addressing the following with regards to ESG matters: <ul style="list-style-type: none"> <li>Alignment of the business <b>model &amp; strategy</b> with the objective to achieve <b>climate neutrality by 2050</b> (including taking into account the entire value chain)</li> <li><b>(science based) Targets &amp; progress</b></li> <li>Role of the <b>administrative, management &amp; governance bodies</b></li> <li><b>Policies</b></li> <li>Most significant <b>negative impacts</b>, degree of exposure to coal/oil/gas-related activities</li> <li><b>Principal risks</b>, including <b>dependencies and how risks are managed</b></li> <li>The way <b>information reported</b> on has been <b>identified</b></li> </ul> </li> <li>Qualitative, quantitative, forward-looking, retrospective information covering short, medium &amp; long-term time horizons.</li> <li>Application of a <b>double materiality</b> lens in reporting on both how sustainability matters affect their business and the <b>external impacts</b> of the company's activities on people and the environment.</li> <li>Information about the company's <b>value chain</b>, including the company's own operations, products &amp; services, business relationships &amp; supply chain.</li> <li>EU Taxonomy related disclosures (as set out in FY2022).</li> <li>The first set of reporting standards are published on <b>30/04/2023 (sector-agnostic reporting standards)</b></li> <li>The second set of reporting standards will be published by <b>1/1/2024 (sector specific reporting standards with high-risk sector standards to be published first)</b>.</li> </ul>	<p><b>FY25</b> (reports published in 2026) large non-listed (see thresholds above)</p>	<p><b>FY2026 (listed) SMEs are included through simplified reporting standards</b> (reports published in 2027)</p>
Format	Annual Report (NL)	Annual Report (NL)	Annual Report (NL)	Annual Report (NL)	Published in a specific section of the Management Report or a separate Sustainability Report	Mandatory digital reporting (no apparent penalties for non-EU companies for failure to report, other than notification)	Mandatory (limited) assurance of reported information. The limited assurance requirement will shift to reasonable assurance after 6 years from adoption of CSRD
Assurance	If required by law	If required by law	If required by law	If required by law			

\* All listed companies on EU regulated markets, except listed micro-enterprises  
\*\*The timeline for implementation and first year of reporting on contribution to the four remaining objectives is still to be officially confirmed



# The Evolution of HR's Role with CSRD

---

Historically, the Human Resources department has been the heartbeat of an organisation, focusing primarily on people management. This includes tasks like recruitment, performance evaluations, employee relations, and staff development. HR has traditionally been the go-to for anything related to the organisation's human capital. As workforces become increasingly globalised and diverse, the HR department has become increasingly more critical to the successful functioning of organisations.





## CSRD's Impact: From People Management to ESG Compliance

---

With the Corporate Sustainability Reporting Directive (CSRD), HR's role is evolving dramatically. Now, HR teams are key players in ensuring company-wide compliance with sustainability reporting. The directive's scope expands the responsibility of HR to include reporting under new categories, particularly the "social" aspect in environmental, social, and governance (ESG) factors. This brings HR into the broader strategy for achieving not just recruitment and talent management goals but also sustainability objectives.

The ESRS Social Standards, including ESRS S1 (Own Workforce) and ESRS S2 (Workers in Value Chain), lay down rigorous reporting requirements. These include employee demographics, child labor policies, and even how a company's operations impact upstream workers in the value chain. Therefore, HR needs to ensure not only that the workplace is sustainable but also that the company's entire value chain adheres to the sustainability goals as defined under the CSRD.

By understanding these new requirements, HR departments can go beyond traditional boundaries and become champions of corporate sustainability. Their influence will be instrumental in shaping how the company navigates the complicated web of compliance, essentially becoming the stewards of both human capital and corporate responsibility.

HR teams must now integrate compliance tasks such as data collection and analysis, engaging with independent auditors, and ensuring that all policies are aligned with the EU's sustainability objectives.

CSRD propels HR into a multifaceted role, embracing compliance and sustainability alongside its traditional focus on people management. This expanded role makes HR not just a functional department but a strategic partner critical for business sustainability and long-term success.

