Everything you need to know about

CSR REPORTING IN THE UK AND EU

Introduction

There's a new buzzword in town: Corporate Social Responsibility (CSR). You may be familiar with its cousin: Environmental, Social, and Governance (ESG).

This refers to the environmental, social, and corporate governance issues that many modern companies invest in (or are considering investing in), especially since ESG is a top priority for today's consumers (and young professionals like Gen Z).

New laws, starting in July 2024 in the United Kingdom and January 2025 in the European Union with the New Green Deal, have launched CSR to the top of the priority list for businesses with any presence in either region.

These laws require companies to report on various environmental and social sustainability practices, from their carbon footprint to the steps they're actively taking to provide a socially responsible and equitable work environment for their people.

The responsibility for handling these new reporting directives, especially the portions pertaining to social responsibility, falls on HR's shoulders—but sifting through thousands of pages of legalese can be daunting, even with the help of your legal teams.

This guide will review the highlights of the latest CSR laws and what you need to know to get your business ready.

> **While modern Human Capital Management (HCM) systems or HRIS (Human Resources Information Systems) can't help much with the carbon emissions and environmental reporting aspect of these laws, HR teams can partner with legal, IT, and finance to create new processes for reporting on each portion of the directives.**

What are CSR laws?

CSR initiatives began as voluntary efforts. Forward-thinking businesses adopted them as a means of self-regulation to promote positive social impacts through their company policies.

Over time, voluntary CSR initiatives have evolved into laws that require companies to report on their ESG activities and adhere to sustainability reporting standards.

UK CSR

If your company is large (has 2,000 people or more) or has an annual revenue of at least £200 million (and a balance sheet of at least £2 billion), the new UK CSR law applies to you.

Even though the law exempts most small businesses from reporting requirements, you still might have to report if your company has at least two of the following:

- A turnover of over £10.2 million

- A balance sheet of over £5.1 million

- 51 or more people

Environmental reporting in the UK

If your company operates in the UK (even if you're headquartered somewhere else), the new environmental reporting law requires you to report on:

- Your company's environmental risk evaluation process

- Your company's actions/policies that could pose risks to the climate or environment, and what those risks are

- How those environmental risks could affect your company's financial performance

- How your company measures environmental risks, the steps you're taking to mitigate them, and who on your team is assigned to monitor those risks
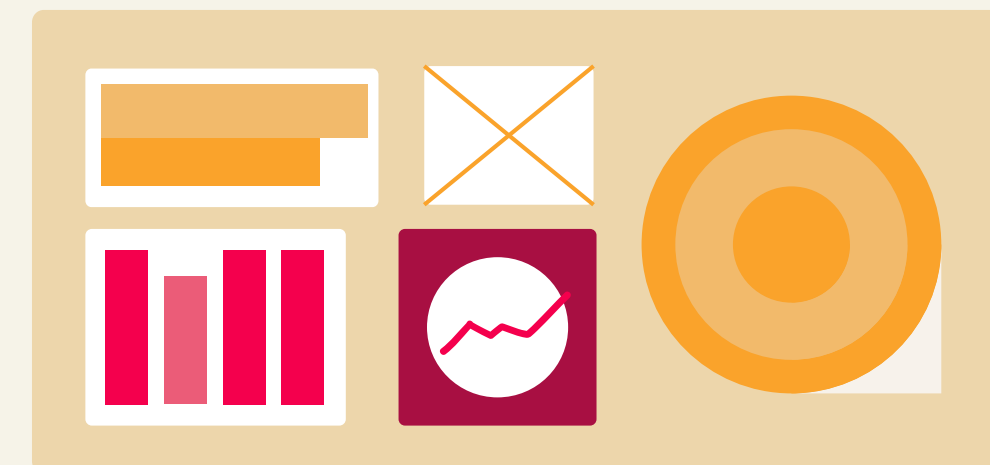
Social and ethical reporting in the UK

Next, if you or any of your team are based in the UK, the new CSR reporting laws require you to report on how you're creating an equitable work environment, mitigating bias, promoting team wellbeing, and measuring and mitigating any social risks within your company.

