



Future-Proofing Business

A Children's Rights Guide to Corporate Responsibility & CSRD

SOS Children's Villages Finland



**SOS CHILDREN'S
VILLAGES**
FINLAND

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SOS Children's Villages operates in over 130 countries, supporting children and families around the world.

About SOS Children's Villages

SOS Children's Villages is a global organization working to ensure that no child grows up alone. **Founded in Austria in 1949, we now operate in over 130 countries**, supporting children, young people, and families in vulnerable situations.

In Finland, SOS Children's Villages has been working since 1962 to strengthen the well-being of children and families, with the help of individuals and companies who share our mission. Our vision is clear: Every child and young person should have the support they need to grow to their full potential.

The name SOS comes from the Latin words Societas Socialis, meaning "social society". This reflects our founding idea: building communities where children are protected and supported. **Social sustainability has always been a central part of our work, long before it became a common term in the corporate world.**

Today, we help companies achieve their sustainability goals with concrete, measurable actions. Companies can partner with us by supporting our work and programmes in Finland or by collaborating on international programmes or value chain-related initiatives — **turning responsibility into real, lasting impact.**



Corporate Responsibility and Children's Rights

For a long time, companies have pursued sustainability goals both out of goodwill and in response to official requirements. However, the landscape is rapidly evolving with new laws and rising stakeholder expectations. Regulations like the CSRD and CSDDD now require companies to assess and manage their impact on people and communities throughout global value chains.

One of the most critical and often overlooked aspects of a sustainable future is the realization of children's rights. While this includes preventing child labour, it also goes far beyond: ***Are the children of workers in your value chain able to access education? Are local communities, impacted by business operations, providing safe, nurturing environments for children to grow up in? Do families have the support they need to break the cycle of poverty?***

Supporting families and investing in children is not only a moral imperative, it's a strategic one. Children are the future workforce, innovators, and leaders. Children's rights should be embedded in all sustainability and human rights due diligence efforts, not as an add-on, but as a fundamental lens for responsible business.

SOS Children's Villages supports companies in understanding their value chain stakeholders and addressing challenges both through meaningful reporting and impactful corrective actions. Partnering with us enables the creation of positive, lasting change across your global operations.

Children's Rights: More Than You Might Realize

The link between businesses and children is not always immediately apparent. While the impact on children may not be visible in day-to-day operations, business decisions often affect them, sometimes profoundly, both directly and indirectly.

Children's rights, as outlined in the UN Convention on the Rights of the Child, include the right to protection, survival, development, and participation. These rights apply to all children, everywhere, not just where companies are headquartered, but across entire value chains.

In many Western countries, laws help protect workers and support families. But in other parts of the world where companies source materials, manufacture goods, or provide services, these protections may be weak or absent. When parents earn too little or work excessive hours, when communities lack basic services, it's children who often feel the consequences most deeply.

Children are part of your workforce's families. They grow up in the communities shaped by your operations. And yet, in many sustainability strategies and risk assessments, they remain unseen.

The good news is: that can change. When children's rights are brought into view, companies have a powerful opportunity to create lasting, positive impact.



Key Frameworks for Corporate Responsibility and Children's Rights

Companies today operate in a complex landscape of expectations when it comes to sustainability. A variety of global frameworks and legal requirements guide how businesses are expected to act responsibly, not only towards the environment but also towards people, including children. These frameworks help companies understand, manage, and report their impact on human rights and well-being.

Voluntary Global Frameworks

The Sustainable Development Goals (SDGs) are a set of 17 global goals adopted by the United Nations to end poverty, protect the planet, and ensure peace and prosperity for all by 2030.

The UN Global Compact's Ten Principles guide businesses in areas of human rights, labour, environment, anti-corruption and encouraging responsible corporate behavior.

Children's rights are reflected in the SDGs and are embedded in human rights and labour principles that call on businesses to respect and support all individuals.

Corporate responsibility and ESG frameworks

ESG (Environmental, Social, and Governance) is a framework for evaluating a company's impact on the environment, society, and governance practices. The social dimension focuses on the well-being of workers in value chains and the surrounding communities.

Safeguarding children's well-being within ESG involves promoting education, ensuring safe working conditions for parents, and addressing risks in supply chains.

EU regulations

CSRD (Corporate sustainability reporting directive) sets standards for companies to disclose their sustainability performance, including how they address social and environmental impacts.

CSDDD (Corporate sustainability due diligence directive) requires companies to identify, prevent, and mitigate adverse human rights and environmental impacts throughout their operations and supply chains. It emphasizes corporate responsibility, including safeguarding children's rights by addressing issues like child labor and ensuring the well-being of children affected by business activities.