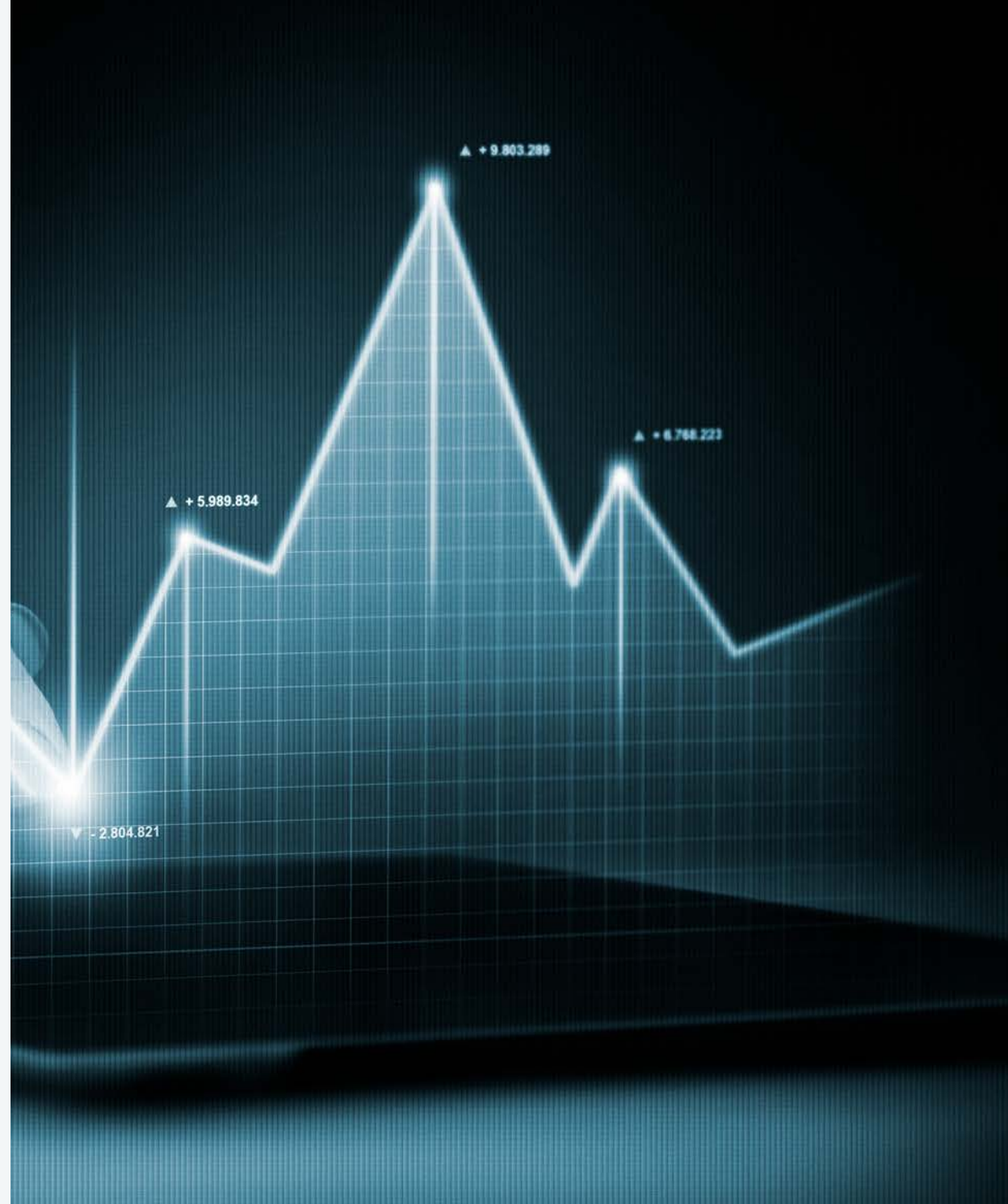
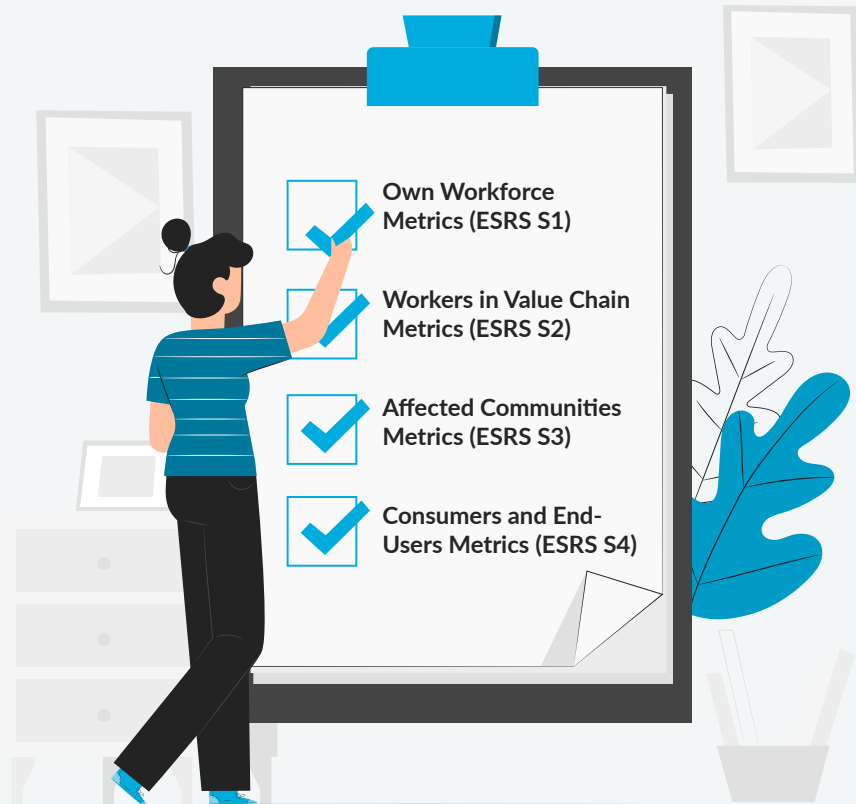
# The Shift from Isolated HR Metrics to Integrated People Reporting

