

How Working with EDGE Empower® Supports Compliance with the New Corporate Sustainability Directive

The Corporate Sustainability Reporting Directive (CSRD) sets a new standard for global sustainability reporting. It greatly expands on the Non-Financial Reporting Directive (NFRD) adopted by the European Union almost 10 years ago to standardize and increase the quality, comparability and reliability of the sustainability information that organizations disclose.

Not only does CSRD embrace a much larger number of companies who must now comply, but it also significantly increases the range of non-financial information that must now be reported. It includes much broader reporting requirements across further areas of Environment, Social and Governance (ESG), particularly in relation to its workforce.

ESRS S1: Own Workforce Reporting

CSRD obliges organizations to report against a set of sustainability metrics known as the European Sustainability Reporting Standards (ESRS).

ESRS S1: Own Workforce is one of the four social standards against which an organization will be measured. It looks at the material impact of an organization's policies, processes and procedures on its people, its ethical interactions and commitment to quality. It holds those organizations accountable,

encouraging transparency and proactive management.

By embracing ESRS S1 fully, organizations can enhance their reputation with their people, their customers, and their wider stakeholder community, and potentially gain a competitive advantage. Demonstrating a commitment to Diversity, Equity & Inclusion (DE&I), and evidencing that commitment through the standard, not only contributes to a better, fairer society but also aligns with evolving legal and compliance obligations in an age of increasing regulatory complexity.

Using EDGE Empower® as a CSRD Compliance Tool

CSRD places huge demands on those organizations now included in its orbit. The good news is that organizations that use EDGE Empower® as part of their journey towards EDGE Certification are already at an advantage; they are capturing all of the elements that are required to be reported as part of ESRS S1. CSRD requires organizations to have an independent, third-party auditor to provide limited assurance for their reported sustainability information.

Of the 17 ESRS Indicators in ESRS S1, 13 of them are fully covered in the EDGE methodology and standards, and therefore collected through EDGE

Empower. They can also be independently verified as part of the EDGE Certification process.

Organizations do not have to be EDGE Certified to be at an advantage – they can simply use the EDGE Empower software tools to meet the compliance requirements of the Directive. To that end, the verification procedures undertaken by the independent certification bodies engaged in the EDGE Certification process are consistent with those required for such limited assurance, placing those organizations that are EDGE Certified at an even greater advantage, with the assurance that they are fully compliant.

From January 2024, ESRS reporting is mandatory for all large and listed companies in the EU. From 2028, non-EU companies operating in Europe must also report their sustainability impacts using ESRS or equivalent standards.

The countdown has already started and the deadline fast approaching. To find out more about how the EDGE ecosystem of software tools and a globally recognized certification system can support your business, [book an introductory meeting](#) today, or [write us an email](#).

How the use of EDGE Empower® covers the ESRS S1 Indicators

ESRS S1 Indicator	EDGE Empower® reference
1. Policies related to own workforce	The EDGE Policies & Practices Questionnaire covers policies and practices related to equal pay for equivalent work, recruitment and promotion, training and mentoring, flexible working, organizational culture (sexual harassment and discrimination prevention policies).
2. Processes for engaging with own workers and workers' representatives about impacts	The EDGE Employee Survey rolled out to all eligible organization employees in the areas of recruitment and promotion, pay, training and leadership development, flexible working and organizational culture.
3. Processes to remediate negative impacts and channels for own workers to raise concerns	EDGE Policies and Practices Questionnaire asks if the organization has a policy regarding the prohibition and prevention of sexual harassment and all forms of discrimination at the workplace. EDGE Employee Survey overall provides an opportunity for workers to raise concerns. EDGE Employee Survey asks if information on the procedure to report a concern regarding sexual harassment and discrimination is easily accessible.
4. Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches	EDGE Empower® offers guidance on the development of an Action Plan with objectives, the areas that require action, the intended actions, related milestones and outcomes, and the budget and/or people responsible for implementation. EDGE Empower® offers guidance on the development of an Action Plan with objectives, the areas that require action, the intended actions, related milestones and outcomes, and the budget and/or people responsible for implementation.
5. Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities	EDGE Action Plan with objectives, the areas that require action, the intended actions, related milestones and outcomes, and the budget and/or people responsible for implementation.
6. Characteristics of the organization's employees (gender, full-time / part-time)	EDGE Statistical Data tables capture the characteristics required, namely # employees; full-time and part-time workers; breakdown by gender.
7. Characteristics of non-employee workers in the organization's own workforce	Not included in EDGE methodology.
8. Collective bargaining coverage and social dialogue	Not included in EDGE methodology.
9. Diversity indicators (gender distribution at top management and the age distribution amongst its employees)	EDGE Statistical Data tables assess the gender distribution at different levels of management. EDGEplus Statistical Data tables assess the age distribution amongst employees.
10. Adequate Wages	EDGE Statistical Data Table for Equal Pay uses EDGE's Unexplained Gender Pay Gap Methodology.