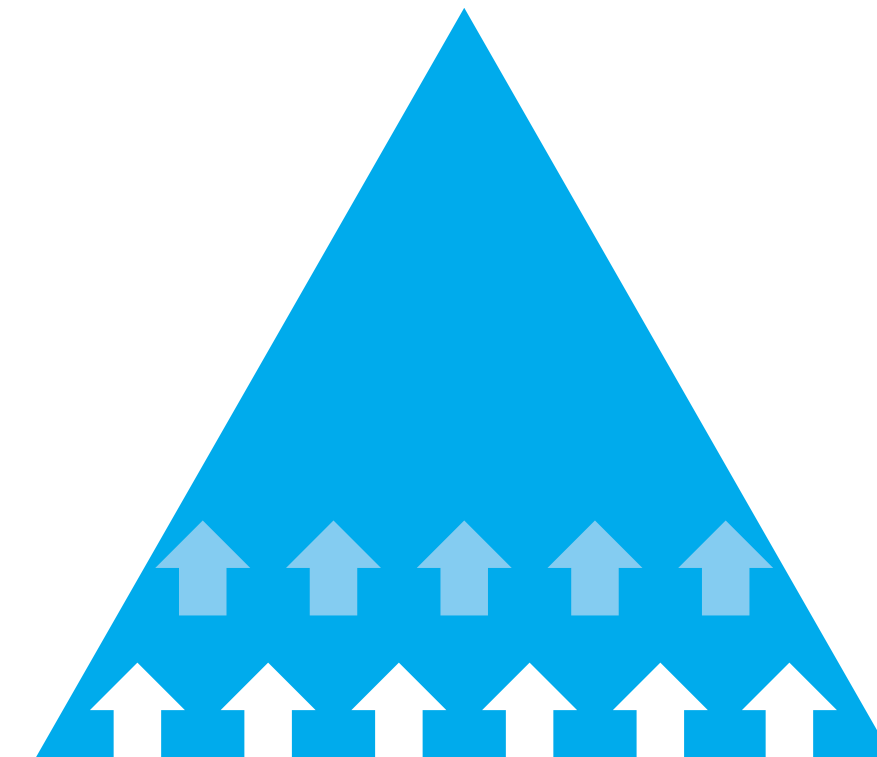
A Strategic Partnership with SOS Children's Villages

A partnership with SOS Children's Villages is designed to create shared value. It enables companies to strengthen the sustainability of their operations, helps us advance children's rights, and empowers children and families to thrive and believe in a better future.

To us, a strategic partnership is grounded in shared objectives, complementary expertise, and aligned resources, allowing us to drive long-term, sustainable impact together. All partnerships are tailored to reflect the partner's values and purpose; while also addressing real needs in the communities we serve through the active involvement of our national SOS offices across the globe.

A strategic partnership with SOS Children's Villages creates tangible impact in your global value chains.

Improved conditions for children and families



Company

Reinforced sustainability strategies & management of impacts

SOS Children's villages

Faciliator of sustainable change for our affected stakeholder groups

Chapter 2: Identifying and Understanding the Various Levels of Impact

1. Determining and Understanding the Impacts
2. Companies Impact the Value Chain at Various Levels
3. The 12 CSRD Reporting Standards



Determining and Understanding the Impacts

As ESG regulations such as the CSRD and CSDDD take hold, companies are expected to assess and manage their impacts across the entire value chain, not only in their own operations, but wherever their business activities touch people and communities.

Negative impacts can take many forms: a new facility may infringe on land rights or displace local families. Poor supply chain practices can result in pollution, unsafe working conditions, or the weakening of community structures. These harms often affect the most vulnerable, children and families, most acutely.

Understanding and addressing these risks is both a legal requirement and a strategic imperative. But it's also an opportunity. When done well, value chain assessments can help companies become a force for good, investing in education, youth skills, and family support systems that promote lasting development and stability.

Understanding value chain impact requires:

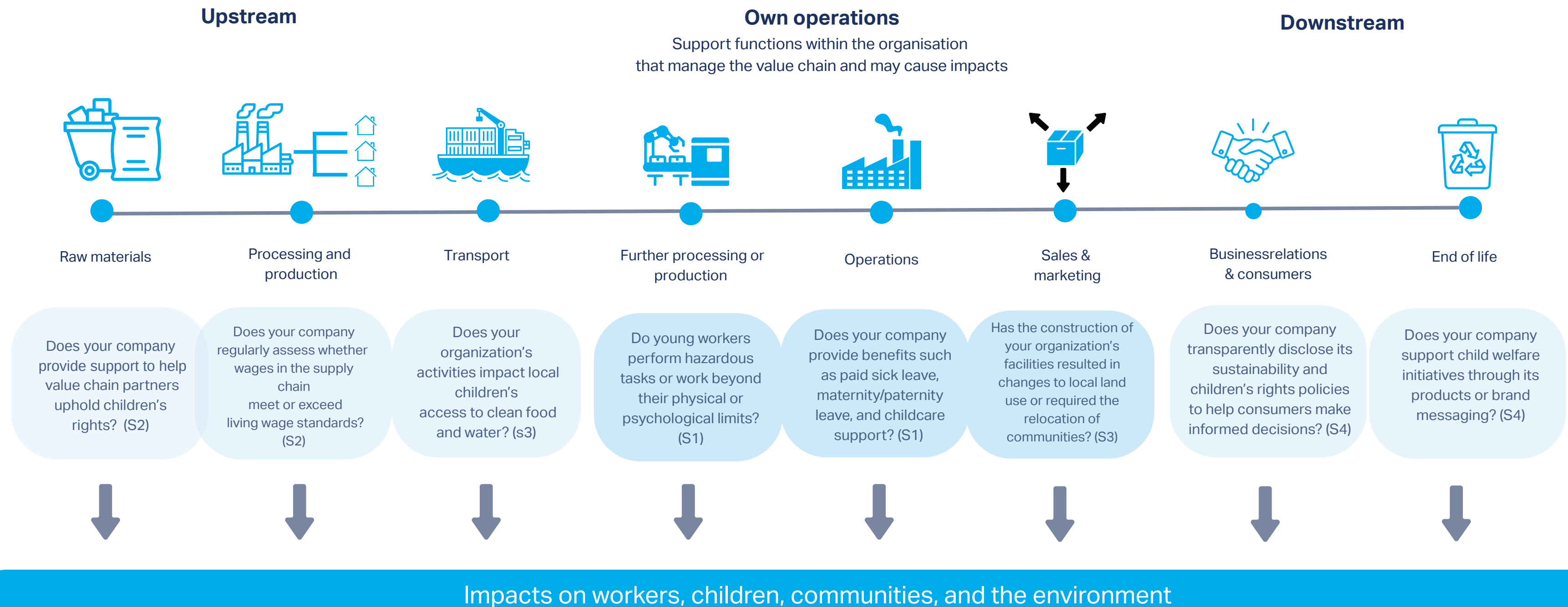
- **Mapping** the full chain of operations, suppliers, and affected communities
- **Engaging** with stakeholders to understand lived realities, especially in high-risk or low-visibility areas
- **Integrating** local context, including cultural, legal, and social dynamics
- **Building systems** for continuous monitoring, risk management, and corrective actions

By taking a holistic view of value chain impacts, companies can not only meet their ESG obligations but also contribute to stronger communities, **and a more sustainable future for children and families around the world.**



Companies Impact the Value Chain at Various Levels

Companies can have positive and/or negative impacts on people and communities throughout the entire value chain. These impacts may affect employees, workers in the supply chain, local communities, and consumers or end-users, including children, both directly and indirectly. An impact can be direct, caused or contributed to by the company, or indirect, when it is linked through the company's business relationships.