The era of isolated HR metrics is waning. In its place, the Corporate Sustainability Reporting Directive (CSRD) has ushered in a holistic approach to people data, one that is integrated, comprehensive, and critically tied to larger corporate sustainability goals. Now, the lens has widened to include social and ethical considerations, essentially morphing HR into a crucial player in the compliance landscape. This is not just a functional tweak; it's a paradigm shift.

# Social Reporting Standards and Metrics under CSRD

The European Sustainability Reporting Standards (ESRS) mandate a plethora of social metrics. To help HR teams navigate this vast array, certain key metrics warrant prioritisation, especially in the early stages.

## Key CSRD Standards



# Key CSRD Compliance Metrics



# How People Data Contributes to Overall Corporate Sustainability Transparency and Compliance

The broadened scope of people data is not an end in itself. Rather, it is a means to contribute to the overall corporate sustainability transparency that CSRD aims to establish. The data collected under these social standards allows stakeholders to gauge not just the company's financial health but its ethical standing and societal impact as well. With increased scrutiny from both public and private entities, this newfound transparency becomes not just a regulatory necessity but a competitive advantage.

# Navigating the People and HR Data Landscape for CSRD Compliance

---

As HR teams expand the scope of their roles to encompass CSRD compliance, they face a unique set of challenges in data collection and management. The expanded scope of HR reporting under CSRD is likely to require collection of metrics across different verticals. This requires close collaboration between teams and the development of robust processes to ensure seamless collection and storage of data for reporting purposes.

# Challenges in Collecting and Managing People Data for CSRD

## Data Fragmentation

Data silos often exist across departments, making it difficult to collect cohesive and comprehensive information.

## Quality Assurance

Ensuring the accuracy and reliability of the data collected is paramount for compliance.

## Scalability

As the organisation grows, so does the complexity of the data, requiring systems that can scale effortlessly.

