
ISSB meeting

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Purpose of the paper

1. This paper aims to provide the International Sustainability Standards Board (ISSB) with an overview of findings related to the research question ‘what is the current state of entity disclosure about human capital-related risks and opportunities?’
2. The staff will not ask the ISSB to make any decisions in the session. However, the staff welcomes input from the ISSB on how these findings can inform the next phase of research, including the proposed next steps.
3. This paper is meant to be read in conjunction with Agenda Paper 3B and 4C *Current state of disclosure—background and methodology* and Agenda Paper 4E *Current state of disclosure of human capital-related information—sector findings*.

Structure of the paper

4. This paper is structured as follows:
 - (a) Background (paragraphs 5–6);
 - (b) Summary of findings (paragraphs 7–46);
 - (i) Governance (paragraphs 9–14);

- (ii) Risks and opportunities (paragraphs 15–25);
 - (iii) Current and anticipated effects (paragraphs 26–30);
 - (iv) Risk management (paragraphs 31–35);
 - (v) Metrics and targets (paragraphs 36–43);
 - (vi) Location of disclosures (paragraph 44);
 - (vii) Standards and frameworks (paragraphs 45–46);
- (c) Next steps (paragraphs 47–49);
 - (d) Staff analysis (paragraphs 50–105); and
 - (e) Appendix A—Examples of human capital-related disclosure

Background

5. This paper is intended to establish a baseline of shared knowledge on the current practice of entity disclosure of human capital-related information. It also presents a preliminary assessment of the degree to which current disclosures align with the requirements of IFRS S1 and which human capital topics appear to be sector-based or universally applicable. The staff thinks these assessments can usefully inform the ISSB’s thinking about future work on human capital-related disclosure, including any potential standard setting.
6. It is not the staff’s intention that the ISSB consider these findings in isolation, but rather in combination with the findings of the other research areas. The staff plans to present further analysis of the connections among the different research areas at future meetings.

Summary of findings

S1-related disclosure

7. The staff's analysis shows that human capital-related information is commonly disclosed by entities of all sizes, in all regions and in all sectors. Furthermore, the analysis shows that much of this information is disclosed in entities' financial filings,¹ in addition to other reporting locations. The staff thinks that these findings are consistent with statements from investors suggesting that there is a need for *better*—not necessarily *more*—disclosure about human capital-related risks and opportunities.
8. This section will summarise the staff's findings with respect to how current disclosure practice aligns with key aspects of IFRS S1 (paragraphs 9–43), where entities disclose human capital-related information (paragraph 44) and which standards and frameworks entities might use to disclose such information (paragraphs 45–46). These findings are then explored in greater detail in the 'Staff analysis' section (paragraphs 50–105).

Governance

9. Almost all entities disclosed human capital-related governance information, which may include details on remuneration and compensation, committee structures and responsibilities, oversight of risks and relevant policies, and/or board composition. Entities disclosed governance information in three ways:
 - (a) explicitly referencing human capital topics;
 - (b) broader sustainability or ESG-related practices; or
 - (c) both.
10. Disclosure rates were generally consistent across regions, sectors, and entity sizes.

¹ See definition in Agenda Paper 3B and 4C *Current state of disclosure—background and methodology*

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11. Many entities disclosed information about having particular board or management committees to oversee human capital issues such as diversity and inclusion, health and safety, and others. These committees included compensation, audit, diversity and inclusion, and human capital committees, indicating a range of practice. Some entities disclosed that the full board oversees human capital issues and receives reports for monitoring purposes.
 12. Disclosures indicate that key human capital topics overseen by the board or committees include compensation and remuneration, diversity and inclusion, human capital management, labour rights, training and development and succession planning. With respect to compensation and remuneration, some entities referenced oversight by the compensation committee and some linked executive remuneration to sustainability or non-financial KPIs, but a few of those KPIs were explicitly relevant to human capital.
 13. Some entities also disclosed metrics on board composition, including diversity-related characteristics.
 14. Although almost all entities disclose information about human capital-related governance, the disclosures do not provide all the details required in IFRS S1. For example, the staff's analysis found little information about how the governance body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to sustainability-related risks and opportunities, and how the body(s) or individual(s) takes into account sustainability-related risks and opportunities when overseeing the entity's strategy. Therefore, the current disclosure practices for governance only partially align with the requirements in IFRS S1. More details of the underlying analysis are presented in the 'Staff analysis' section (paragraphs 50–61).

