

# Greater impact through CSRD

By partnering with SOS Children's Villages your company can make a positive impact *and* improve your sustainability reporting. We support you on the new CSRD regulation and the S3 Affected Communities standard.



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## Interview with Pär Svärdson

### **How do you see SOS Children's Villages' opportunities to be a partner for companies?**

SOS Children's Villages is a great partner for companies seeking to make a meaningful impact through collaboration. By working with SOS Children's Villages, we contribute to make a positive impact where it is most needed and for Apotea the partnership is highly valued internally as many of our employees appreciate working for a company that makes actual difference for children in need. Our customers also appreciate our social responsibility and the opportunity to support a good cause.

I have visited several of our partnership programs around the world and have seen firsthand the difference our support makes. By bringing colleagues along on these trips we have experienced the positive impact of the partnership and gathered inspiration and knowledge for continuous support.

### **Where are the major benefits?**

The major advantages of partnering with SOS Children's Villages are their extensive experience and global network. Our collaboration began back in 2015, and together we have worked to improve communities and the lives of children and families in countries such as Cambodia, Togo, Bolivia, Mozambique and Sweden. SOS Children's Villages' established programs make it easy to join existing initiatives, while also offering the opportunity to develop entirely new projects together. This allows us to tailor our involvement and receive direct feedback on how our efforts are making a difference.

### **What role does the new EU regulation play in sustainability reporting; CSRD?**

The CSRD legislation targets the reporting of sustainability practices but what it really means is that companies will need to further integrate sustainability into all aspects of their operations and clearly measure and track results and goals.

I think this is positive, as it will lead to increased transparency in companies' reporting of their social and environmental responsibilities.

### **How can SOS Children's Villages support companies' reporting with their projects and the data they have?**

SOS Children's Villages continuously monitor the development and progress of their projects. There are clear plans outlining what needs to be achieved and within what timeframe. They already have robust systems in place for collecting data on their projects, allowing companies to easily access detailed information about how our contributions are used and the impact they have. This can facilitate the reporting of CSRD data points related to social responsibility.

### **What tips would you like to give to other companies about how they best work with social engagement?**

Social responsibility is a broad term, and for Apotea, it means bringing positive change both in the environment where we operate - such as for our employees in our workplace and the value chain, and society at large. At Apotea we also support volunteer work for our employees, making it possible for them to volunteer during working hours. My advice to other companies is to choose partners carefully and truly invest in the projects they support. If possible, visit the locations, meet the people and understand the difference you're making. Integrate community engagement into the core of your business. This strengthens your brand and fosters a deeper connection with both customers and employees.

**Pär Svärdson,**  
Chief Executive Officer, Apotea and Member of the Board of SOS Children's Villages Sweden

# Partnering to create impact and transparency

Increasingly, society and business work together to create impact. They are mutually dependent. Meeting challenges in society is regarded as business opportunities. Having global value chains requires local community engagement and to do this you need partnerships.

Working with us creates impact. 92 percent of those that have received support from SOS Children's Villages will break a negative social heritage and provide better care for the next generation. And for every SEK 1 invested in SOS Children's Villages projects, SEK 4.5 are returned to society in benefits.\* Our projects create impact in areas like equality, job creation and education.

Measuring impact has become more important for organisations and companies alike. For corporate actors, assessing impact forms a cornerstone in the new regulation on sustainability reporting, CSRD, in which value chain perspectives and materiality assessments (impact and financial) are fundamental. Companies are required to report on impact, risks and opportunities among local suppliers and communities in the value chain.

For very large companies an additional directive, CSDDD, will from 2027 put even more focus on how human rights are handled across the value chain.

\* "75 years of Impact, SOS Children's Villages", SOS Children's Villages International, April 2024, p. 43

## By partnering with SOS Children's Villages, a company can:

- 1 Be helped with a local perspective in the value chain analysis in line with reporting requirements. With our long-standing experience and large network of community development stakeholders, we can support access to unique knowledge.
- 2 Reduce negative effects on local communities through capacity building and collaborations to manage risks.
- 3 Enhance and report on its positive impacts created by our joint work. SOS Children's Villages has reliability and experience in creating impact in partnerships at local, national and global levels.
- 4 Strengthen local clusters in the value chain and improve social conditions; making clusters more attractive and less risky for international companies.
- 5 Recruit new employees and increase job satisfaction among existing employees in Sweden. Studies show that purpose-driven companies are more attractive employers.

