
ISSB meeting

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Project	Human Capital
Topic	Background on other human capital-related disclosure standards and frameworks
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Purpose

1. This paper provides background information on the disclosure standards and frameworks that the staff has evaluated to inform the ISSB's research project on risks and opportunities related to human capital. It briefly describes the key characteristics of each standard or framework, identifies common disclosure elements and, where available, provides information about their current use in the market.
2. This paper is an informational supplement to Agenda Paper 4B *Comparison of other standards and frameworks to IFRS S1 and the SASB Standards*, which presents more detailed findings from the staff's evaluation. The staff will not ask the ISSB to make any decisions in this session.

Structure of the paper

3. This paper is structured as follows:
 - (a) Background and overview of human capital-related disclosure standards and frameworks (paragraphs 4–36);

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- (i) Description and attributes of each standard or framework (paragraphs 6–25);
 - (ii) Similarities and differences among the standards and frameworks (paragraphs 26–28);
 - (iii) Market use of standards and frameworks (paragraphs 29–36).
- (b) Appendix A: Topical groupings used in the research

Background and overview of human capital-related disclosure standards and frameworks

4. At its April 2024 meeting, the ISSB decided to add the human capital research project to its work plan and, in doing so, agreed to consider as part of its initial work on the project:
- (a) to investigate further whether and how the information needs of investors might be effectively addressed by building on relevant components of other standards and frameworks frequently raised by respondents; and
 - (b) to consider opportunities to pursue interoperability, particularly with the GRI, including in its ongoing work to revise its labour-related topic standards, and with EFRAG; and
 - (c) to assess the utility of the SASB Standards (and related SASB Human Capital research project) as a possible starting point for addressing the matter through both industry-based and thematic approaches.
5. The staff has reviewed relevant aspects of the following standards or recommendations:¹

¹ This research does not cover every standard and framework that could have implications for human capital reporting. For example, it does not consider other standards and frameworks that focus on sustainability in general or those that would also cover climate or nature-related information. It focuses on those standards and frameworks that are most relevant to human capital-related risks and opportunities and should not be considered a comprehensive assessment of every standard and framework that could relate to human capital disclosure. Where additional standards and frameworks may have implications for human capital reporting but were not included in this research, this have been identified.

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- (a) The following GRI Sustainability Reporting Standards (GRI Standards):²
- (i) *GRI 2: General Disclosures 2021*
 - (ii) *GRI 3: Material Topics 2021*
 - (iii) *GRI 201: Economic Performance 2016*
 - (iv) *GRI 202: Market Presence 2016*
 - (v) *GRI 204: Procurement Practices 2016*
 - (vi) *GRI Remuneration and Working Time Exposure Draft June 2024*^{3, 4}
 - (vii) *GRI Employment Exposure Draft June 2024*⁵
 - (viii) *GRI Significant Changes for Workers Exposure Draft June 2024*⁶
 - (ix) *GRI 403: Occupational Health and Safety 2018*
 - (x) *GRI 404: Training and Education 2016*
 - (xi) *GRI 405: Diversity and Equal Opportunity 2016*
 - (xii) *GRI 406: Non-discrimination 2016*
 - (xiii) *GRI 407: Freedom of Association and Collective Bargaining 2016*
 - (xiv) *GRI 408: Child Labor 2016*
 - (xv) *GRI 409: Forced or Compulsory Labor 2016*
 - (xvi) *GRI 414: Supplier Social Assessment 2016*
- (b) The following European Sustainability Reporting Standards (ESRS):⁷

² The upcoming GRI Standard on climate change and the just transition will include disclosure elements on labour-related impacts of climate change. As it has not been finalised, this has not been included in the analysis.

³ The GRI is currently in the process of revising its existing labour-related standards and developing new ones. For this research, the staff included the relevant exposure drafts that were available as of June 2024. Where an exposure draft replaces some or all of a standard, the exposure draft was included in the analysis and the elements of the existing standard that have been replaced were not included. As a result, the findings of this research area may differ subject to the changes made to the exposure drafts when the standards are finalised.