## Regulatory Nuances

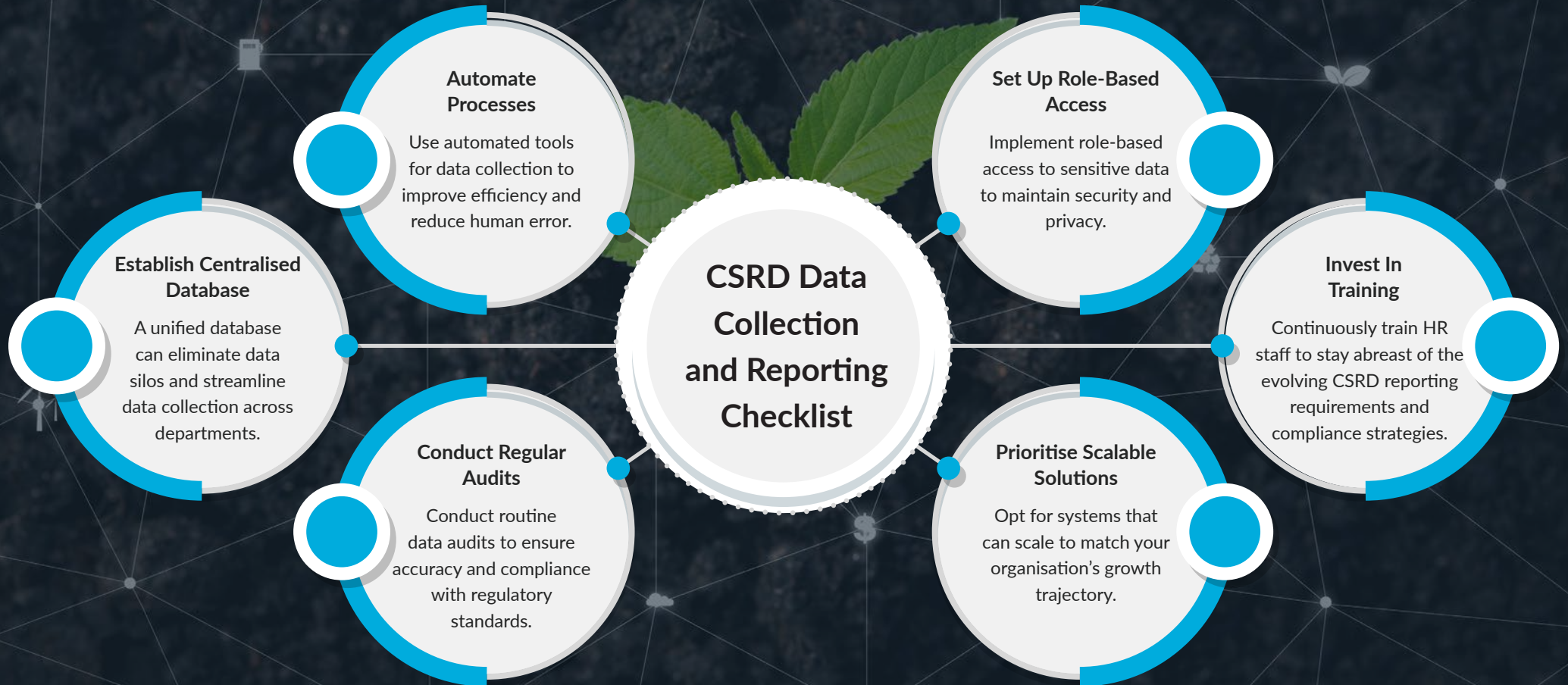
Understanding the specific nuances of the ESRS under CSRD, such as double materiality, adds another layer of complexity.

## Privacy Concerns

Adhering to privacy regulations while collecting and storing sensitive people data is critical.

# CSRD Data Collection: Best Practices

Despite these challenges, effective strategies can help HR teams navigate the intricate data landscape. The core component in this endeavor will be the implementation of a solid reporting system to keep up with current and future regulatory requirements. In the leadup to the CSRD reporting deadlines, HR teams can use the following checklist as a guide to build a mature reporting system.





## Streamlining the Data Journey: The Way Forward

---

Leveraging strategies and technologies that facilitate efficient data gathering, integration, and reporting is critical for proper CSRD compliance. This collection of data from multiple sources can help paint an accurate picture of global people metrics. Accurate and concise data is more than a regulatory requirement but can also help steer crucial business decisions.

Organisations can approach data collection through both active and passive listening methods.