# Support for your CSRD implementation in several ways

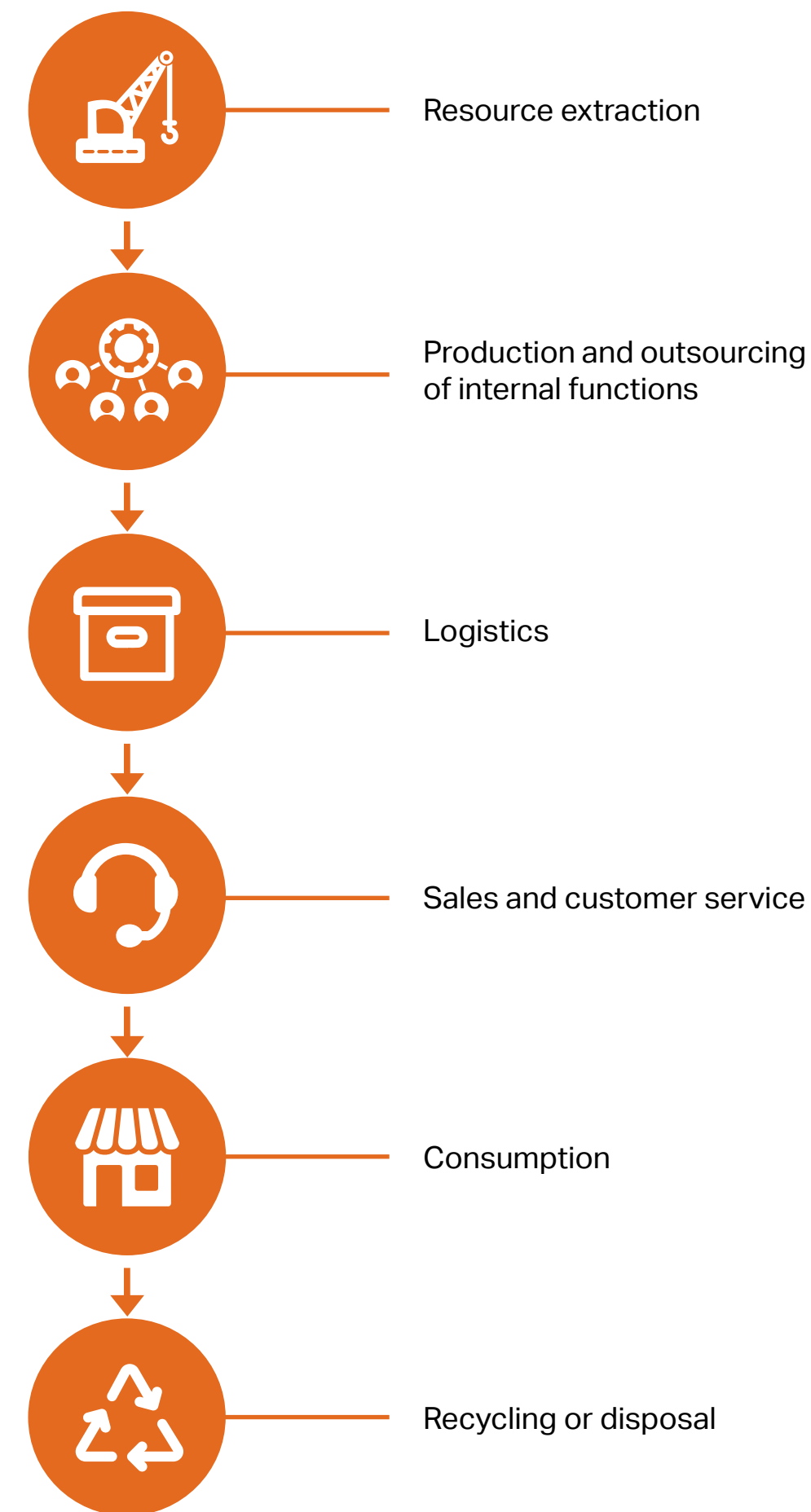
A partnership with SOS Children's Villages can support your CSRD implementation through our knowledge of local geographies, thematic areas, and local networks in the places where we operate. Hence, subject to relevant regions and scenarios, we can provide input to your value chain analysis and information disclosure requirements according to ESRS.