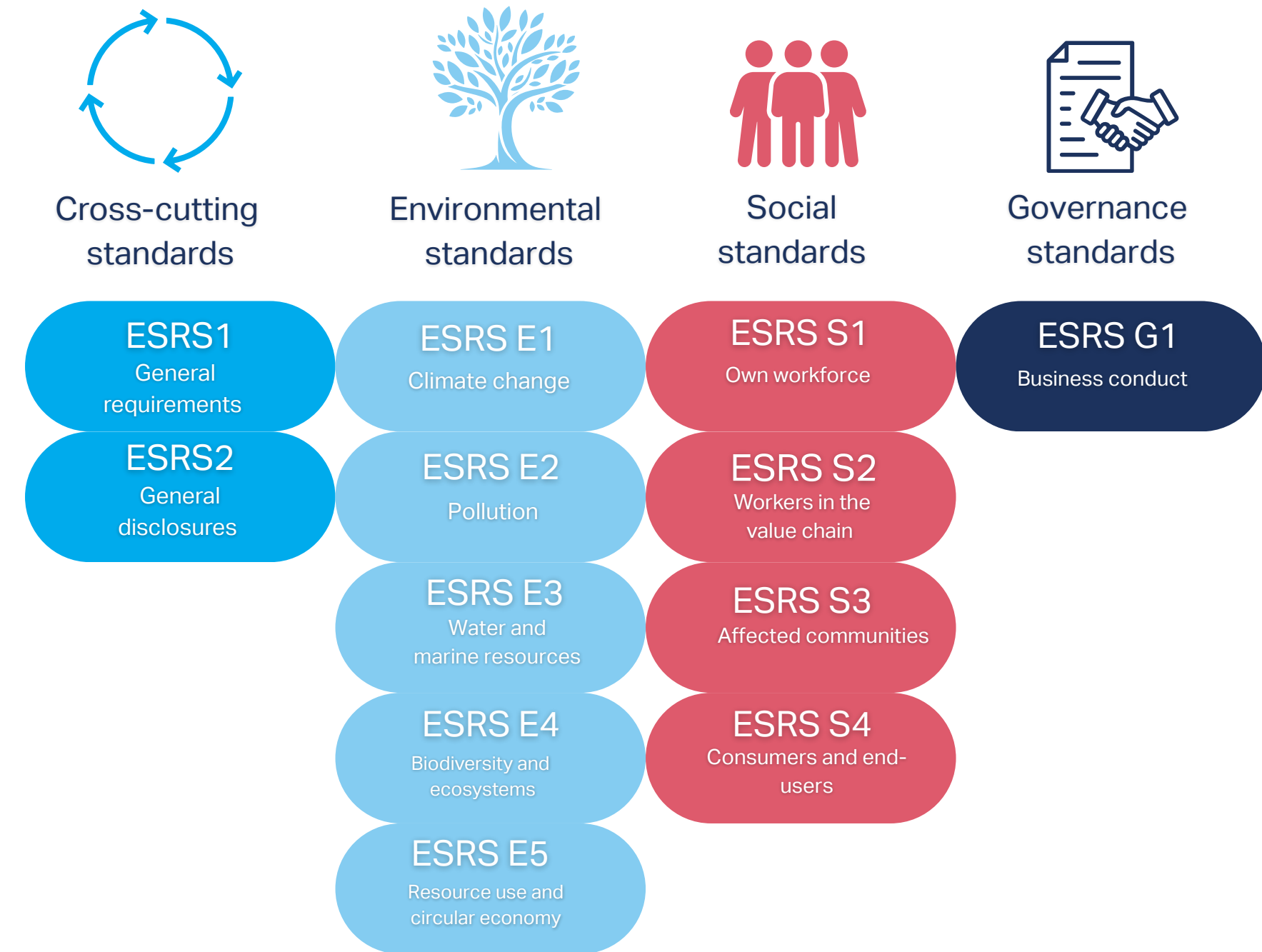
The 12 CSRD Reporting Standards

The CSRD sets sustainability reporting requirements based on the **European Sustainability Reporting Standards (ESRS)**. The framework consists of 12 standards: two cross-cutting and ten topical standards, covering environmental, social, and governance (ESG) issues.

Each ESRS specifies in detail what information companies must include in their annual reports, including management processes, strategies, and action plans. Companies are required to conduct a **double materiality assessment** based on their strategy, operations, and value chain to determine what information they need to report.

SOS Children's Villages can support your reporting by providing valuable insights about the social standards. We help navigate the social, institutional, and cultural complexities of managing impacts on people in diverse contexts. Our local knowledge, networks, and data provide valuable insights that enable you to document your social impacts and turn your sustainability targets into measurable actions.

European Sustainability Reporting Standards (ESRS)



Chapter 3: Reporting in Line With the CSRD

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What is a Double Materiality Assessment?

