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## Human Capital – Preliminary assessment of existing disclosure standards and frameworks

Date	<b>November 2024</b>
Project	<b>Human Capital</b>
Topic	<b>Preliminary assessment of existing disclosure standards and frameworks</b>
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# Discussion agenda

- Background
    - Research question, approach and scope of review
  - Preliminary insights on existing standards and frameworks
    - Overview of existing standards and frameworks
    - Topical themes
    - Types of information provided
    - Preliminary comparison to IFRS S1 core content
  - Summary
  - Next steps
  - ISSB feedback and discussion
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## Purpose of today's presentation

- Outline the **approach taken and progress made** on analysing existing standards and frameworks relating to human capital.
- Provide an initial **overview of the landscape** of human capital standards and frameworks.
- Share initial findings on the **structure and content** of human capital disclosure standards and frameworks.
- Highlight how human capital disclosure standards and frameworks compare to the **core content of IFRS S1**.
- Review **next steps** and receive the **ISSB's input on the priority areas** for upcoming deliverables and later phases of research.

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# Background



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# Research question and approach

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## **Research question:**

What is the current landscape of standards and frameworks for human capital-related reporting and how do these standards and frameworks compare to the requirements in IFRS S1 and the SASB Standards?

## **Research approach:**

1. Determine scope and criteria of standards and frameworks to be included in the research.
2. Map the reporting landscape to identify relevant human capital standards and frameworks.
3. Establish a common assessment template to analyse standards and frameworks.
4. Log the content of the identified standards and frameworks using the common assessment template.

# Research scope: mapping

## Practical inclusion criteria

- Are investors the primary audience?
- Were investors involved in developing the standards?
- Do investors use information from the frameworks or standards to make decisions about providing capital?

## Thematic inclusion criteria

- Does the framework (or parts of its content) specifically relate to the workforce?
- Does/could the framework (or parts of its content) cover the workforce?

## Scope for logging

- Is the framework's primary purpose to facilitate data and disclosure?
- If not, does the framework have a normative, influencing role that is reflected across the reporting landscape?
- Is it a priority for investors?

Criteria for inclusion in  
mapping

Criteria for inclusion in  
detailed requirement logging

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# Research scope: logging

## Structure and content dimensions assessed

- Workforce specific or workforce inclusive
- Topical coverage
- Part of the value chain
- Quantitative or qualitative information
- Historical or forward-looking information
- Information on entity activities or the consequences of those activities

## Dimensions of IFRS alignment assessed

- Which IFRS S1 core content area does the disclosure fall under (either explicitly or implicitly)?
- Does the substance of the disclosure overlap with IFRS S1?
- If so, which requirement does it overlap or align with, and how is this the case?