- 1 Local stakeholder interviews.
- 2 Risk assessments locally.
- 3 Workshops on materiality connected to our expertise areas.
- 4 Capacity building, support on actions and internal training.



# How a partnership can enhance your CSRD work

With locally led operations in more than 130 countries, and over 75 years of experience, SOS Children's Villages has expert knowledge on community development, including social and environmental dimensions, and a large network of community development stakeholders. For a company who wishes to engage in stakeholder interviews and value chain analysis, we can help to access unique knowledge. We can offer an external perspective on your company's contribution on sustainable development and help you to embrace opportunities and manage risks. Similarly, we can offer support in your gap analysis of disclosure requirements related to local communities and the local environment. In relevant contexts, we can provide data that can be used in your sustainability report.



# Global humanitarian work focusing on results and impact

At SOS Children's Villages, we have a result-oriented approach. We have developed a comprehensive reporting tool based on locally collected data and records of how children and young people are doing within seven categories, including health, well-being and living conditions. We call this an annual overall assessment, and all children participating in our care solutions are being assessed. Data are collected continuously and reported at least once a year, and this enables us to assess the impact of an effort.

How we measure and assess an effort depends on the individual project, the context and the thematic focus. Our many different efforts have different goals and therefore also different performance measures.

When we plan a new project or partnership, we analyse the situation and identify relevant and measurable data points which are then used in the project follow-up. These data points are also useful to corporations in connection with CSRD reporting.

## In focus: Our work in Bangladesh

For decades, corporations with production in South Asia have driven economic growth, but this has often come at the cost of unhealthy business practices and a disregard for environmental concerns and child rights. The Corporate Sustainability Reporting Directive (CSRD) aims to illuminate these critical aspects of many corporations' value chains and elevate social standards in the affected communities.

Bangladesh, a rapidly growing market for Swedish businesses—particularly in the fashion and textile industry—is one of the largest economies in South Asia. However, 56 percent of children live in poverty, and an estimated 4.7 million are forced to work to support themselves and their families, primarily in the agricultural and garment sectors.

SOS Children's Villages in Bangladesh works to keep children in school by supporting their families in generating sufficient income. This support includes vocational training, entrepreneurship programs, and assistance in starting their own businesses.

One example is our female entrepreneurship project in Sylhet. By offering tailor-made vocational training for seamstresses and providing equipment to manufacture locally sought-after products such as bags, we create new avenues for financial independence. This enables women not only to meet their family commitments but also to thrive as entrepreneurs on their own terms. In this way, we strengthen women's positions in society and contribute to a more inclusive economic future. The sewing training courses not only bolster the families' financial positions but also serve as a platform to educate and discuss challenges from a child rights perspective.



# How CSRD will affect your company

In the coming years the Corporate Sustainability Reporting Directive (CSRD) will be a game changer for European companies' sustainability reporting. It is centered around the concept of double materiality, where companies will assess both how they impact people and environment and for the first time how sustainability affects them financially. Impacts, risks and opportunities shall be reported, not only in the companies' own operation, but upstream as well as downstream across the entire value chain.

Companies over a certain size must from the reporting year 2025 follow the European Sustainability Reporting Standards (ESRS), which is a part of CSRD,

and provide investors and other stakeholders with more reliable, structured and comparable information about their sustainability performance.

One of the topics in ESRS – S3 Affected communities – is very close to us. A partnership with SOS Children's Villages has the potential to provide useful information and support the reporting on local communities in the value chain. And it is happening now, see the timeline below.

**2024**

The new directive became Swedish law.

**2025**

Large Swedish corporations, typically those with +250 employees, shall report in 2026 for the financial year 2025.