Active listening is vital for capturing the pulse of the organisation. This method usually includes surveys and direct feedback mechanisms. By tailoring your surveys to address specific ESRS standards and aligning these with broader corporate sustainability goals, you not only comply but also create room for targeted interventions.

Passive listening involves analysing data that naturally occurs within the organisation, such as operational data. By regularly syncing this data and relating it to financial and reputational risks, HR teams can ensure they not only meet compliance requirements but also proactively mitigate risks.

## Active Listening

### Technologies

Advanced survey tools for anonymity and real-time analytics dashboards.

### Strategies

Tailored surveys addressing specific ESRS standards like employee well-being or diversity.

### Meaningful Interventions

Targeted programs based on gathered data to improve areas of concern.

### Technologies

Integration of a Human Resources Management System (HRMS) that tracks diverse metrics and adheres to data privacy standards.

### Strategies

Regular data synchronisation from various departments for a holistic compliance view.

### Meaningful Interventions

Long-term strategy formulation using data, e.g., workforce planning.

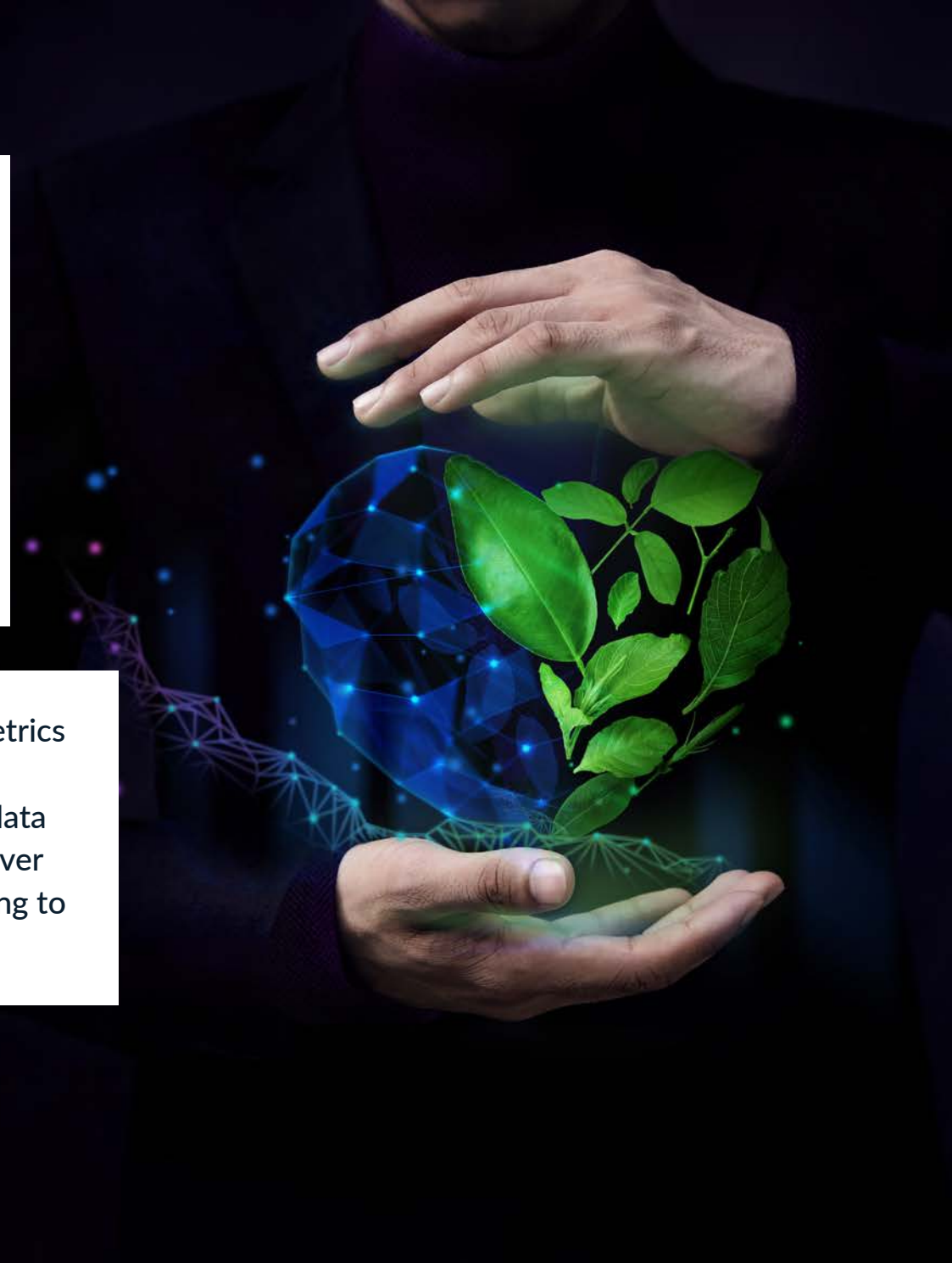
## Passive Listening

For global organisations, ensuring that everyone is on the same page is crucial. A well-executed mix of active and passive listening strategies can facilitate this. Consistency in metrics and alignment with broader business goals can not only foster management engagement but also provide a unified approach to CSRD compliance. Both active and passive listening should be leveraged to gather comprehensive, actionable data. This holistic approach can contribute significantly to not only meeting CSRD mandates but also in creating a workplace that is in sync with global sustainability goals.

# Leveraging People Analytics for CSRD Readiness

---

People analytics enables HR teams to go beyond traditional metrics to provide a comprehensive picture of employee engagement, performance, and well-being. These analytics can consolidate data from multiple sources, streamline the analysis process, and deliver actionable insights. All of these are crucial elements when aiming to meet the new and extensive CSRD requirements.



# Focus On the Big Picture

People analytics enables HR teams to go beyond traditional metrics to provide a comprehensive picture of employee engagement, performance, and well-being. These analytics can consolidate data from multiple sources, streamline the analysis process, and deliver actionable insights. All of these are crucial elements when aiming to meet the new and extensive CSRD requirements.

## Forecast Staffing Challenges with Predictive Analytics

Robust people analytics offer invaluable foresight in today's volatile corporate landscape.