*Risks and opportunities***Risks**

15. Most entities disclosed information about human capital-related risks that could affect their prospects, including risks arising from interactions with stakeholders, society, the economy, and the natural environment throughout their value chain. These disclosures often linked risks to both the entity's prospects and the external environment, reflecting the significant overlap between impacts on the workforce and workforce-related risks.
16. However, only a few disclosures provided specific timeframes associated with these risks, with most consisting of forward-looking statements without clearly defined time horizons. Therefore, the risk disclosures only partially align with the requirements of IFRS S1.
17. The most common topics of risk-related disclosure were health, safety, and wellbeing, and retention and recruitment, while grievance mechanisms and workforce transitions had lower disclosure rates.
18. Almost all entities in North America disclosed information about human capital-related risks, with relatively high rates also observed in other regions, including in EMDEs. Most entities in all sectors disclosed information about human capital-related risks, with the Services sector having the highest disclosure rates and the Financials sector the lowest. Entities with a market cap of US\$20 billion or more had the highest disclosure rates.
19. Most risk disclosures were entity-tailored narratives,² particularly when discussing their own workforce. This finding was consistent across regions, sectors, and market cap ranges.

² See definition in Agenda Paper 3B and 4C *Current state of disclosure—background and methodology*

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20. More details of the underlying analysis are presented in the ‘Staff analysis’ section (paragraphs 62–68).

Opportunities

21. Almost all entities disclosed information about human capital-related opportunities that could affect their prospects. The human capital-related opportunities most commonly disclosed were associated with health, safety and wellbeing, worker voice and representation, training and development, diversity and inclusion, retention and recruitment, and pay and benefits.
22. Some disclosures mentioned timeframes for these opportunities, but they were generally forward-looking statements without specific timeframes.
23. Disclosure rates were high across all regions, albeit somewhat lower in South and Latin America. Almost all entities in most sectors disclosed information about human capital-related opportunities, with the Extractives & Minerals Processing sector having slightly lower rates. Disclosure rates were similar between EMDEs and developed markets, although the prevalence of some topics varied. Disclosure rates were high among all market cap ranges.
24. Almost all opportunity disclosures were entity-tailored narratives, with fewer boilerplate disclosures. This practice was consistent across regions and market cap ranges, with tailored narratives slightly more common for disclosures about the entity's own workforce.
25. More details of the underlying analysis are presented in the ‘Staff analysis’ section (paragraphs 69–77).

Current and anticipated effects

26. Most entities disclosed information on the current or anticipated effects of human capital-related risks and opportunities, with no significant differences in disclosure rates across regions, sectors, or market cap ranges. However, these disclosures often

lacked the specificity required by IFRS S1, typically acknowledging or providing general, qualitative descriptions of potential financial impacts.

27. The risks and opportunities most frequently cited as likely to be associated with current or anticipated effects were those related to recruitment and retention, worker voice and representation, diversity and inclusion, training and development, health, safety and wellbeing, and pay and benefits.
28. Disclosure rates were similar for both opportunity- and risk-related effects. Opportunity-related effects were commonly associated with diversity and inclusion and training and development. Risk-related effects were commonly associated with working conditions and exploitation, retention and recruitment, and workforce composition.
29. Most entities did not specify where in their business model and value chain the human capital-related risks and opportunities are concentrated. Disclosures generally focused on financial effects on the entity's overall business, with only a few mentioning value chain-related effects.
30. More details of the underlying analysis are presented in the 'Staff analysis' section (paragraphs 78–81).