**2026**

Listed small and medium size corporations shall report in 2027 for the financial year 2026 (possibility to postpone for up to two years if needed).

**2028**

Non-European companies with significant business in the EU shall report in 2029 for the financial year 2028.

# Reporting in line with the European Sustainability Reporting Standards

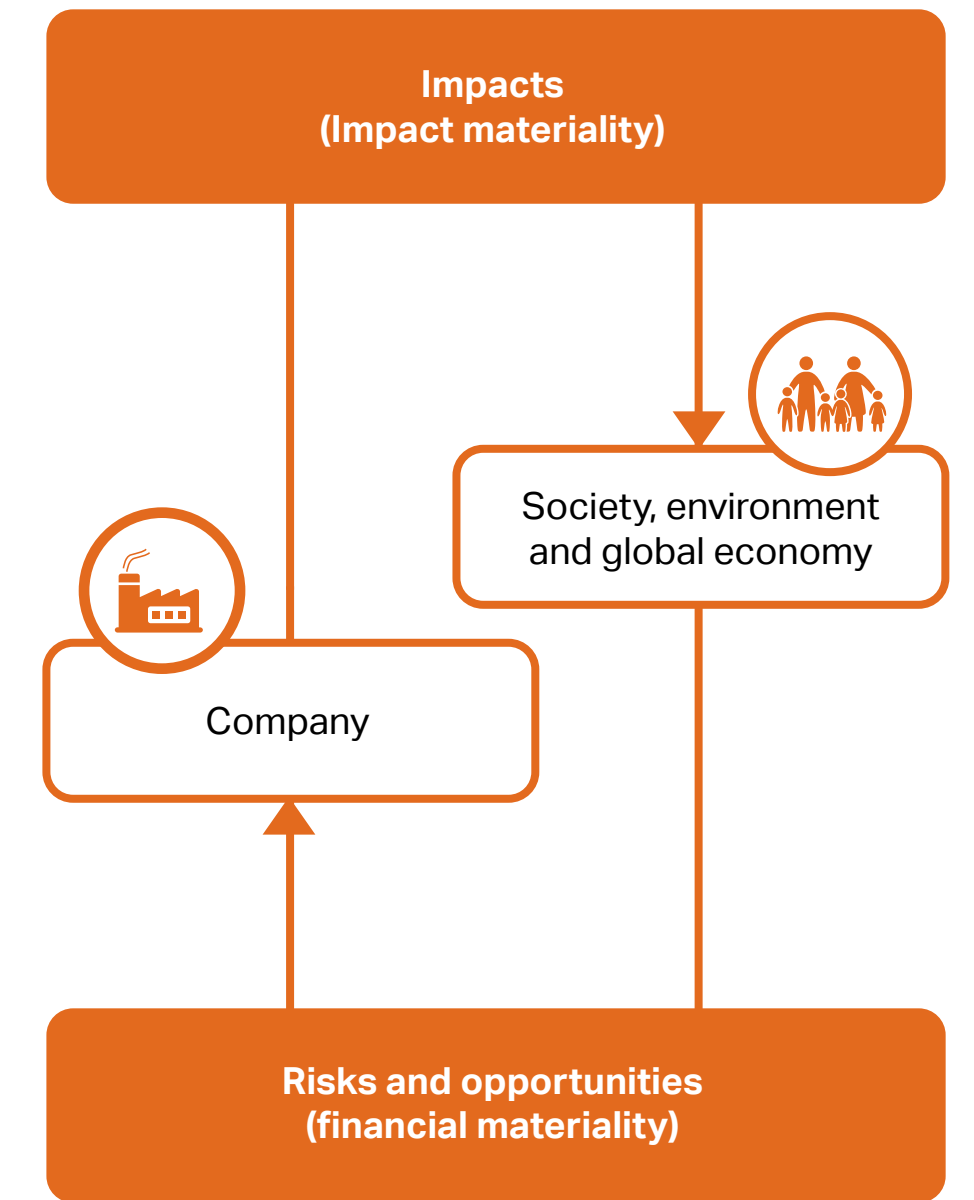
The process for a company to shift to ESRS can be broken down in four main phases, as described to the right. By partnering with us your company can get support for certain aspects of the CSRD process linked to our expertise in affected communities.