Track trends in employee engagement and turnover to foresee and mitigate staffing issues.



Bolster HR's role as a strategic partner and validate their initiatives with hard metrics.



## Unite Global Stakeholders Through Data

Present a comprehensive snapshot of people metrics to win stakeholder buy-in.



Use people analytics to bridge communication gaps across various business units.



Surface commonly required information within multinational corporations with different organisational structures.



## Drive Progress with Data-Driven Decisions

A common data language enables collective progress, aligning closely with CSRD compliance.



Use data to showcase the positive impact of diversity and sustainable practices on business performance.



Expedite company-wide adoption of diversity, equity, inclusion, and sustainability goals.





Due to the complexities involved in CSRD reporting, building the required analytics capabilities from scratch may be inadvisable for companies that do not have existing reporting mechanisms. People analytics platforms usually come with pre-built connectors that establish data trustworthiness, automate processes, and even offer customisable dashboards specific to CSRD reporting. With such tools, HR departments can access all the required data, from any source, to make evidence-based decisions. From measuring against ESRS standards to

identifying risks and opportunities in social and environmental impacts, analytics tools arm you with the necessary insights to make confident, compliant decisions.


By putting data at the fingertips of the teams that can use it to drive positive outcomes, people analytics not only enhances the role of HR but also integrates seamlessly with the broader objectives of CSRD compliance.

# Frequently Asked Questions (FAQs)

## What are the core challenges HR teams might face in preparing people data for CSRD compliance?

Preparing people data for CSRD compliance presents a unique set of challenges for HR teams. One major obstacle is the scope and complexity of the reporting requirements, which demand data across multiple dimensions, from diversity metrics to workforce engagement. This requires seamless integration of data sources that might be decentralised or even siloed. Another challenge is ensuring data accuracy and quality. A single mistake can undermine the credibility of the entire report. Lastly, the fast-approaching deadlines for CSRD compliance can put significant pressure on HR teams, requiring quick action and meticulous planning.



A person is working at a desk in a dimly lit office. In the foreground, a blue clipboard holds a report with various charts and graphs. Behind it, a large computer monitor displays a dashboard with multiple data visualizations, including bar charts, line graphs, and scatter plots. The person's hands are visible near the clipboard. The overall scene suggests a professional environment focused on data analysis and reporting.