⁴ *GRI Remuneration and Working Time Exposure Draft June 2024* replaces some elements of *GRI 202: Market Presence 2016*, *GRI 401: Employment* and *GRI 405: Diversity and Equal Opportunity 2016*.

⁵ *GRI Employment Exposure Draft June 2024* replaces some elements of *GRI 401: Employment 2016*.

⁶ *GRI Significant Changes for Workers Exposure Draft June 2024* replaces *GRI 402: Labor/Management Relations 2016*.

⁷ ESRS 1 and ESRS 2 include provisions that may impact preparers' disclosure of human capital information. However, due to their broader scope and application across sustainability topics, these were outside the scope of this research.

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- (i) ESRS S1 *Own workforce*
 - (ii) ESRS S2 *Workers in the value chain*
 - (c) The 2024 Workforce Disclosure Initiative survey
 - (d) The Human Capital Management Coalition’s foundational disclosures
 - (e) The United Nations Guiding Principles Reporting Framework
 - (f) The Investors Against Slavery and Trafficking Asia-Pacific’s *Core metrics for modern slavery action, disclosure, collection and publication*
 - (g) The U.S. Securities and Exchange Commission’s Regulation S-K Item 101(c).

Description and attributes of each standard or framework

GRI Standards

- 6. The GRI Standards have existed for over 25 years and are structured as a system of 41 interrelated standards that are organised into three series: GRI Universal Standards, GRI Sector Standards, and GRI Topic Standards. The Universal Standards are used by all organisations when reporting in accordance with the GRI Standards. Organisations use the Sector Standards according to the sectors in which they operate, and the Topic Standards according to their list of ‘material topics.’⁸
- 7. *GRI 2: General Disclosures 2021* contains disclosures that the organisation uses to provide information about its reporting practices and other organisational details, such as its activities, governance and policies. This information is intended to provide stakeholders and other information users with insight into the profile and scale of the organisation and to provide a context for understanding the organisation’s impacts.
- 8. *GRI 3: Material Topics 2021* provides step-by-step guidance for organisations on how to determine ‘material topics’, including how the Sector Standards are used in this

⁸ In the GRI Standards, ‘material topics’ refers to the topics that represent the organisation’s most significant impacts on the economy, environment and people, including impacts on their human rights.

process. *GRI 3* also contains disclosures for organisations to report information about their process of determining ‘material topics’, their list of ‘material topics’, and how they manage each of their ‘material topics’.

9. The GRI Topic Standards contain disclosures for the organisation to report information about its impacts in relation to a wide range of particular topics. An organisation reporting ‘in accordance with’⁹ the GRI Standards provides all disclosures related to the ‘material topics’ identified in line with *GRI 3: Material Topics 2021*. GRI’s Topic Standards that include human capital-related disclosure elements are listed in paragraph 5(a)(iii)-(xvi).
10. The GRI Standards specify the disclosure of information related to governance, strategy, impact management and metrics/targets related to an entity’s labour-related¹⁰ impacts throughout its value chain. Impacts are defined by GRI as the ‘effect the organization has or could have on the economy, environment, and people, including on their human rights, which in turn can indicate its contribution (negative or positive) to sustainable development.’^{11, 12}
11. The GRI Standards cover information about workers in both the direct operations and the value chain, including workforce-related human rights issues. The GRI Standards call for the reporting of both qualitative and quantitative information. Qualitative information focuses on policies, processes and actions to address workforce-related impacts. Quantitative information addresses either the structure and composition of the workforce or the number of workers or extent to which the workforce faces particular impacts, such as numbers of fatalities or pay ratios by gender.

⁹ An organisation may also report ‘with reference to’ the GRI Standards, using only selected standards or parts of their content, if it cannot or does not wish to report specific information for specific purposes, such as when complying with regulatory requirements.

¹⁰ GRI uses the terms ‘labour’, rather than ‘human capital’, when referring to workforce-related impacts.