## 1 Analysis

The first phase involves doing an inventory of sustainability topics a company has at hand through for example document reviews, interviews, benchmarking and stakeholder dialogues. This phase also includes a careful mapping of the value chain to ensure that the company has sufficient information and understanding of its impacts, risks and opportunities.

## 2 Double Materiality Assessment

As part of CSRD, a company is required to do a Double Materiality Assessment, DMA. This is an assessment of sustainability issues from two distinct perspectives. First, impact materiality, which evaluates the effects that a company's operations and products have on the environment and society. Second, financial materiality, which considers how sustainability issues impact the financial value of the company. Workshops are often conducted to capture the many aspects of materiality and the process through which the analysis has been formed needs to be properly documented as it will be checked by auditors.



## 3 Adapting to ESRS

This phase is about adopting to the new reporting standards, focusing on the topics deemed material in the DMA. This phase includes selecting KPIs, gap-analysis on missing data and preparing for audit.

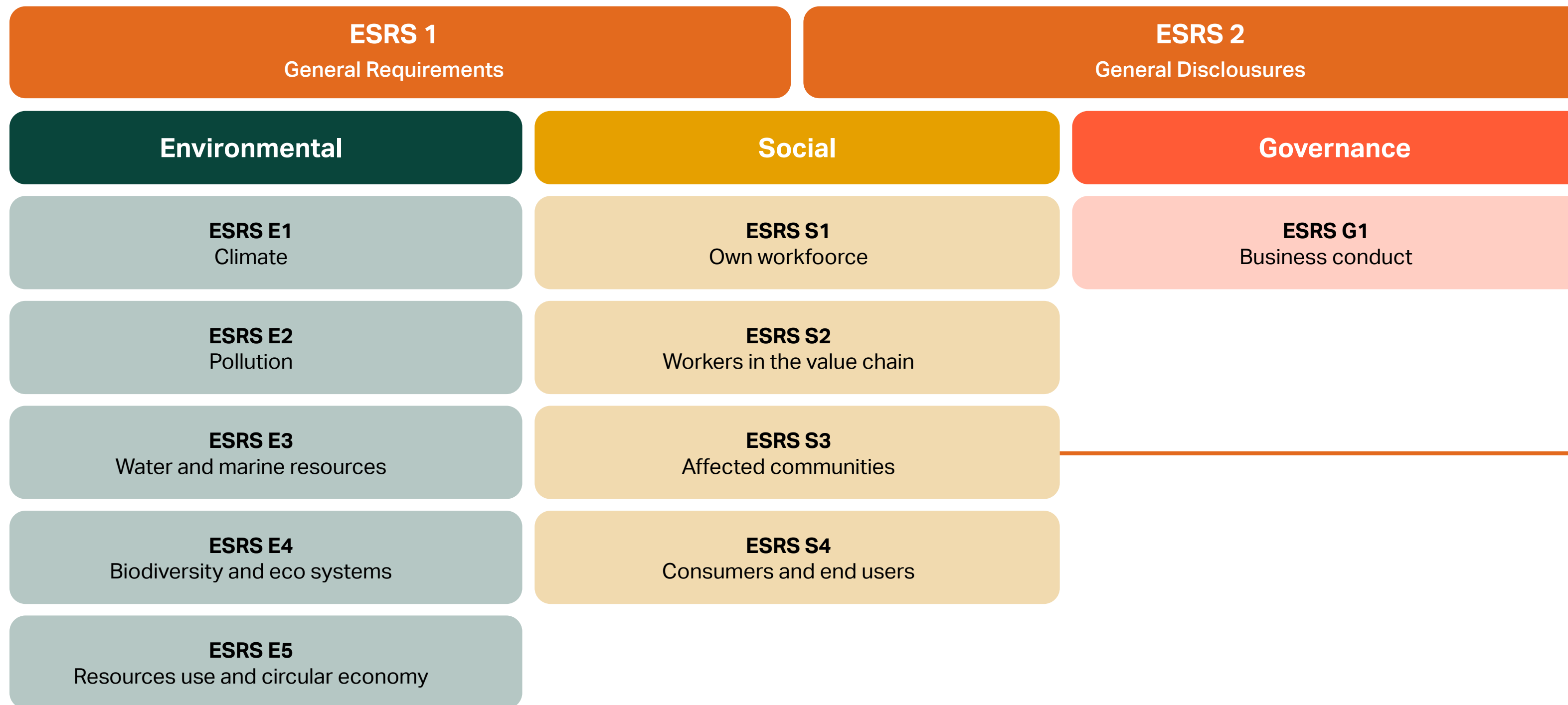
## 4 Completion of implementation of ESRS