Businesses are used to managing risks to their own operations, but under the CSRD, they must also consider the people, communities, and environments they may impact. This is the core of the double materiality assessment required by the CSRD. It asks companies to identify and manage their material Impacts, Risks, and Opportunities (IROs), both from the perspective of how the company affects others, and how external factors may affect the company.

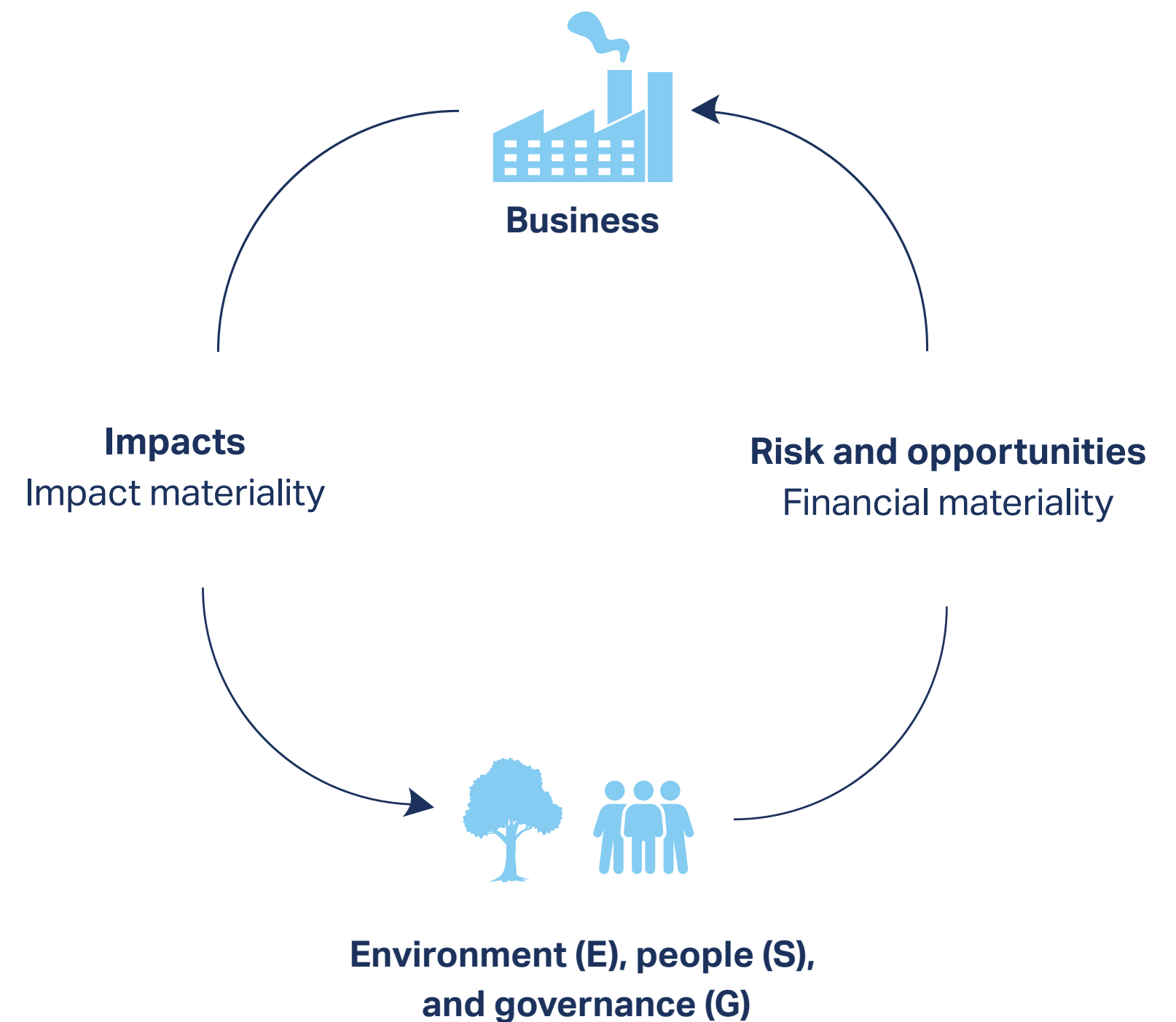
Double materiality is based on two complementary dimensions:

- **Impact materiality:** the company's actual or potential, positive or negative, direct or indirect impacts on people, societies, and the environment.
- **Financial materiality:** Any risks & opportunities that can trigger significant financial effects.

The double materiality assessment requires companies to consider both how their activities impact people, communities, and the environment—and how related risks and opportunities may affect the business.

For example, poor working conditions in the supply chain (S2) or unsafe products for children (S4) can lead to reputational and financial risks, while investing in employee wellbeing (S1) or local education initiatives (S3) can strengthen long-term business resilience.

The concept of double materiality is the cornerstone of the EU's Corporate Sustainability Reporting Directive (CSRD)



What does it mean to have a social impact?

Standard	Sub-Topics
S1 - Own Workforce	<ul style="list-style-type: none"> Working conditions Equal treatment and opportunities Other work-related rights
S2 - Workers in the value chain	<ul style="list-style-type: none"> Working conditions Equal treatment and opportunities Other work-related rights
S3 - Affected Communities	<ul style="list-style-type: none"> Economic, social, and cultural rights Civil and political rights Rights of Indigenous Peoples
S4 – Consumers and End-users	<ul style="list-style-type: none"> Information-related impacts Privacy and freedom of expression Personal safety Social inclusion

The ESRS lists **sustainability matters (topics)** that companies must include in their **Double Materiality Assessment** of impacts on the different standards.

The ESRS framework requires companies to assess their impacts on people across four social standards: their own workforce **(S1),workers in their value chain (S2), affected communities (S3), and consumers or end-users (S4)**. Each standard includes specific social topics, called sub-topics, that highlight the main areas where companies' activities can affect human rights and social well-being.