¹¹ *GRI 1: Foundation 2021*

¹² It should be noted that terms that appear throughout the standards and frameworks analysed may have different meanings depending on the standard, framework or context they are used. For example, ‘risks’ in some standards and frameworks refer to risks to the business, while in others, it refers to risks to, for example, the workforce. Unless otherwise stated or when quoting directly from other standards and frameworks, terms are used in this paper in line with their meaning as set out in IFRS S1. Paragraph 28(j) of this paper sets out how the standards and frameworks analysed use and define the terms ‘impacts’, ‘dependencies’, ‘risks’ and ‘opportunities’.

European Sustainability Reporting Standards (ESRS)

12. The ESRS were issued in July 2023 and are mandatory standards within the European Union. The ESRS are effective in phases from financial years starting on or after 1 January 2024 to 1 January 2028, depending on an entity's size and whether these are public interest entities.
13. The ESRS include 10 sustainability-focused topic standards and two cross-cutting standards applicable to all reporting entities. The ESRS that are considered in this paper are ESRS S1 *Own workforce* and ESRS S2 *Workers in the value chain*.¹³
14. The ESRS require the disclosure of information such as an entity's:
 - (a) governance, strategy and processes to identify and assess impacts, risks and opportunities;
 - (b) engagement with its own workforce and workers in the value chain, together with grievance mechanisms that exist within the entity; and
 - (c) specific topic disclosures on policies, impact/risk/opportunity management, actions and targets for workers in an entity's direct operations and workers in the value chain. ESRS S1 also includes metrics related to workers in an entity's direct operations.
15. The information that entities report under the ESRS is determined by the outcome of a materiality assessment (based on double materiality). The materiality assessment is conducted at the sub-topic or sub-sub-topic level and the level of specificity will vary depending on whether 'material impacts, risks or opportunities' have been identified. In practice, companies may therefore only report to a selection of the disclosure elements included in the ESRS.

¹³ As noted, ESRS 1 and ESRS 2 may impact how companies report human capital information but are not included in this research.

The Workforce Disclosure Initiative survey

16. The Workforce Disclosure Initiative (WDI) survey is a voluntary disclosure framework that was first launched in 2017, with the 2024 iteration of the survey being used in the analysis. The survey is designed to provide investors with information on workforce practices throughout companies' direct operations and value chains, with investor feedback being used to determine the structure and content of the survey. The survey is industry-agnostic and global in scope.
17. The survey includes 13 sections, with different sections focusing on different parts of the workforce (either workers in the direct operations, workers in the value chain, or both).¹⁴ The survey is comprised of qualitative questions focused on policies and processes used to identify and manage workforce issues, in combination with quantitative disclosures focused on exposure to and performance on these issues.

The US Securities and Exchange Commission's Regulation S-K Item 101(c)

18. Regulation S-K Item 101(c) is a mandatory reporting requirement that was introduced as an amendment to the previous version of Regulation S-K Item 101 in 2020. It requires a description of a registrant's human capital resources, including any human capital measures or objectives that the registrant focuses on in managing the business, to the extent that such disclosures would be material to an understanding of the registrant's business. It applies to any company that files documents with the SEC, covering both US domestic companies that file documents with the SEC as well as some foreign private issuers.¹⁵ Given the principles-based nature of the requirement, it does not prescribe specific human capital-related topics or metrics against which companies should report.

¹⁴ The sections focused on workers in both the direct operations and the value chain are governance; risk assessment and human rights due diligence; and grievance mechanisms. The sections specifically considering workers in the direct operations are workforce composition; diversity and inclusion; workforce wage levels and pay gaps; health, safety and wellbeing; and worker voice and representation. The sections that only consider workers in the value chain are value chain transparency; responsible sourcing; and value chain working conditions

¹⁵ For example, Regulation S-K Item 101(c) does not apply to Form 20-F filers.