## How can HR professionals ensure the accuracy of the reported people data?

To guarantee data accuracy, HR professionals must establish rigorous data collection and verification processes. Data should be sourced from reliable systems and cross-checked for consistency. Implement automated systems wherever possible to reduce the margin of human error. It is also advisable to conduct periodic internal audits of the data and involve third-party verification for an unbiased review. Finally, foster a culture of accountability and transparency to ensure everyone involved understands the importance of accurate reporting.

## What role does people analytics play in CSRD compliance?

People analytics serves as a cornerstone for CSRD compliance by offering a detailed, data-driven view of the workforce. It extends beyond traditional HR metrics to provide a holistic picture of the organisation, including its sustainability and governance aspects. Analytics tools can process large datasets to identify trends, flag inconsistencies, and even predict future challenges, enabling HR to make data-driven decisions. In essence, people analytics not only streamlines the compliance process but also elevates HR's role in organisational strategy and sustainability.


## What are the top 3 urgent priorities for HR teams to navigate the complexities of CSRD reporting?

**Understanding the Requirements:** The first urgent priority is to understand the full scope of CSRD compliance requirements. This entails a deep dive into the specific data points that need to be collected, reported, and analysed.

**Data Integration:** The second priority is to integrate various data sources. Given that CSRD demands a wide array of information, HR teams must establish a centralised data repository that can accommodate multiple data types.

**Timeline and Milestones:** The third priority is establishing a clear timeline with milestones. Given the complexity of CSRD reporting, breaking down the process into achievable milestones can make the task manageable and reduce the risk of missing deadlines.





### How can HR professionals ensure ongoing CSRD compliance beyond the initial reporting deadlines?

Ongoing compliance doesn't end once the initial reporting deadlines have passed. HR teams should set up continuous monitoring systems to track the required metrics. This can be facilitated by automating the data collection process where feasible. Regular internal reviews and updates of compliance protocols are essential to adapt to any changes in CSRD regulations. Additionally, ongoing training programs should be implemented to keep all stakeholders informed and engaged in the compliance process. Periodic external audits can provide additional assurance and insights for continuous improvement.