These sub-topics help companies identify and focus on the most relevant impacts during their materiality assessments and due diligence processes. Many of these areas are further broken down into more detailed sub-sub-topics, which guide deeper analysis and reporting where needed.

Together, this structured approach ensures companies consider abroad range of social impacts, from working conditions and equal opportunities to community rights and consumer protection.

Example: What does it mean to have an impact on affected communities?

Affected communities are groups of people living or working close to company operations, such as factories or facilities. They can also include communities further away that feel the effects of these activities, for example through waste, emissions, or other environmental impacts.

Negative impacts may result from insufficient dialogue with stakeholders, including children and families. Low wages can reduce access to **housing and food, limit children’s economic and social rights, and weaken opportunities for education**. When companies **pollute or damage biodiversity**, they can undermine rights to **clean water and sanitation**, harming the health and wellbeing of children and families. Typically, companies with activities in developing countries meet such issues due to the already limited economic, social, cultural, civil and political rights in these regions.

Assessing Materiality in the Social Standards (S1–S4)

A sustainability topic related to people, whether your own workforce (S1), value chain workers (S2), affected communities (S3), or consumers (S4), is material if it meets impact or financial materiality criteria in your Double Materiality Assessment.

Impact materiality is evaluated by:

Scale: How serious is the impact?

Scope: How many people or areas are affected?

Irremediability: Can the harm be reversed?

When assessing the severity of an impact, you must also consider the vulnerability of the affected stakeholder group and the specific context in which the impact takes place. Vulnerability may arise due to social, economic, or geographic conditions.

When a topic is material, it must be reported and addressed through due diligence, as required by all social standards in the ESRS. Due diligence is an ongoing process that involves detailing the ongoing processes of identifying, assessing, preventing and mitigating material negative impacts.

This process must consider the specific rights and needs of the people involved, whether they are workers, community members, or consumers.

At SOS Children’s Villages, we offer guidance and support in facilitating local stakeholder engagement to determine the materiality of your positive and negative social impacts.

Examples of vulnerable contexts

Conditions that can increase the severity of social impacts across all stakeholder groups:

- Weak or absent social protections
- Climate change, pollution, or resource scarcity
- Insecure land rights or disrupted access to basic services
- Conflict, political repression, or restricted civic space
- High levels of informality or forced migration

Examples of marginalised or at-risk groups

Groups more likely to face harm, exclusion, or limited access to remedy:

- Children and youth
- Women
- Migrant and informal workers
- Indigenous peoples and minorities
- LGBTQIA+ persons
- People with disabilities
- Older people or casted groups

Reporting on S3 in Practice

If your company has an impact on the standard ESRS S3 “affected communities,” you are required to report on seven disclosure requirements, covering a total of 68 distinct data points. The material impacts identified through your Double Materiality Assessment will determine what needs to be disclosed under each requirement.

SBM-2	Interests and views of stakeholders
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model
S3-1	Policies related to affected communities
S3-2	Processes for engaging with affected communities about impacts
S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns
S3-4	Acting on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions
S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities



Example: Addressing the social impact of an environmental issue

After conducting a Double Materiality Assessment, a company identifies that its industrial facility's emissions have contributed to air and soil pollution in a nearby low-income community. While this is clearly an environmental issue, the pollution also leads to negative social consequences:

- An increase in respiratory illnesses among children
- School absenteeism due to poor health or caregiving responsibilities
- Heightened family stress, which contributes to mental health concerns and neglect risks

Because these are **material social impacts** on affected communities, the company must also report under **S3 Affected Communities** and take appropriate action.

The company takes the following steps, focusing specifically on mitigating social harm:

- Partners with an NGO to design and deliver community-based support for vulnerable families, including parenting support, psychological services, and after-school care for children
- Establishes a community dialogue process in collaboration with local NGOs to gather residents' views and understand evolving needs
- Develops a remediation process that includes covering the medical costs and offering family assistance packages
- Launches a community youth program with an NGO to offer children and adolescents safe spaces, education support, and future skills development