Risk management

31. Almost all entities disclosed information about how they identify, assess, and monitor human capital-related risks. Disclosure rates were high across regions, sectors, and market cap ranges, with almost all entities from Africa, Europe, and North America, and most from Asia-Oceania and South and Latin America, providing such information. Entities with market caps of US\$10 billion or more had the highest disclosure rates.
32. Entities reported using diverse processes for risk management, such as employee feedback, human rights due diligence, physical site visits, and enterprise risk management. Some mentioned broad human rights or ethics-related policies, with

occasional references to board or committee oversight. It was unclear if human capital risk management processes were integrated into overall risk management.

33. In the context of their risk management disclosures, the most frequently referenced human capital-related topics were health, safety and wellbeing, worker voice and representation, sourcing practices, and workforce governance. Such risks were mostly related to the entity's own workforce, especially health, safety, and wellbeing, and worker voice and representation.
34. Most of the human capital-related risk management disclosures do not provide the detailed information required by IFRS S1, such as inputs and parameters the entity uses, the use of scenario analysis, how the entity prioritises risks and whether the processes for identifying, assessing, prioritising and monitoring human capital-related risks and opportunities are integrated into the entity's overall risk management process.
35. More details of the underlying analysis are presented in the 'Staff analysis' section (paragraphs 82–88).

Metrics and targets

36. Most entities disclosed human capital-related metrics, covering various topics with varying disclosure rates. Metrics were most commonly related to diversity and inclusion, health, safety and wellbeing, and worker voice and representation. Human capital-related metrics primarily provided information about the entity's own workforce rather than workers in the value chain. Metrics were disclosed at high rates in all regions, including EMDEs, in all sectors, and by entities of all sizes.
37. Most entities also disclosed human capital-related targets, covering various topics with varying disclosure rates across regions, sectors, and market cap ranges. Targets were most commonly related to diversity and inclusion, and some entities disclosed targets related to training and development, health, safety and wellbeing, and worker voice and representation. Most targets were quantitative, with some qualitative, and

primarily related to the entity's own workforce, with a few concerning workers in the value chain. Targets were disclosed at lower rates compared to metrics in all regions, including EMDEs, in all sectors and among all market cap ranges.

38. Most metrics and targets disclosures did not include information about the definition and calculation of the metric or target. Therefore, the human capital-related metrics and targets analysed only partially align with the requirements of IFRS S1.

Potential cross-cutting and sector-based metrics and targets

39. The human capital-related metrics that had strong evidence, with relatively high disclosure rates among all regions and sectors, for being potentially cross-cutting were:
- (a) diversity and inclusion-related metrics and targets on workforce disaggregation by gender; and
 - (b) training and development-related metrics and targets on training hours.
40. The staff thinks the metrics listed in paragraph 39 could potentially be applied by entities in any region or industry. However, further research will be required to assess whether these metrics are decision-useful to investors and cost-effective for entities to prepare.
41. The human capital-related metrics with the strongest evidence for being potentially sector-based were related to sourcing practices and health, safety and wellbeing since disclosure was concentrated in a subset of sectors. Common metrics were:
- (a) supplier assessments, supplier audits and sustainability assessments of suppliers for sourcing practices; and
 - (b) health and safety-related incidents that have occurred (incident or injury rate, fatality rate and accident rate) and health and safety incidences that have impacted productivity (lost time injury rate or lost time injury frequency rate) for health, safety and wellbeing.

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42. Targets were disclosed at much lower rate for all human capital topics, except for diversity and inclusion-related targets (for example, workforce disaggregation by gender). Therefore, further research on challenges in disclosing targets related to other human capital-related topics would be helpful to understand the low disclosure rates.
43. More details of the underlying analysis are presented in the ‘Staff analysis’ section (paragraphs 89–97).