Modern HCMs can do the heavy lifting for you when it comes to social and ethical reporting, including:

- Your company's efforts to create an equitable and fair work environment, and what you're doing to prevent bias

- Any of your company's actions or policies that may pose a risk to social equity

- What programs and policies you have in place to prioritize people's wellbeing and improve your work environment for everyone

- How your company measures social risk—like calculating your pay gap ratio and assessing diversity in your workforce

- What steps you're taking to mitigate social risks internally and within the wider community

- Who on your team is assigned to monitor and address these social risks

EU CSRD

Europe's new EU Corporate Sustainability Reporting Directive (CSRD) is similar to its UK counterpart. The EU's directive requires every business with a presence in the region to report on its ESG initiatives if it has:

- A net revenue of €40 million or more

- €20 million or more in assets

- More than 250 people in the workforce

Even if your company isn't based entirely in the EU, CSRD laws still require you to report your ESG initiatives if you're a non-EU parent company earning €150 million or more from EU-based subsidiaries.

Environmental reporting in the EU

If your company is based in (or operates within) the EU, you can expect your environmental reporting for the CSRD to show how your actions and policies might benefit or mitigate environmental factors like:

- Climate change

- Pollution, such as carbon emissions

- Water and marine resources

- Biodiversity and the ecosystem

- Resource use and the circular economy

Social reporting in the EU

If you or any of your teammates are based in the EU, the new directive asks you to share social reporting that covers a wide range of factors. **You can leverage quality HR tech to report on the following required data:**

- Diversity, equity, and inclusion within your workforce

- How your policies, pay structures, and benefits affect people across different departments and sites—including people working remotely vs. hybrid or on-site and people with various backgrounds, identities, tenures, levels of seniority, and roles

- How your company's policies, actions, or products might adversely or positively affect the wider community

- How your company's policies, actions, or products might adversely or positively affect individual consumers

- Measures you're taking to address and mitigate any adverse effects on consumers and communities

Governance reporting in the EU

If you're based in the EU, or someone within your company is, the CSRD also requires you to submit governance reporting. This will focus mostly on responsible enterprising, which refers to companies' commitments to conducting business in an ethical and socially responsible manner. CSRD laws also require businesses to report on certain criteria, such as:

- Any anti-corruption and anti-bribery initiatives you have in place

- Ethical programs within your company

By reporting this information openly and transparently, you're communicating that your company is compliant and accountable in its operations—building trust with EU businesses and with your shareholders, people, customers, and the wider community.

What KPIs should we measure to ensure CSR compliance?

The most important question here is: What data do CSR audits require companies to include in their reports?

As HR professionals, you can leverage the people data you work with every day—and lean on your HCM or HRIS to do the heavy lifting when reporting on social and governance programs and policies at your company.

HR teams can use people data to report on various KPIs that reflect the real changes you're making to your work environment and how they directly impact your team members' job satisfaction and professional growth.

Here are some examples of KPIs that can help you meet CSRD audit requirements.

Information about your workforce

CSR audits require HR teams to include particular information about their workforces in their reports. That might be the number of **permanent, fixed-term, and contingent team members**, how that's split by **gender**, and **turnover rates** during the reporting period.

Data on different working patterns

If you're based in either the UK or EU, CSR and CSRD audits will ask you to include data on different types of working patterns in your reports, including how many of your people are classified as **temporary workers, full-time**, or **part-time**.

Data on unions and collectives

Remember to include any data on unions and collectives that account for people within your company, such as the number of **people who are union members** or **covered by collective agreements** from trade unions or associations.

Corporate diversity data

CSR laws also require you to include your company's diversity data in your reports. This data can include information like the proportion of team members **with disabilities by gender**, the **gender distribution (by number and percentage) in senior management**, and the **age distribution** across your workforce.

Information on wages and pay equity

The laws require companies to factor wage and pay equity information into your ESG reporting. KPIs for this requirement include the **pay gap ratio by gender** and the initiatives your company has in place to ensure your people get paid fairly.

Wellbeing and social protection

CSR laws also ask businesses to report any data on programs you have dedicated to people's wellbeing and social protection, such as **parental leave**, **vacation leave**, **sick leav**e, and **pension policies**.

Training, skills, and personal development

CSR audits require companies to report on their training, skills, and professional development **participation rates (by percentage)**, across different roles, genders, and categories— such as individual contributors vs. managers.

Work environment safety

Workplace safety is another area CSR laws prioritize in their reporting requirements. To prepare for your audit, it's important to be upfront and transparent about the specific measures you're taking to ensure you're providing a safe, comfortable, and healthy environment for your workforce.

Audits may also require you to include data about the number of work-related accidents, cases of ill health, fatalities, or lost working days related to injuries directly caused by poor working conditions

Work-life balance measures

Work-life balance measures might seem qualitative at first glance, but there is plenty of quantitative data to include in your company's reports. They can include criteria like the **percentage of your people entitled to family-related leave**. You can also **break this data down by gender** to ensure it's fairly distributed.