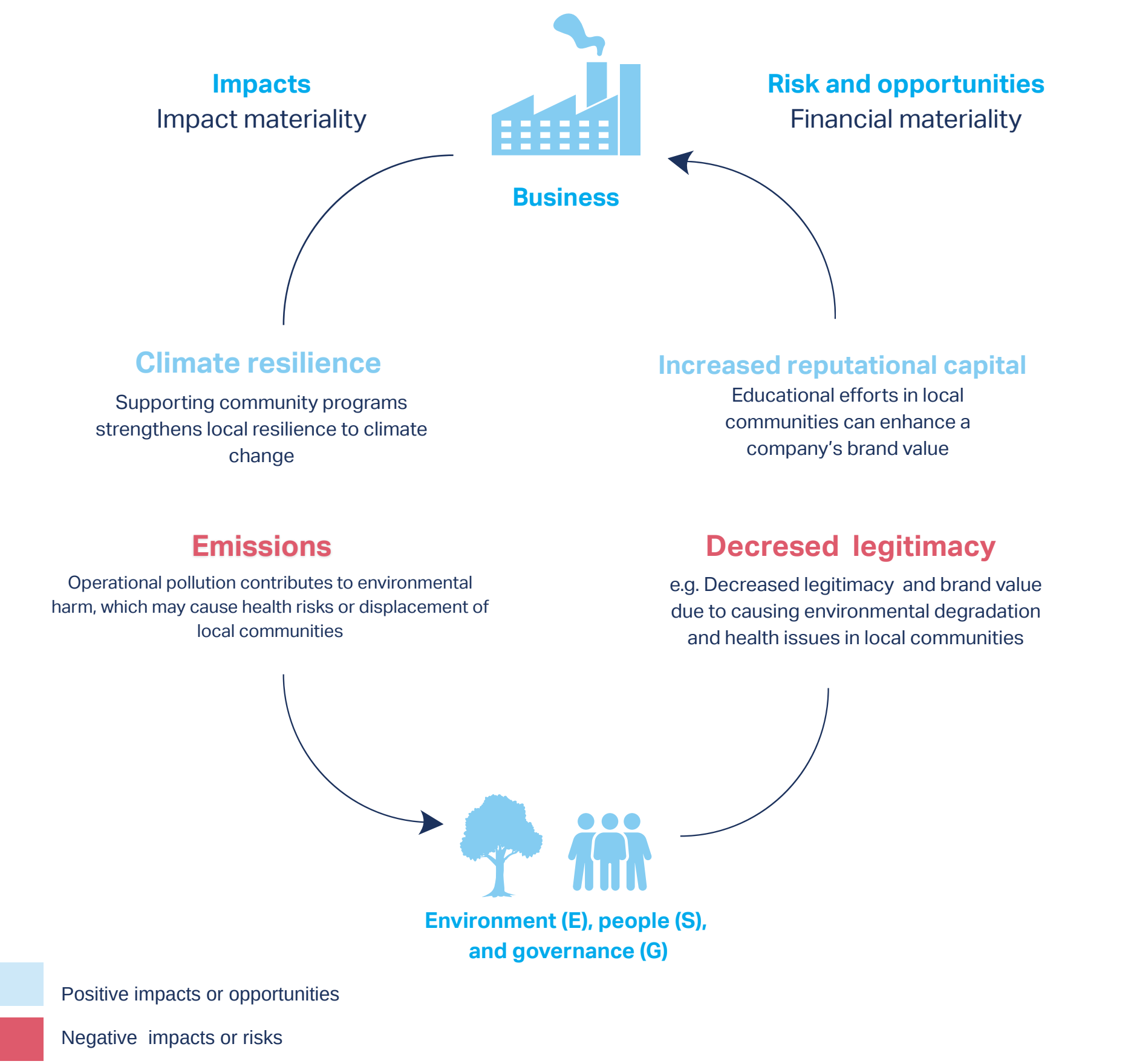
→ **Sets measurable targets for improving child well-being and school attendance, which are tracked and published as part of their S3 reporting. By addressing the social dimension of an environmental impact, the company moves beyond compliance and contributes to the resilience and dignity of the affected community.**

From Environmental Factors to Social Consequences: Effects on Local Communities and Value Chain Workers

Environmental changes are closely interconnected with societal well-being and, consequently, with children's rights. These connections are particularly pronounced in communities that are already vulnerable, where climate change can exacerbate existing challenges such as poverty and displacement. Children are often the most affected, as they are more susceptible than adults to the impacts of environmental and climate-related disruptions. Extreme heat, floods, and other climate-induced events pose significant risks to their health, safety, and development.

Given this context, companies must be aware of the potential environmental risks associated with their operations, **both direct and indirect**, that could impact people, and especially children.

While irresponsible business practices may intensify environmental degradation and social harm, companies also have the **opportunity to build resilience in communities**. By proactively managing risks and supporting initiatives such as youth development, education, or disaster preparedness and response, businesses can play a key role in **promoting sustainable and equitable outcomes**.



Chapter 4: A Partnership with SOS Children's Villages

1. A Results-driven Partnership for Transformation
2. Stakeholder engagement – SOS Children's Villages as a Credible Proxy
3. How SOS Children's Villages Can Help You Address Your Disclosure Requirements



A results-driven Partnership for Transformation

To ensure an effective and impactful partnership, it is essential to develop a comprehensive plan in close collaboration with all key stakeholders. This includes joint discussions involving programme experts from SOS Children's Villages Finland, representatives and specialists from your company, and representatives from the SOS Children's Villages associations in the countries that align with your company's focus or areas of interest.

Our Due Diligence Process

The ESRS requires due diligence, outlining continuous processes to identify, assess, prevent, and address human rights and environmental risks. A due diligence process carried out in collaboration with SOS Children's Villages could include the following steps:



Stakeholder engagement – SOS Children’s Villages as a credible proxy

Before and During the Double Materiality Assessment

We can support your company as a credible proxy during the **double materiality assessment**, helping you:

- Identify actual and potential **impacts on the communities** you operate in, especially among workers, their families, and children.
- Facilitate **stakeholder engagement** and dialogue
- Ensure that those **impacted by your operations are heard**, including vulnerable groups.
- Provide grounded, **context-specific insights** from our local networks to help you accurately assess your social impacts.

Our presence on the ground enables you to build a more truthful and inclusive understanding of risks, impacts, and stakeholder concerns, as required under ESRS S3 and S2.

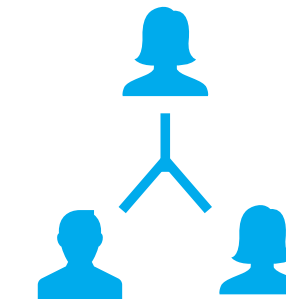
After the Double Materiality Assessment

We continue supporting your journey by:

- Helping you **report and address the impacts** identified in a way that integrates the lived realities of children, youth, and families.
- Ensuring that your **mitigation and remediation** efforts are rooted in local knowledge and child-focused expertise.
- Embedding the **perspective of affected stakeholders** in your sustainability decision-making processes.

Through this collaboration, your company not only enhances its **social impact and due diligence efforts** but also strengthens compliance with the ESRS, aligning with reporting expectations while driving meaningful change.

SOS Children’s Villages as a credible proxy



According to the ESRS, in the absence of direct data or information, companies may use proxies as an alternative, provided that these proxies are credible, reliable, and appropriate. SOS Children’s Villages meets this definition.