Location of disclosure

44. Entities disclosed human capital-related information in various documents, primarily in financial filings and sustainability reports, with some in other types of reports. Disclosures related to the core content areas of IFRS S1 were more frequently found in financial filings. Most human capital-related topics were also disclosed most often in financial filings, though there were slightly more disclosures in sustainability reports related to sourcing practices and working conditions and exploitation. More details of the underlying analysis are presented in the ‘Staff analysis’ section (paragraphs 98–100).

Standards and frameworks

45. Many entities referenced one or more disclosure standards or frameworks in their human capital-related disclosures. The most frequently mentioned were the GRI Standards, followed by the SASB Standards. Among normative standards and frameworks, the UN Sustainable Development Goals (SDGs) and International Labour Organization (ILO) were frequently mentioned.
46. The mention of a set of standards or a framework does not necessarily mean that an entity applied that standard or framework to prepare its disclosures. More details of the underlying analysis are presented in the ‘Staff analysis’ section (paragraphs 101–105).

Next steps

47. In this phase of research, the staff analysed the current state of entity disclosure of human capital-related information. As part of this analysis, the staff made preliminary assessments of the degree to which current disclosures align with the requirements of IFRS S1 and of which human capital topics appear to be sector-based or universally applicable (ie cross-industry). In the next phase, staff will take the findings from this phase and synthesise them with findings from other research areas to produce further insights regarding the necessity and feasibility of potential standard-setting.
48. To identify key areas of focus for future work and key aspects of current practice the ISSB could build on, the staff could, for example:
 - (a) further assess the findings in combination with those from the ‘evidence of investor interest’ research area to identify the gaps between the current disclosure practices and investor needs;
 - (b) further assess the findings in combination with those from the ‘other standards and frameworks’ research area and with additional research on jurisdictional requirements to better understand the drivers of current disclosure practices; and
 - (c) further assess the related sector-based findings to identify synergies with the Enhancing the SASB Standards project.
49. Finally, the reports analysed in this paper (from the 2023 reporting cycle) were published before the issuance of IFRS S1 and before the European Sustainability Reporting Standards became effective. These standards are likely to have a significant influence on human capital-related disclosure practices. Therefore, additional research could involve monitoring of upcoming reports to inform the ISSB’s consideration of the costs and benefits of potential standard setting in the context of evolving market practice.

Questions for the ISSB

1. Do ISSB members have any questions or clarifications about the current state of disclosure of human capital-related information?
2. Which of the findings about the current state of disclosure of human capital-related information presented in this paper do ISSB members think warrant further research or engagement in the next phase of research?
3. What additional information about the current state of disclosure of human capital-related information presented in this paper do ISSB members think warrants further research or engagement in the next phase of research?

Staff analysis

Governance

50. Almost all entities disclosed some form of human capital-related governance information. Human capital-related governance may include information on remuneration and compensation, committee structures and responsibilities, oversight of risks and relevant policies and board composition. The disclosure examples from the available reporters database are presented in Table A1 in the Appendix A.

Human capital-related governance and the board's role

51. Of those entities that disclosed human capital-related governance information:
- (a) some entities disclosed information about governance with explicit references to human capital-related topics;
 - (b) some entities disclosed information about broader sustainability or ESG-related governance practices; and
 - (c) many entities disclosed both types of information.

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52. There were no significant differences in disclosure rates among most regions and sectors. For entities in all regions, the disclosure rates of both types of governance-related information (human capital-specific and broad sustainability or ESG-related governance) were higher than for either type individually. There were also no significant differences in disclosure rates among entities in EMDEs and other markets, nor among entities of different sizes.
53. Of those entities that disclosed human capital-related governance information, many disclosed information about having a committee or multiple committees to oversee human capital-related issues such as diversity and inclusion, health and safety, and others. These committees included the compensation committee, audit committee, diversity and inclusion committee, and human capital committee, among others. Some of the entities disclosed about having the audit or risk committee oversee broad topics from policies on relevant internal controls to compliance in ‘ESG reporting’. Some of the entities disclosed information about the full board having oversight of human capital-related issues and receiving reports or other information about these issues for monitoring purposes.