The Human Capital Management Coalition's foundational disclosures

19. The Human Capital Management Coalition's (HCMC)¹⁶ foundational disclosures are a selection of four, asset owner-developed metrics.¹⁷ They were recommended in 2019 in response to the US Securities and Exchange Commission's human capital rulemaking activity.¹⁸ Specifically, the metrics are intended to enhance the comparability of disclosure prepared in accordance with the principles-based human capital-related requirement of Regulation S-K, Item 101(c).
20. The four quantitative metrics are designed to be reported by companies from all sectors and focus specifically on information related to workers in an entity's direct operations. While developed in response to US regulation, the metrics themselves do not have a specific geographic scope and could be used by companies in any jurisdiction.
21. In addition to the four foundational disclosures, the HCMC also recommends that companies provide additional information on key topics, which may vary based on a company's sector, industry or business strategy.¹⁹

The United Nations Guiding Principles Reporting Framework

22. The United Nations Guiding Principles (UNGP) Reporting Framework is a voluntary disclosure framework designed to help companies report their human rights performance in alignment with the UN Guiding Principles on Business and Human Rights. First published in 2015, it was developed by Shift, an independent non-profit centre for business and human rights, and Mazars, an international audit, tax and advisory firm. The framework is supported by an investor coalition of 88 institutions

¹⁶ The Human Capital Management Coalition is a cooperative initiative among a group of 36 asset owners with US\$10 trillion in assets.

¹⁷ The four foundational metrics are: the number of employees, including full time, part-time and contingent labour; total workforce cost; turnover; and employee diversity and inclusion, especially by seniority.

¹⁸ Human Capital Management Coalition, 'File No. S7-11-19', Securities and Exchange Commission, 2019, <https://www.sec.gov/comments/s7-11-19/s71119-6322887-194462.pdf>

¹⁹ The HCMC references health and safety; training and development; employee engagement; human and labour rights; and compensation and benefits as examples of key categories of information companies should consider for disclosure. However, these topics are not suggested as an exhaustive list.

with more than US\$5.3 trillion in assets under management.²⁰ The target audience of the information reported in alignment with the UNGP Reporting Framework is both investors and other stakeholders, such as civil society.

23. The framework is structured around eight overarching questions and 23 supporting questions, all of which specify the disclosure of qualitative information. These questions focus on an entity's human rights impacts, how it addresses them, and the effectiveness of the response. It is designed to be used by entities of all sizes, industries and locations.²¹

The Investors Against Slavery and Trafficking Asia Pacific's Core metrics for modern slavery action, disclosure, collection and publication

24. The Investors Against Slavery and Trafficking Asia Pacific's (IAST APAC)²² *Core metrics for modern slavery action, disclosure, collection and publication* are a set of recommended disclosures focused on an entity's exposure to and performance on modern slavery risks in both its direct operations and supply chain.
25. Covering both qualitative and quantitative information, the metrics are split into 'input' and 'output' metrics. Input metrics represent the inputs into effective management of modern slavery risk. Output metrics aim to provide a quantitative measurement of tangible outcomes as a result of policies, frameworks and processes adopted and implemented. While the IAST APAC has a regional focus, the metrics are designed to apply to companies from all geographies. The metrics are also designed to be used by companies from all sectors.

²⁰ UN Guiding Principles Reporting Framework, 'Users and Supporters', UN Guiding Principles Reporting Framework, n.d., <https://www.ungpreporting.org/about-us/support-and-users/>

²¹ While the UNGP Reporting Framework has a scope that extends beyond human capital, it was included in the research because it asks for information that *includes* the workforce, while not being specific to it. This was done to account for the lack of conceptual and thematic clarity and consistency in the human capital landscape, where risks and opportunities relating to human capital can show up under various thematic lenses, including human rights. It also reflects investor feedback suggesting the framework is a useful source of human capital-specific information. The use of disclosure elements that include, but also go beyond, the workforce is a common practice in the human capital reporting landscape, with the GRI Standards, the ESRS, the WDI survey and IAST APAC core metrics taking this approach for some of their disclosure elements.