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## Preliminary findings

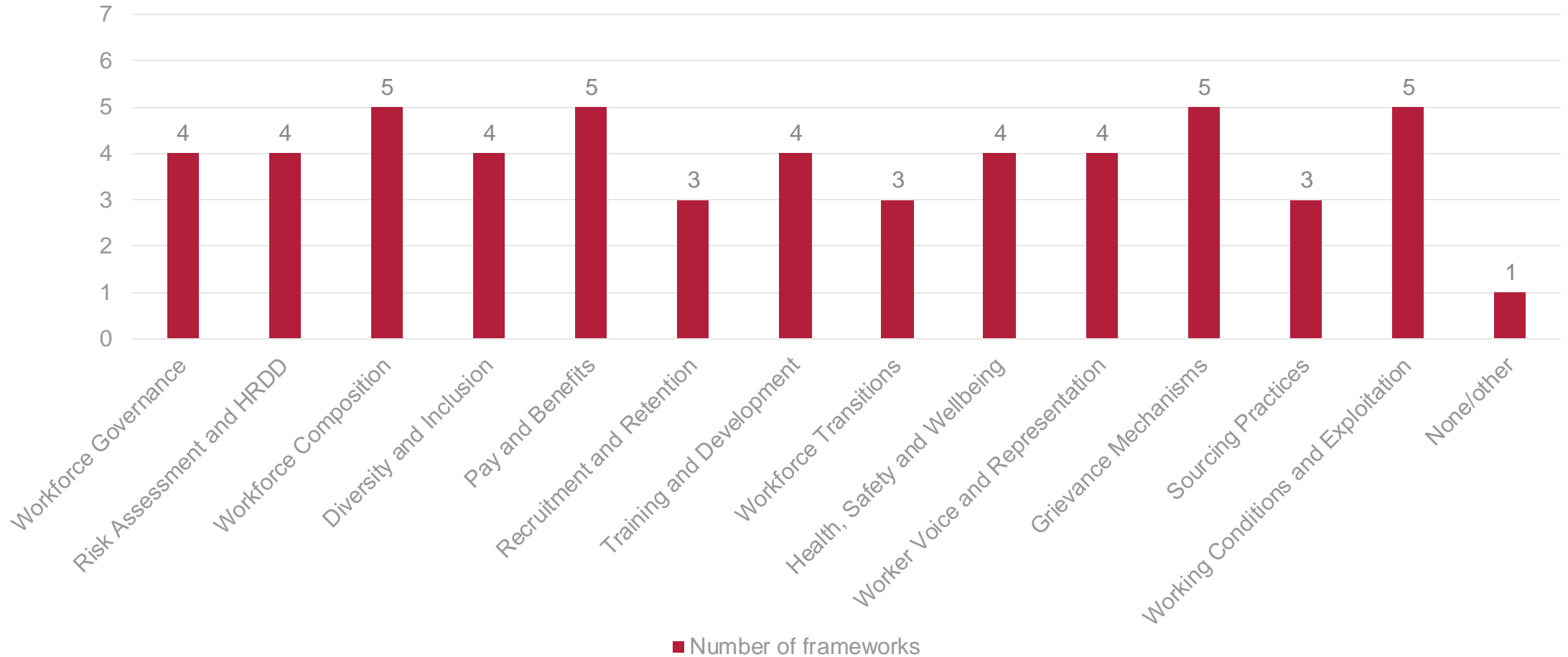




# Overview of standards and frameworks logged

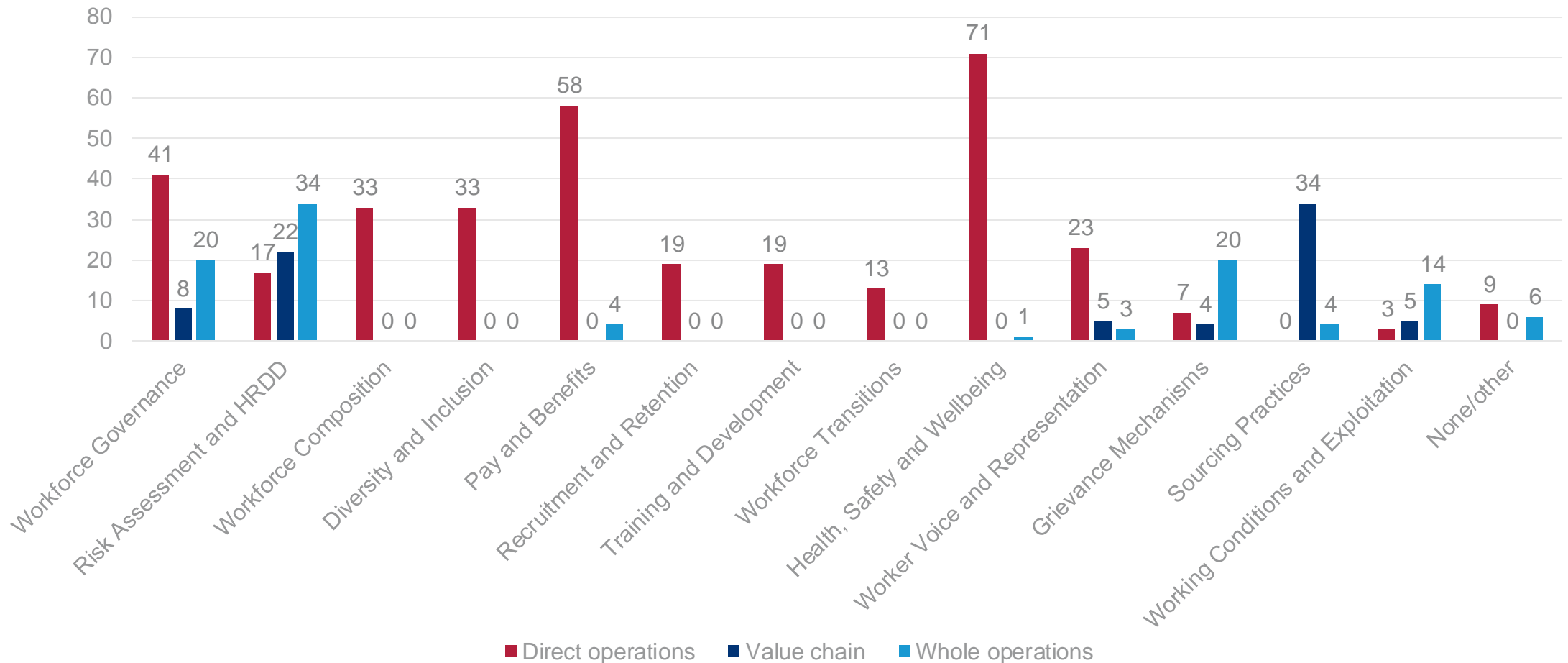
	<b>GRI</b>	<b>ESRS</b>	<b>WDI</b>	<b>HCMC</b>	<b>UNGPRF</b>	<b>IAST</b>	<b>SEC</b>
<b>Year published</b>	2016-2024	2023	2017	2021	2017	2023	2020
<b>Type</b>	Voluntary	Mandatory	Voluntary	Voluntary	Voluntary	Voluntary	Mandatory
<b>Jurisdictional application</b>	Global	EU	Global	Global	Global	Global	USA
<b>Target users of information</b>	Multi-stakeholder, including investors	Multi-stakeholder, including investors	Investors	Investors	Multi-stakeholder, including investors	Investors	Investors