The final part in this process is to fully anchor the new standards in the company. It includes having objectives, policies, KPIs and actions on material topics in place. It includes internal anchoring and formal approval in the board and from auditors.

# This shall be reported under CSRD and ESRS

The ESRS reporting framework under CSRD describes 12 standards. Two of these are General requirements and General disclosures, whereas 10 subject-specific standards cover environmental, social and governance (ESG) issues and their impact throughout the value chain.

Companies must report on any standard that has impact materiality or financial materiality in the double materiality assessment. Each standard contains detailed descriptions specifying the information that the reporting should cover. This includes management processes, strategy, policies, action plans, targets and KPIs for identifying, assessing, impacting and measuring the identified issues. We can offer support on the CSRD process (through our cooperation with sustainability experts and advisors), especially on S3 Affected communities in the value chain.



A partnership with SOS Children's Villages can support your reporting under the S3 Affected Communities Standard.



# The details: partnership with a documented impact

There are seven specific disclosure requirements under ESRS S3 Affected communities (column 01 below). The reporting may potentially cover three sub-topics and eleven sub-sub-topics (column 02). The impact from our joint projects can be documented with data provided by SOS Children's Villages' system Compass.

## 1 Disclosure requirements under S3 Affected communities

- Interests and views of stakeholders
- Material impacts, risks and opportunities and their interaction with strategy and business model(s)
- Policies related to affected communities
- Processes for engaging with affected communities about impacts
- Processes to remediate negative impacts and channels for affected communities to raise concerns
- Actions on material impacts on affected communities and approaches to mitigating risks and pursuing opportunities and effectiveness of those actions
- Targets related to managing negative and positive impacts, risks, and opportunities

## 2 Sub-topics under S3 Affected communities

- **Economic, social and cultural rights**
  - Adequate housing
  - Adequate food
  - Water and sanitation
  - Land-related impacts
  - Security related impacts
- **Civil and political rights**
  - Freedom of expression
  - Freedom of assembly
  - Impacts on human rights defenders
- **Particular rights of indigenous peoples**
  - Free, prior, and informed consent
  - Self-determination
  - Cultural rights

These sub-topics are ascribed by the standard but it is also possible to include other topics if they are considered material in your double materiality analysis. We can support you in choosing your own topics as well.

## 3 Examples of data provided by SOS Children's Villages

SOS Children's Villages' data collection is systematic and based on a wide range of qualitative and quantitative information.

### This includes:

- Number of affected individuals
- Change in well-being, health, learning and attitudes
- Change in behaviour and practice
- Long-lasting societal impact
- Information on data collection and data processing

## 4 More data to be reported

If S3 is assessed to be material for your company, there are narrative and semi-narrative data points to be reported on. Some are mandatory and others voluntary. An example of a relevant voluntary data point is "Disclosure of social investment or other development programs aimed at contributing to additional material positive impacts".



We are ready to explore a cooperation that matches your sustainability goals. A partnership that elevates your sustainability performance while making a significant impact on vulnerable communities; and one that makes sense to management, employees, investors or other stakeholders.

Let us help you turn engagement into measurable actions and lasting change.

**To discuss this opportunity further, please contact:**

Caroline Kallenberg  
Head of Fundraising  
Corporate and major donors  
[caroline.kallenberg@sos-barnbyar.se](mailto:caroline.kallenberg@sos-barnbyar.se)  
(+46) 070 774 66 44