²² The Investors Against Slavery and Trafficking Asia Pacific initiative is an investor-led, multistakeholder collaborative comprised of 50 investors with A\$12 trillion in assets under management (AUM), together with the Australian Council of Superannuation Investors (ACSI), Walk Free and the Finance Against Slavery and Trafficking (FAST) initiative.

Similarities and differences among the standards and frameworks

26. This section discusses similarities and differences among the seven human capital-related standards and frameworks included in the analysis. Agenda Paper 4B discusses the similarities and differences between these standards and frameworks on one hand, and IFRS S1 and the SASB Standards on the other.
27. The standards and frameworks analysed exhibit similarities and differences that may be instructive for any future work undertaken by the ISSB on human capital-related disclosure. For example, all the standards and frameworks are generally similar in terms of their:
- (a) **Applicability to entities from all sectors and industries:** all of the standards and frameworks apply to entities from all sectors and industries.
 - (b) **Coverage of workers in an entity's direct operations:** all standards and frameworks provide disclosure of information relating to workers in the direct operations, which includes both employees and non-employee workers, such as independent contractors or agency workers.
 - (c) **Inclusion of disclosure elements that are geography agnostic:** all of the disclosure elements in the standards and frameworks assessed are jurisdictionally agnostic. As a result, entities from any jurisdiction could theoretically report information in relation to their activities and assets in any location against these standards and frameworks. However, for some standards and frameworks (such as the ESRS or Regulation S-K Item 101 (c)), they are only *required* to be reported by entities based in certain jurisdictions.
 - (d) **Emphasis on historical information:** 90 per cent of the disclosure elements from all the standards and frameworks included in the analysis specify the disclosure of historical information. All the standards and frameworks assessed are predominantly composed of disclosure elements focused on historical information.
28. The general differences among the standards and frameworks include:

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- (a) **Intended users of information:** the GRI Standards and the UNGP Reporting Framework aim to facilitate disclosure of impact-related information to a broad group of stakeholders including investors, while the ESRS are focussed on meeting the information needs of both investors and a wider group of stakeholders using a ‘double materiality’ approach. The WDI survey, the HCMC foundational disclosures, the IAST APAC core metrics and Regulation S-K Item 101(c) are all explicitly focused on an investor audience.
- (b) **The thematic framing used:** the ESRS and the WDI survey use a thematic framing of ‘the workforce’. While IAST APAC core metrics have a narrower focus on modern slavery, when considering the theme more broadly, language tends to focus on ‘labour’ or ‘human rights’, with the term ‘human capital’ not being used. This is also the case for the GRI Standards. In contrast, the HCMC foundational disclosures and the SEC’s Regulation S-K Item 101(c) employ a ‘human capital’ framing. The linguistic similarity here may be linked to geography, as both the HCMC and SEC operate in the US.
- (c) **Length of the standard or framework:** the number of disclosure elements in each standard or framework varies considerably. The shortest is the SEC’s Regulation S-K Item 101(c), which only has one. This is followed by the HCMC’s four foundational disclosures and the IAST APAC core metrics, which are comprised of 14 disclosure elements. In contrast, in the standards and frameworks assessed, the GRI Standards include 205 disclosure elements, the WDI survey includes 157 and the ESRS include 113.²³
- (d) **How prescriptive the disclosure elements are:** some of the standards and frameworks allow for a significant amount of discretion from preparers in terms of the nature and breadth of the information provided. This can be seen in the principles-based disclosure under the SEC’s Regulation S-K Item 101(c). Some are more prescriptive while still allowing for variation in

²³ It should be noted that the number of disclosure elements in a standard or framework may not correlate with the expected length of disclosures, as in some instances, such as the GRI Standards and the ESRS, entities are only expected to report information that has been deemed material under their respective processes for identifying this.

disclosure. For example, the WDI survey includes disclosure elements that specify that a company should disclose specific information or data points, but reporting companies are given flexibility in the scope of information provided (for example, only reporting on workers in some of their operating locations). Others, such as the HCMC's foundational disclosures and the IAST APAC's core metrics, have no explicit flexibility for preparers in relation to the information being requested in the disclosure elements themselves.