<b>Workforce focus</b>	Mix of workforce-specific and inclusive	Workforce-specific	Workforce-specific	Workforce-specific	Workforce-inclusive	Workforce-specific	Workforce-specific
<b>Value chain coverage</b>	Direct operations and broader value chain (varies by standard)	Direct operations and broader value chain	Direct operations and broader value chain	Direct operations only	Direct operations and broader value chain	Direct operations and broader value chain	Direct operations only

# Topical coverage: number of standards and frameworks



**Note:** There was a total of seven sets of standards or frameworks included in the analysis.

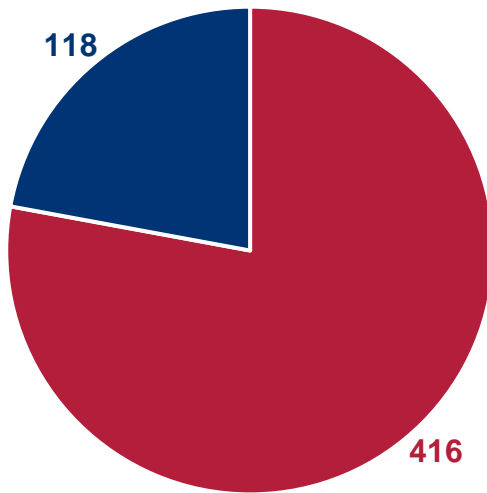
# Topical coverage: number of disclosures