Human rights reporting

Another major factor CSR laws require you to report on is human rights within your company. Highlighting the proactive measures of how you ensure a discrimination-free workplace demonstrates your dedication to creating a safe and inclusive environment. This can involve documenting any **cases of discrimination**—such as harassment—as well as any **fines, penalties, or damages** resulting from social and human rights violations during the reporting period.

What can HR do to improve ESG and CSR in their organizations?

One essential way to improve ESG and CSR in your organization is to introduce **environmental sustainability and green programming initiatives**, such as implementing green supply chains, adopting sustainable development practices, and reducing waste.

Another method is through actively engaging in **human rights initiatives**, such as providing free services to disadvantaged groups, demonstrating a commitment to social responsibility.

Introducing **community engagement initiatives** into your organization through volunteering programs that benefit local communities, such as staff volunteer days, is another way to ensure your organization positively contributes to society.

Prioritizing **people wellbeing** is another crucial element in improving ESG and CSR in your organization, whether that's offering comprehensive mental wellness and healthcare benefits, fostering equitable work environments free of discriminatory practices such as the gender pay gap, or promoting a healthy work-life balance.

Making charitable donations is another excellent way to give back, either by creating your own internal charities or supporting existing organizations.

Ultimately, these initiatives not only help you hit ESG goals and properly prepare for CSR audits—they also show the importance of HR-led, people-focused business strategies. They demonstrate to all stakeholders—from C-level leaders and the board to individual contributors—the significance of prioritizing people and how pivotal HR and the HR technology you use to help get everything done are to the success of the business.

How do ESG programs and CSR laws improve businesses?

Making noise about your robust ESG programs is good for business and creates a positive brand image that resonates with your current team members, potential candidates, investors, and customers. Today's consumers increasingly prioritize ESG practices, particularly as issues like climate change and social justice take center stage.

Integrating CSR best practices and ESG initiatives into your company culture and overarching business strategy is a great way to show your dedication to sustainability and ethical practices. Your brand image as a socially conscious company can help draw in more customers and boost your bottom line.

It also helps foster a robust company culture with a healthy environment that attracts and retains top talent, especially young professionals who are particularly (and seriously) invested in ESG and CSR efforts.

So investing in ESG initiatives isn't just about doing good—it's a strategic move that pays dividends across all aspects of your business.

How can you prepare for CSR reporting?

Now that you have all of this information, it's time to get started. Here's a handy checklist to help you fully prepare for your organization's CSR reporting:

✔ **Talk to the right people.** This is the first step toward getting ESG and CSR right. It's all about collaboration. Talk to your peers in finance, IT, and DEI&B, etc. to collect CSR reporting data from various sources, create efficient workflows, and determine who's responsible for what.

✔ **Set KPIs and start monitoring.** Track progress toward goals to help ensure your reporting is accurate and complete.

✔ **Leverage HR tech.** Use an HCM or HRIS to avoid heaps of manual labor and those dreaded Excel sheets to help you pass your CSR audit. Your HR teams and managers can save a lot of time when you leverage an HCM's automated data collection, information parsing, and report generation tools.