- (e) **Workforce specificity:** the standards and frameworks evaluated take different approaches to the inclusion of workforce-specific or workforce-inclusive disclosure elements.²⁴ The HCMC foundational disclosures and Regulation S-K Item 101(c) exclusively consider workforce-specific information. All other standards and frameworks include disclosure elements that consider a combination of workforce-specific and workforce-inclusive information, even when their overall thematic scope is specific to the workforce.
- (f) **Coverage of workers outside of the direct operations:** the HCMC foundational disclosures focus specifically on workers in an entity's direct operations. Regulation S-K Item 101(c) does not specify the groups of workers covered and refers only to 'human capital'. The remaining standards and frameworks cover both workers in an entity's direct operations and workers in the value chain. When workers in the value chain are included, the scope of the reporting can vary. Some include workers in both the supply chain (or upstream value chain) and downstream value chain (such as ESRS S2, the GRI Standards and the WDI survey),²⁵ while others focus specifically on workers in the supply chain.

²⁴ For the purposes of this analysis, 'workforce specific' refers to disclosure elements that provide disclosure of information specifically relating to the workforce, excluding other groups or issues. 'Workforce inclusive' refers to disclosure elements that provide disclosure of information that would include the workforce, but may also relate to other groups or issues, or not specifically mention the workforce. An example of 'workforce inclusive' information would be information on human rights policies, which may not be tailored to the workforce but would apply to them.

²⁵ For the purposes of this analysis, the 'upstream value chain' (or the supply chain) refers to the suppliers, raw materials, and other inputs that go into making a product. The 'downstream value chain' refers to activities involved in the distribution of finished goods from a manufacturer to the end customer.

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- (g) **Topical coverage:** in the analysis, there was not a single topic that appeared in every standard and framework. The most commonly occurring topics were workforce composition, pay and benefits and grievance mechanisms. These were each included in five out of the seven frameworks analysed. Numerous topics appeared in the lowest numbers of standards and frameworks. These were recruitment and retention, training and development, workforce transitions, health, safety and wellbeing, and worker voice and representation, each of which appeared in three standards and frameworks. It should be noted that the number of frameworks in which a topic appeared does not necessarily correlate with the number of disclosure elements that relate to that topic. For example, there were more than twice as many disclosure elements focused on health, safety and wellbeing than there were for workforce composition, despite disclosure elements relating to workforce composition appearing in two more standards and frameworks.
- (h) **Focus on quantitative or qualitative information:** the HCMC foundational disclosures are entirely quantitative, whereas the disclosure elements in the UNGP Reporting Framework are entirely qualitative. All other standards and frameworks include a mix of disclosure elements that provide disclosure on both forms of information, but to differing degrees. The GRI Standards, the ESRS and the WDI survey all include roughly twice the proportion of qualitatively focused disclosure elements to those that are quantitatively focused. The IAST APAC core metrics include a slightly higher proportion of quantitative disclosure elements than qualitative elements. The principles-based nature of Regulation S-K Item 101(c) means it allows for the disclosure of both quantitative and qualitative information, depending on whether the information would be material to an understanding of the registrant's business.
- (i) **Structured in line with the core content areas of IFRS S1:** only the ESRS are structured in a way that aligns with the core content areas of IFRS S1, with some minor adjustments to account for the fact that the ESRS also specifies the disclosure of additional information on impacts, beyond information on

impacts that give rise to risks and opportunities. It is more common for disclosure elements to be grouped topically (this is the approach taken in the WDI survey) or in line with parts or stages of a process (as is the case in IAST APAC core metrics and the UNGP Reporting Framework). The Human Capital Management Coalition foundational disclosures do not have a specific structure, likely due to the lower number of disclosure elements making this unnecessary. The GRI Standards are split into topic management disclosures and topic disclosures. Topic management disclosures relate to the management of impacts, while topic disclosures relate to impacts themselves. A broadly similar approach is taken in the UNGP Reporting Framework, where disclosure elements are split between governance, salient human rights issues and the management of issues.