Human capital topics that the board or committees oversee

54. Of those entities that disclosed human capital-related governance information, many entities disclosed human capital-related aspects where there is board oversight. Many entities cited compensation and remuneration, and some entities referred to human capital management, diversity and inclusion, labour rights, training and development and succession planning.
55. Regarding compensation and remuneration, some entities disclosed information about the compensation committee’s oversight of executive compensation. A few disclosures described how remuneration of executives is linked to sustainability-related or non-financial KPIs, but most did not mention specific human capital-related KPIs. A few mentioned gender equality, people development and health and safety being linked to remuneration.

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56. Regarding the board's oversight of diversity and inclusion-related policies and initiatives, there were no significant disclosure rate differences among regions and market cap ranges. There were also no significant differences in disclosure rates among sectors, except for the Renewable Resources & Alternative Energy sector, which had a lower disclosure rate.
57. Regarding the board's oversight of human capital management more broadly, many entities in North America and some entities within each remaining region disclosed relevant information, including references to a range of issues from diversity and inclusion to employee engagement. There were no significant disclosure rate differences among the sectors and the market cap ranges, except for the Renewable Resources & Alternative Energy sector, which had a lower disclosure rate.
58. Labour rights-related disclosures included information about board oversight of workforce-related human rights risks such as non-discriminatory practices, right to freedom of association and collective bargaining, wages and also supply chain-related risks, such as child labour. Disclosure rates were higher among African and European entities, while North American preparers had the lowest disclosure rates. There were no significant differences in disclosure rates among sectors.
59. Training and development-related disclosures included information about board oversight of workforce development, including the role of a specific committee to oversee or manage workforce development programmes. There were no significant differences in disclosure rates among regions, including EMDE and non-EMDE markets, nor among most sectors and market cap ranges.
60. Regarding the board's oversight of succession planning, disclosure rates were relatively lower, with a few entities in most regions (and some in North America) disclosing such information. There were no significant differences in disclosure rates among sectors or between EMDE and non-EMDE markets.

Board composition-related metrics

61. Some entities in the available reporters database disclosed metrics on the board's composition, including in some cases metrics on diversity-related characteristics. Some entities in most regions, including a few entities in South and Latin America, disclosed these metrics.

Risks*Human capital-related risk disclosure*

62. Most entities in the available reporters database disclosed information about human capital-related risks that could reasonably be expected to affect the entity's prospects, including information related to potential risks that may arise out of interactions between the entity and its stakeholders, society, the economy and the natural environment throughout the entity's value chain. (Disclosure examples from the available reporters database are presented in Table A2 in the Appendix A.) The staff's analysis considered human capital-related disclosures that explicitly linked a risk to the entity's prospects, as well as those focused on significant impacts or dependencies on the entity's external environment, which might be sources of future risk.
63. Most of the human capital-related risk disclosures provided information about both the risk to the entity and also how the risk connects to the external environment. Given that an entity's stakeholders include its workforce, this overlap is perhaps unsurprising. For example, disclosure about the health, safety and wellbeing of an entity's workforce has obvious implications for both workers and the entity itself.
64. Only a few of the human capital-related risk disclosures provided information about the timeframes associated with the risks, with even fewer referencing short-, medium- and/or long-term horizons and none that defined those timeframes. More commonly, disclosures consisted of forward-looking statements without any specific timeframe.