ESRS S1 Indicator	EDGE Empower® reference
11. Social protection against loss of income due to major life events (sickness, unemployment, disability, maternity leave, retirement)	EDGE Statistical Data tables assess the number of employees taking maternity (and parental) leave, and number of weeks of maternity (and parental) leave. EDGE Policies and Practices Questionnaire asks if the organization takes measures to ensure that taking maternity or paternity leave does not negatively impact employees' career development opportunities (pay, promotions, training, mentoring, etc.). EDGE Policies and Practices Questionnaire (asks if the organization offers 16 weeks or more of paid paternity and maternity leave.
12. Persons with disabilities (% workforce and breakdown by gender)	The EDGE Employee Survey rolled out to all eligible organization employees in the areas of recruitment and promotion, pay, training and leadership development, flexible working and organizational culture.
13. Training and skills development indicators (% employees having performance reviews; average #training hours; breakdown by gender)	EDGE Statistical Data table assesses the number of employees receiving leadership development training and breakdown is broken down by gender. EDGE Polices & Practices Questionnaire collects information on awareness trainings of gender bias; sexual harassment and discrimination prevention training; equal access to career-critical assignments, non-discrimination in professional development. EDGE Employee survey collects employee perceptions on adequate training opportunities.
14. Health and safety indicators	Not included in EDGE methodology.
15. Work-life balance (extent to which employees are entitled to and make use of family-related leave)	EDGE Statistical Data tables assess the number of employees taking maternity (and parental) leave, and the number of weeks of maternity (and parental) leave. Through the flexible working questions in the EDGE Policies & Practices Questionnaire and the EDGE Employee Survey, organizations will have the data to be able to disclose information on flexible working arrangements, maternity/paternity leave, family-related leave, personal and professional life balance with a breakdown by gender.
16. Compensation indicators (pay gap and total compensation using hourly averages and ratio between highest paid and median)	EDGE Statistical Data table for Equal Pay uses EDGE's Unexplained Gender Pay Gap Methodology. EDGE requires a pay gap assessment using a regression analysis. EDGE Policies and Practices Questionnaire asks if the organization conducts any gender pay gap assessment.
17. Incidents and severe cases of human rights issues and incidents (number of incidents and amount of fines)	Not included in EDGE methodology.

About EDGE Strategy

EDGE Strategy is a Swiss-based technology company offering the software solution that enables organizations to drive and track commitment, progress, and compliance of their workplace Diversity, Equity and Inclusion (DE&I) programmes, empowering them to use DE&I as a pillar to gain a competitive advantage with talent, customer and investor audiences. With EDGE Strategy's software, called EDGE Empower®, organizations get their DE&I work done, their compliance obligations fulfilled, and their efforts and results recognized through an independent certification system, the EDGE Certification®, at different stages of their DE&I journey.

Over the last decade, more than 750 global organizations across 57 different countries and 27 different industries have trusted EDGE Empower® and EDGE Certification® to guide their DE&I journey. Among them, L'Oréal, Allianz, Chevron, DSM Firmenich, Lavazza, Moncler, Pictet, OTPP, CDPQ, CPPIB, The World Bank Group, the European Central Bank, UNICEF, UNDP and UNFPA. Interested? Visit www.edgeempower.com.

Book an intro meeting [here](#).