**Note:** There was a total of 534 disclosures included in the analysis.

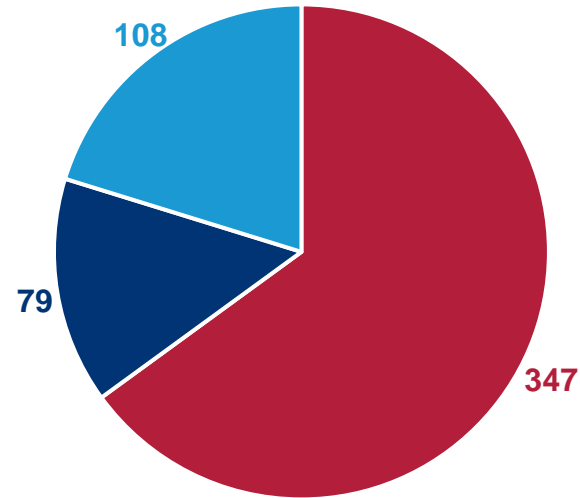
# Types of information provided

Workforce focus



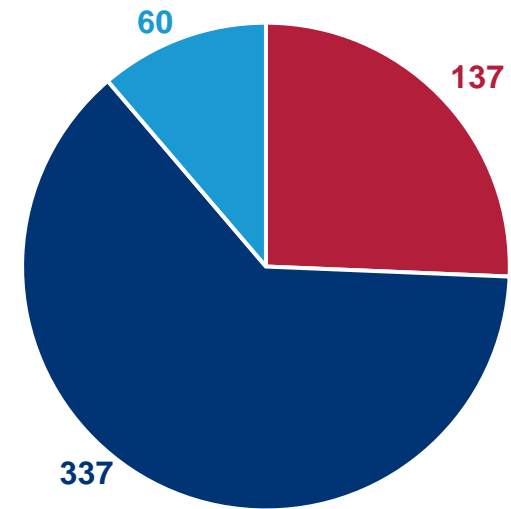
- Workforce-specific
- Workforce-inclusive

Scope of disclosures



- Direct operations workforce
- Value chain workforce
- All workers (direct operations and value chain)