With our deep, long-term presence in communities around the world and our expertise in child rights, family wellbeing, and social sustainability, we are well-positioned to act as a credible proxy, particularly in contexts where direct community-level data is not yet accessible.

How SOS Children's Villages Can Help You Address Your Disclosure Requirements

Through our global community-based work and long-term presence in over 130 countries, SOS Children's Villages can help companies identify, assess, and respond to social impacts across their value chains. Our partnerships generate data that can be used directly in ESRS reporting and beyond. We work especially with children, youth, and families in vulnerable situations and can serve as a **credible proxy** for affected communities in hard-to-reach areas.



Chapter 5 : Examples of Our Work and Partnerships

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Partnership for Children's Education
2. Potential Partnership:
Partnership for Youth Employability
3. Responding to Crisis: A Way to Act Now



Potential partnership: Partnership for Children's education

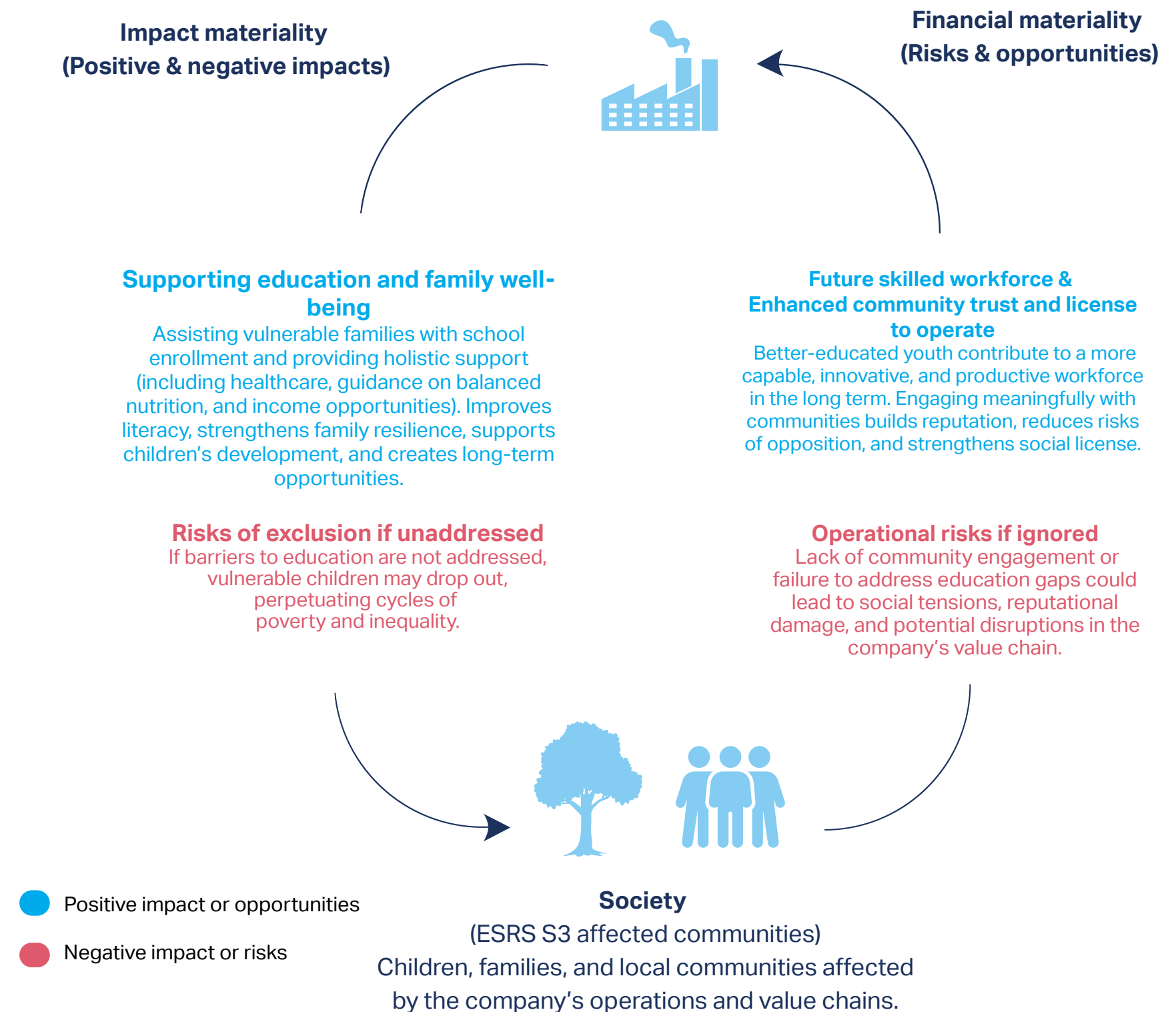
A forestry company expanding its operations in South America recognized the need to address social responsibility in local communities potentially affected by its activities. In response, the company partnered with **SOS Children's Villages** to implement a family strengthening programme focused on children's education in several communities within its operational areas.

The initiative addresses material impacts on affected communities (ESRS S3-4) by supporting vulnerable families through improved access to education, healthcare, and nutrition. It helps parents understand the importance of education and encourages school enrollment or re-enrollment, while providing children and young people with training such as literacy and numeracy support, environmental education, computer skills, and extracurricular activities. This holistic approach equips children with relevant skills, fosters self-reliance, and enables families to live with dignity.

By engaging with local communities and addressing barriers to education, **the company strengthens economic and social rights**, builds trust, and promotes social cohesion. This partnership demonstrates how meaningful community engagement can deliver lasting benefits for both people and business, while contributing to sustainable forestry practices that respect local communities.