- (j) **Disclosure elements being framed in terms of ‘impacts, dependencies, risks and opportunities’:** only the ESRS and GRI Standards explicitly use the language and framing of ‘impacts, dependencies, risks and opportunities’, noting that GRI is focused on impacts specifically. In the WDI survey, the term ‘risk’ usually refers to risks to workers, rather than risks to an entity. The UNGP Reporting Framework instead focuses on ‘salient human rights issues’ and the IAST APAC core metrics refers instead to ‘inputs’ and ‘outputs’. The Human Capital Management Coalition’s foundational disclosures do not use the terms at all, although this is likely because all the disclosure elements are quantitative metrics where such a framing is less common.

Market use of the standards and frameworks

29. Market use of each of the standards and frameworks differs, in part due to when they were issued, their effective dates and whether they are mandatory or voluntary. The current versions of the standards and frameworks that staff analysed were issued relatively recently with a range of effective dates ranging from 2016 to 2023. Some, such as the GRI exposure drafts, are yet to be finalised. As a result, many preparers are in the early stages of implementing and applying the standards and frameworks

and gaining experience in preparing disclosures or have not disclosed against them at all. Precise numbers of companies using a particular standard or framework are difficult to determine. For most of the standards and frameworks analysed, the staff's analysis relied on the estimates from the developers of the standards and frameworks themselves and from other external sources.

30. A 2024 KPMG survey indicated that the GRI Standards are the most widely used sustainability standards, with adoption by the world's largest 250 companies at 77 percent, and 71 percent among the largest 100 companies in each of 58 jurisdictions.²⁶ This survey, however, does not distinguish between use of different GRI Standards such as labour-related Topic Standards. According to GRI, more than 10,000 organisations worldwide are reporting in reference to or in accordance with the 2016 versions of the GRI Labour Standards.
31. The ESRS apply to companies within the scope of the Corporate Sustainability Reporting Directive (CSRD).²⁷ Determining when a company needs to apply ESRS and when they need to start reporting depends on many different factors including size, whether they are listed or unlisted, and whether the parent-entity is based in the European Union. While the CSRD reporting for 2024 year-end reports is still underway, in preliminary benchmarking of the first 20 ESRS-compliant reports, ESRS S1 was in scope for 100 percent of companies.²⁸
32. In the 2024 cycle of the WDI survey, 144 companies submitted responses. Submissions came from companies based in 25 countries and five continents. Responding companies came from all Global Industry Classification System (GICS) sectors.

²⁶ KPMG International, 'The move to mandatory reporting: Survey of Sustainability Reporting 2024', KPMG, 2024, <https://assets.kpmg.com/content/dam/kpmgsites/xx/pdf/2024/11/the-move-to-mandatory-reporting-web-copy.pdf.coredownload.inline.pdf>

²⁷ In February 2025, the European Commission announced a package of forthcoming legislative measures to simplify both the CSRD and ESRS. As part of these measures the European Commission announced its intention to significantly reduce the number of entities subject to report in compliance with the CSRD.

²⁸ Black Sun Global, 'Corporate Sustainability Reporting Directive (CSRD): The first 20 compliant Sustainability Statements', Black Sun Global, 2025, <https://www.blacksun-global.com/content/dam/blacksunglobal/corporate/Documents/research/Black%20Sun%20CSRD.pdf>