Data format

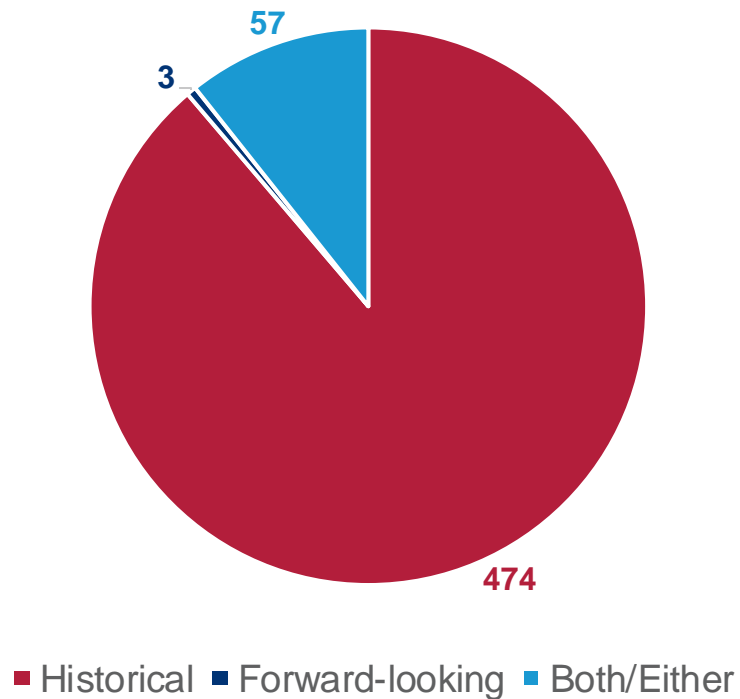


- Quantitative
- Qualitative
- Both

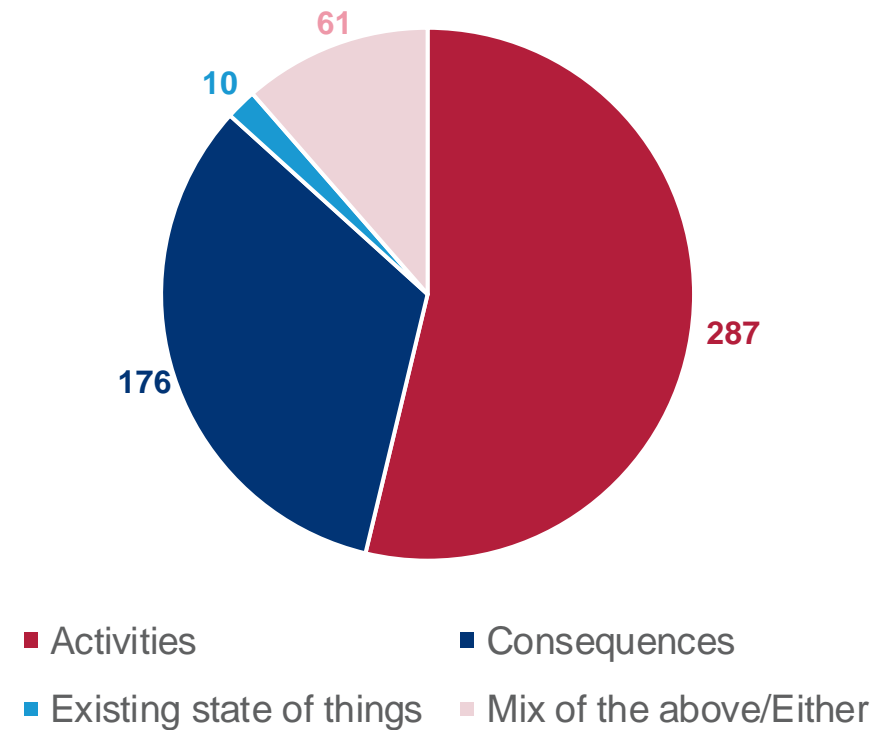
**Note:** There was a total of 534 disclosures included in the analysis.