A company in the textile industry

Theme: Children's education



Potential partnership: Partnership for youth employability

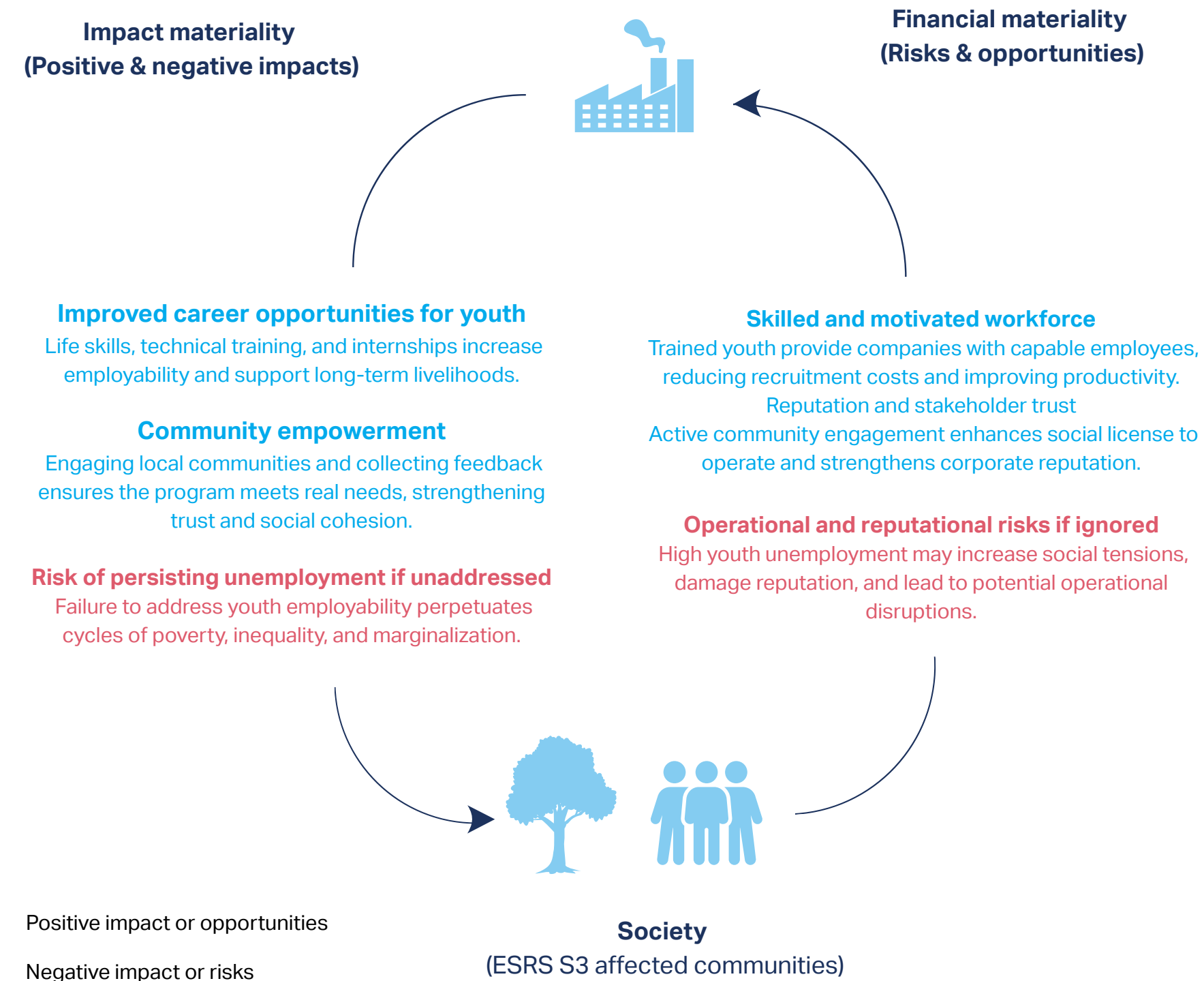
A multinational consumer goods company operating in East Africa assessed that young people in the region face significant barriers to employment, including limited job search, résumé writing, English proficiency, and computer literacy skills. Local educational institutions often fail to prepare marginalized graduates for the job market. **The company recognized that not engaging with the community could have material negative impacts on their economic and social rights.**

In response, the company partnered with **SOS Children's Villages** to develop a youth employability programme. The initiative addresses material impacts on affected communities (ESRS S3-4) by improving young people's career and life prospects through life skills training, technical education, and internships at the company's East African factory. It also includes processes for community engagement (ESRS S3-2), collecting local feedback to refine the programme and ensure long-term positive outcomes.

This initiative tackles youth unemployment while helping the company build a skilled workforce, creating shared value for both the community and the business.

Multinational consumer goods company

Theme: Youth employability



Responding to crisis: A way to act now

One meaningful way for companies to take social responsibility is by supporting humanitarian aid efforts when crises strike, whether caused by conflict, natural disasters or other large-scale emergencies.

SOS Children's Villages provides emergency relief to children and families affected by war, displacement, and climate catastrophes. Our response focuses on protecting children, keeping families together, and helping communities rebuild. We are currently supporting families in crisis zones such as Gaza and Ukraine, offering safe spaces, psychosocial support, emergency accommodation, and access to essential services.

Through a partnership or donation, your company can take concrete action when help is most urgently needed.

We are happy to explore flexible, transparent ways to support your company's humanitarian engagement – from rapid emergency appeals to strategic partnerships that align with your values and impact goals.



Contact: Let's drive real impact together

Through a partnership with SOS Children's Villages, you can create lasting change while addressing your most pressing sustainability challenges.

Our international programme team brings deep knowledge of community-led development and social sustainability, and we're part of a global network with operations in over 130 countries.

Together, we can design solutions that meet your disclosure requirements, support children, youth and families, and deliver tangible impact across your value chain.

We're here to collaborate with you, whether you want to implement or support effective programmes internationally or be a part of our work in Finland.

Get in touch — let's explore what we can achieve together.



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