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65. In all regions and sectors, the most common topics of risk-related disclosure were health, safety and wellbeing and retention and recruitment, which were addressed by most entities in the available reporters database. Some of the entities disclosed information about all other remaining human capital topics. Generally, entities had lower disclosure rates for grievance mechanisms and workforce transitions-related risks.
66. Almost all of the entities in North America disclosed information about human capital-related risks, and most entities within each remaining region disclosed information about human capital-related risks. Generally, entities in South and Latin America had somewhat lower disclosure rates. Between EMDE and developed markets, disclosure rates were similar, although the prevalence of some topics—including workforce composition, worker voice and representation and retention and recruitment (all less common in EMDEs)—varied between these markets.
67. Most entities in each sector disclosed information about human capital-related risks, with almost all entities in the Services sector making such disclosure. Overall, entities in the Renewable Resources & Alternative Energy sector had generally lower disclosure rates for many human capital-related topics compared to other sectors. Meanwhile, almost all entities in the market cap range of equal to or more than US\$20 billion disclosed information about human capital-related risks and most of the entities in the other market cap ranges disclosed such information.

Entity-tailored narrative vs. boilerplate

68. Of the human capital-related risk disclosures, most consisted of entity-tailored narrative while some disclosures consisted of boilerplate information. This was true in all regions, including EMDEs, and among all market cap ranges. Entities somewhat more frequently provided an entity-tailored narrative when disclosing information about their own workforce. This may indicate that entities are able to provide more specific information about their risks when preparing disclosure about their own workforce as opposed to disclosure about workers in the value chain.

Opportunities

Human capital-related opportunity disclosure

69. Almost all of the entities in the available reporters database disclosed information about human capital-related opportunities that could reasonably be expected to affect the entity's prospects, including information related to potential opportunities that may arise out of interactions between the entity and its stakeholders, society, the economy and the natural environment throughout the entity's value chain. Disclosure examples from the available reporters database are presented in Table A3 in the Appendix A.
70. Many of the human capital-related opportunity disclosures provided information about both the opportunity for the entity and almost all provided information about how the opportunity connects to the external environment, most notably to members of the workforce as a key stakeholder.
71. Some of the human capital-related disclosures provided information about the timeframes associated with the opportunities. Of those, a few explicitly mentioned short-, medium- and/or long-term time horizons, but none defined them. More commonly, disclosures consisted of forward-looking statements without any specific timeframe. This was true for the opportunity-related disclosures that included explicit connections to the entity's prospects, except of these disclosures, a few mentioned specific years.
72. Of the entities disclosing information about human capital-related opportunities, most disclosed information about opportunities related to training and development and diversity and inclusion. Workforce composition and grievance mechanisms had the lowest disclosure rate among human capital-related opportunities. Of the entities whose opportunity-related disclosures included explicit connections to the entity's prospects, most were focused on training and development and retention and recruitment and a few on workforce composition, grievance mechanisms and working conditions and exploitation.

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73. Almost all of the entities in all regions disclosed information about human capital-related opportunities, except in South and Latin America, where most entities disclosed such information. The human capital-related opportunities that were most frequently disclosed in each region were those associated with diversity and inclusion and training and development. For opportunity-related disclosures that included explicit connections to the entity's prospects, retention and recruitment and training and development were most frequently disclosed topic within each region. Also, grievance mechanisms, workforce composition and working condition and exploitation topics were the least frequently disclosed topic within each region.
74. Almost all entities in each sector disclosed information about human capital-related opportunities except for those in the Extractives & Minerals Processing sector, where most entities disclosed such information. Opportunities associated with diversity and inclusion, training and development, health, safety and wellbeing, and worker voice and representation were most frequently disclosed within each sector. For opportunity-related disclosures that included explicit connections to the entity's prospects, recruitment and retention and training and development were most frequently disclosed within each sector.
75. Between EMDE and developed markets, disclosure rates were similar, although the prevalence of some topics — including diversity and inclusion, working conditions and exploitation, sourcing practices and grievance mechanisms — varied between these markets.
76. Almost all entities in the market cap range of equal to or greater than US\$10 billion disclosed information about human capital-related opportunities and most of the entities with a market cap of less than US\$10 billion disclosed such information. For each human capital-related topic, the disclosure rates for opportunity-related information were similar among the three market cap ranges.