# Types of information provided

## Historical or forward-looking

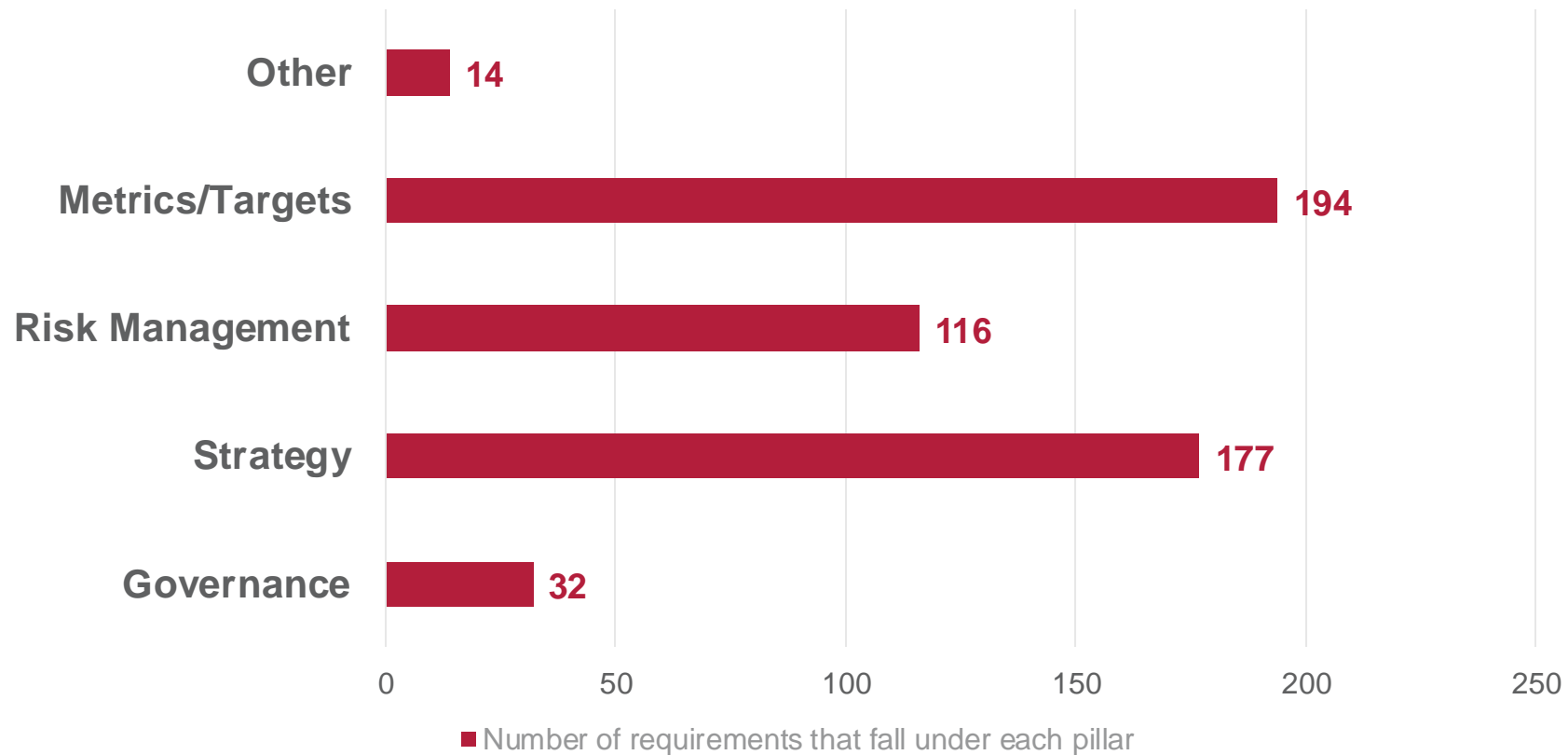


## Activities or consequences



**Note:** There was a total of 534 disclosures included in the analysis.

## Preliminary comparison to IFRS S1 core content



**Note:** Sector-agnostic and sector-specific comparison to SASB Standards, as well as degree of substantive alignment between S1 and disclosures in other frameworks and standards, will be delivered to the ISSB at a later date

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# Summary

## Key findings

- The topics covered by disclosures vary significantly based on whether the disclosure provides information about workers in the direct operations or the broader value chain.
  - Direct operations disclosures focus on health, safety and wellbeing and pay and benefits.
  - Value chain disclosures focus on sourcing practices.
- The majority of disclosures:
  - Focus on the direct operations;
  - Are qualitative;
  - Provide historical information; and
  - Focus on activities.
- Most disclosures fall into the S1 core content areas of either strategy or metrics and targets. Very few fall under governance

## Areas to investigate further in the next phase of research

- How does the reporting landscape compare to the topics and types of data investors are interested in? Do investor data challenges reflect the gaps in existing disclosures?
- Which existing disclosures ask for information that is related to financial implications?
- Which of these disclosures do companies report against most regularly?
- How do these disclosures compare to the jurisdiction-specific requirements identified through the jurisdictional survey? Do they ask for information on similar topics and for similar types of data?

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## Next steps

1. Conduct further analysis of existing standards and frameworks, specifically looking at alignment with normative frameworks
2. Deliver a more granular and detailed comparison to IFRS S1 in early 2025
  - This comparison will assess whether, and to what extent, the disclosures logged from existing standards and frameworks align with the paragraph-level requirements in IFRS S1.
  - Deliver a comparison of the existing standards and frameworks to the SASB Standards in early 2025. This will have two components:
    - An assessment of how the SASB Standards compare to the existing standards and frameworks logged in the project at a topical level; and
    - A comparison of the SASB Standards with the sector-specific disclosures from GRI and potentially ESRS, pending finalisation.



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## Questions for the ISSB

- Given the areas included in the analysis, are there any aspects of the reporting landscape you would like to see explored in an upcoming deliverable? How do you see this fitting with the research objectives?
- Which, if any, of the areas considered in the analysis (topics, form and structure, alignment to S1 core content) do you think requires the most additional research? Which specific elements of these, if any, would you like to see explored?
- In the context of our research project, what are the most significant questions about the reporting landscape you are left with following this presentation?

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