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33. The UNGP Reporting Framework reports that over 80 companies are currently using the framework for public reporting and/or internal management.
 34. Information on uptake of the IAST APAC's core metrics or the HCMC foundational disclosures could not be identified. This may be because both frameworks function as recommendations for disclosure, rather than standards (such as the GRI Standards or the ESRS), or frameworks with specific disclosure platforms (such as the WDI survey or the UNGP Reporting Framework), where there are clearer mechanisms through which to identify the use of the standards.
 35. Regulation S-K Item 101(c) applies to companies based in the US that file documents with the SEC, as well as some foreign private issuers, meaning several thousand companies would potentially be within scope. However, disclosures in relation to human capital specifically are only required where the company determines that these disclosures are material to the understanding of a registrant's business. This discretion may result in a significantly reduced number of companies disclosing this information. A 2022 survey of the SEC filings of 50 companies in the Fortune 100 showed that every company surveyed included some form of human capital information, suggesting a high level of adoption at least among the largest companies.²⁹
 36. A preliminary staff review of FY2023 reports filed by about 2,300 companies globally indicated that 47 per cent referenced the GRI Standards (1081 companies), 33 per cent referenced the SASB Standards (751 companies), one per cent referenced ESRS (12 companies) and close to zero per cent referenced the UNGP Reporting Framework (nine companies) and the WDI survey (four companies).

²⁹ White & Case, 'ESG Disclosure Trends in SEC Filings', White & Case, 2022, [esg-disclosure-trends-in-sec-filings-2022-annual-survey-web.pdf](#)

Questions for the ISSB

1. Do ISSB members have any questions or clarifications about the content of the background paper including the common disclosure elements among the other standards and frameworks?

Appendix A: Topical groupings used in the research

- A1. To facilitate analysis of the standards and frameworks considered in the research, topical groupings were established. These were used to log and group disclosure elements in a consistent and comparable way, as the standards and frameworks used different terms and framings to refer to topics and issues.
- A2. It should be noted that these groupings do not represent proposed ISSB definitions or focus areas. They were established purely for analysis purposes for this research due to a need for a mechanism to categorise and compare findings. Any proposed definitions, groupings or categories to be used beyond phase one of this research are still to be determined, and there is no assumption that the groupings used here will continue to be used in any future research or potential standard setting activity.

Topical grouping	Scope of the grouping
Workforce Governance	Includes information on governance structure and management insofar as it relates to the workforce, board performance on workforce issues, and policies related to workforce management in general. Policies related to specific topics (for example, a diversity and inclusion policy), are included under that topic. General information about governance was not included in the analysis.
Workforce-related Human Rights Due Diligence and Risk Assessments	Includes information on human rights due diligence and identifying and responding to general workforce risks and opportunities. Information that exclusively focuses on identifying and responding to risks and opportunities relating to specific topics (for example, risks relating to forced labour) are recorded under that topic. The research only included mentions of risk assessments and human rights due diligence where they included the workforce. Focus on these topics in a way that would exclude the workforce, for example when raised in relation specifically to other groups such as local communities, were not included in the analysis.

Topical grouping	Scope of the grouping
Workforce Composition	Includes information on the structure and location of the workforce (including both workers in the direct operations and the supply chain) and the contract types used.
Pay and Benefits	Includes information related to wage levels, pay ratios and pay gaps, as well as financial and non-financial benefits provided to the workforce.
Diversity and Inclusion	Includes information on monitoring diversity and inclusion (for example, representation of different demographic groups), action to improve diversity and inclusion, and any information relating to discrimination and harassment.
Recruitment and Retention	Includes information on turnover, recruitment practices and retention efforts excluding specific information relating to pay, benefits and employee wellbeing.
Training and Development	Includes information on levels of provision of training and development, examples of training, and strategies for workforce development.
Health, Safety and Wellbeing	Includes information on occupational health and safety, mental health and safeguarding, and general worker wellbeing including areas such as work-life balance and flexible working.
Workforce Transitions	Includes information on the transition to a lower-carbon economy, and the use of AI and automation where it relates to the workforce.
Worker Voice and Representation	Includes information on freedom of association and collective bargaining, employee engagement and worker feedback.
Grievance Mechanisms	Includes information on numbers of grievances, processes for raising and addressing grievances, and outcomes relating to grievances.
Sourcing Practices	Includes information on the structure of supply chain, an entity's sourcing strategy, and its engagement with suppliers in relation to workforce issues.

Topical grouping	Scope of the grouping
Working Conditions and Exploitation	Includes information on modern slavery, child labour, prison labour, other labour-related human rights not covered by other categories.
None/other	Any other information related to human capital that did not fit within the categories set out above.