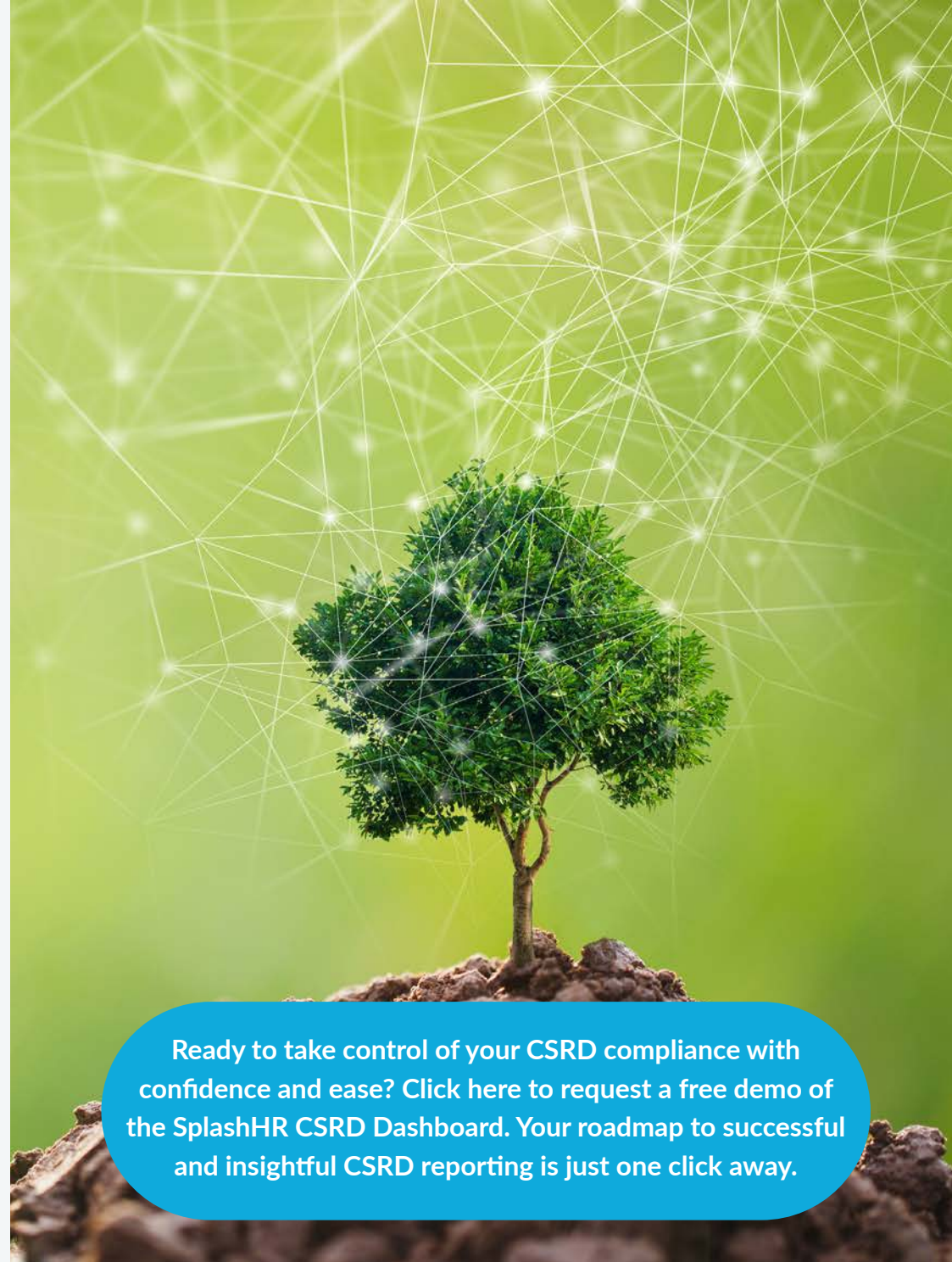
# Comfortable Compliance with SplashHR

---

As we've unpacked in the preceding chapters, the EU's Corporate Sustainability Reporting Directive isn't just another box to tick; it's a transformational framework that impacts every aspect of your organisation, especially human resources. Getting this right is not just a legal imperative but a strategic one—it's about positioning your company as a leader in transparency, governance, and sustainability. The time to act is now.

At this juncture, it is critical to evaluate the internal capabilities of your organisation and decide how the relevant metrics will be collected and assessed. One of the easiest ways to achieve transparency in the CSRD reporting requirements is through the SplashHR CSRD Dashboard—a turnkey solution designed to make your compliance journey not only achievable but also insightful. What sets SplashHR apart is its ability to seamlessly integrate with your existing data infrastructure. Whether your data is stored in legacy systems or modern cloud solutions, SplashHR extracts it into a detailed, interactive dashboard. This not only takes the legwork out of compiling the extensive range of HR metrics required for CSRD reporting but also gives you the tools to draw actionable insights from that data.

CSRD compliance is not about surviving an audit. HR functions and organisations who want to thrive in the future of regulated equitable workplaces are making the right data and tech stack decisions today. Are you?



Ready to take control of your CSRD compliance with confidence and ease? [Click here](#) to request a free demo of the SplashHR CSRD Dashboard. Your roadmap to successful and insightful CSRD reporting is just one click away.

# About SplashBI

---

SplashBI delivers data-driven decisions by providing instant access to data from disparate systems in reports, visualisations, and trends.

Our Philosophy is Data Never Lies and Data, Never Dies. SplashBI offers insightful pre-built content, powerful ad-hoc reporting, and in-depth dashboards through our proprietary data pipe models for faster go-live and quick ROI.



## Headquarters

3079 Peachtree Industrial Blvd. Duluth, GA 30097 USA  
Phone: +1 678-248-5756  
Toll-Free: +1 (844) 293-6669  
Email: [info@splashbi.com](mailto:info@splashbi.com)

## Europe/Middle East/Africa/Asia

Unit 43 Sussex Innovation Centre, Sussex University,  
Science Park Square Falmer, Brighton BN1 9SB, England  
Phone: +44 (0) 7775 653956  
Email: [emea@splashbi.com](mailto:emea@splashbi.com)



<https://splashbi.com/>