✔ **Start collecting data early.** Starting as soon as possible will help you stay on track. Deadlines come up quickly, and best practice means continuous monitoring all year round, so you never have to rush just before a deadline.
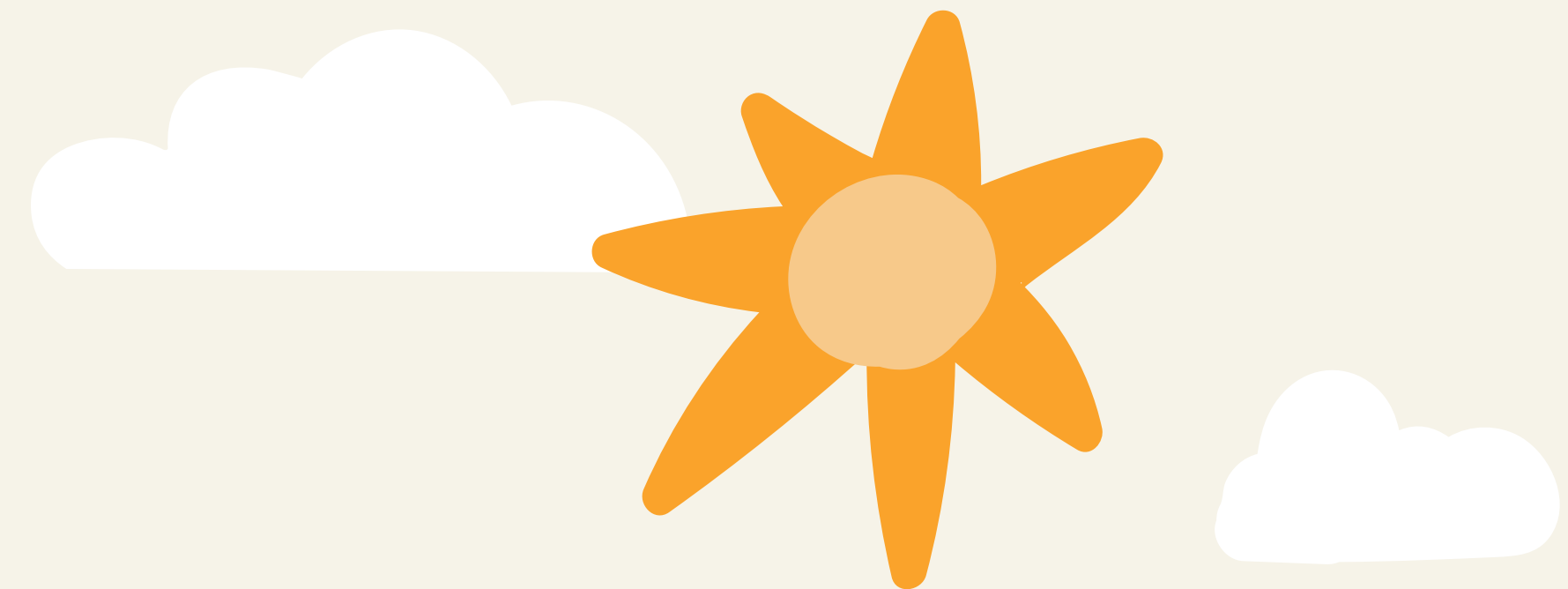
The future of compliance in CSR reporting

You can leverage the new CSR laws to help drive a more enjoyable and equitable work environment that values and rewards everyone's contributions.

While the onus is on HR teams to manage more complex data as these initiatives evolve, you can rely on robust and modern **HR platforms** to help you collaborate between departments, streamline your reporting processes to maintain accuracy and efficiency, and stay compliant and socially responsible.

By embracing ה you'll not only meet regulatory demands—you'll also advance a more positive brand reputation, attract top talent, drive more sustainable growth, and ensure every member of your team works in a safe, respectful, and nurturing environment.

Meet Bob

At HiBob, we've built a modern HR platform designed for modern business needs—today and beyond.

We focused on building something that is robust yet intuitive and easy-to-use, which has led Bob to be the platform of choice for thousands of fast-growing modern, mid-sized organizations.
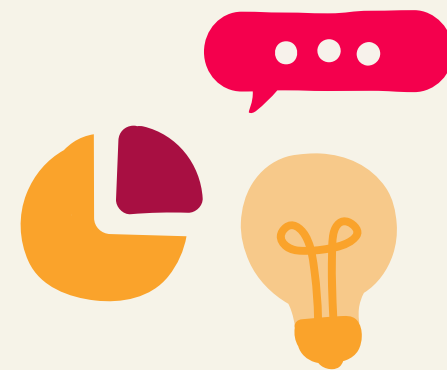
For managers

It provides access to data and insights to help them lead more effectively and streamline processes.
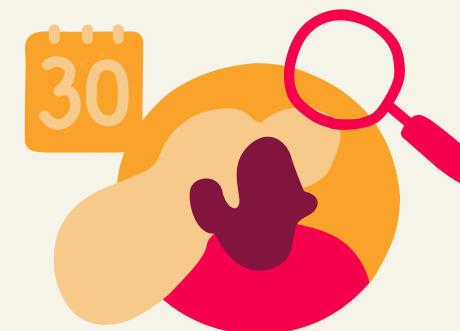
For HR

It delivers automation of many common processes, allows greater oversight and visibility of the business, and centralizes all people data in a secure, user-friendly environment.

For employees

It's the tools and information they need to connect, develop, and grow throughout their journey.

In a short time, Bob can be deployed to enable communication, collaboration, and connectivity that drives stronger engagement, productivity, and business outcomes.

Now is the time to make smarter decisions when it comes to your people and organization

To learn more about HiBob and our data-driven tools, get in touch with us at contact@hibob.com

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