Entity-tailored narrative vs. boilerplate

77. Of the human capital-related opportunity disclosures, almost all consisted of entity-tailored narrative while fewer disclosures consisted of boilerplate information. This was true in all regions, including EMDEs, sectors and among all market cap ranges. It was also true for disclosures about an entity's own workforce as well as about workers in the value chain, although entities provided tailored narratives somewhat more frequently for disclosures about their own workforce.

Current and anticipated effects

78. Most entities in the available reporters database disclosed some information related to the current or anticipated effects of human capital-related risks and opportunities. Most entities from Africa, North America and Europe and many entities from Asia-Oceania and South and Latin America disclosed such information. There were no significant differences in disclosure rates between EMDE and developed markets, nor among market cap ranges. The disclosure examples from the available reporters database are presented in Table A4 in the Appendix A.
79. Although most entities disclosed some information related to the current or anticipated effects of human capital-related risks and opportunities, the disclosure rarely provided the level of specificity or detail that is required by IFRS S1. Rather, entities typically disclosed general descriptions of the human capital-related risks and opportunities that could impact their businesses financially. For example:
- (a) many entities disclosed information acknowledging the existence of current effects or the potential for anticipated effects related to workforce recruitment and retention;
 - (b) some entities disclosed information acknowledging the existence of current effects or the potential for anticipated effects related to worker voice and representation, diversity and inclusion, training and development, health, safety and wellbeing and pay and benefits; and

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- (c) a few entities disclosed information acknowledging the existence of current effects or the potential for anticipated effects related to sourcing practices, workforce transition, working conditions and exploitation and grievance mechanisms.
80. Overall, of the information related to current and anticipated effects, disclosure rates were similar for both opportunity- and risk-related effects. For example:
- (a) Almost all of the disclosures related to training and development and most of the disclosures related to diversity and inclusion focused on opportunities, such as how a diverse workforce or investments in workforce training and talent development may drive innovation, value creation and sustainable competitive advantage. More than half of the disclosures related to grievance mechanisms, pay and benefits, worker voice and representation and health, safety and wellbeing and workforce transition focused on opportunities.
- (b) Most of the disclosures related to working conditions and exploitation, retention and recruitment and workforce composition focused on risks, including effects on the entity's operations, cash flows and reputation. A few disclosures acknowledged current or anticipated effects associated with risks related to training and development.
81. Most entities that disclosed information about current and anticipated effects did not specify where in the entity's business model and value chain the human capital-related risks and opportunities are concentrated, although a few explicitly mentioned specific jurisdictions or 'high-risk' areas or facilities. Most disclosures acknowledged the potential for financial effects on the entity's overall business (for example, disclosure about providing a flexible working model for employees to manage their motivation, which will also help the entity grow). Most of the disclosures also focused on financial effects on the entity's own operations, with only a few explicitly mentioning value chain-related effects, such as those associated with supply chain disruption, child labour or forced labour risks.

Risk management

82. Almost all of the entities in the available reporters database disclosed information about human capital-related risk management. The risk management disclosures provided information about how entities identify, assess, and/or monitor human capital-related risks. The disclosure examples from the available reporters database are presented in Table A5 in the Appendix A.
83. Entities referenced different human capital-related topics in the context of their risk management disclosures. For example:
- (a) some disclosures referenced health, safety and wellbeing, worker voice and representation, sourcing practices and workforce governance; and
 - (b) a few disclosures referenced grievance mechanisms, pay and benefits, diversity and inclusion, retention and recruitment, working conditions and exploitation and training and development.
84. The risks mentioned in the disclosures were mostly related to the reporting entity's own workforce, especially for those risks associated with health, safety and wellbeing and worker voice and representation. On the other hand, risk management disclosures related to sourcing practices were more closely associated with workers in the value chain.
85. Many of the risk management disclosures provided information about how entities identify, assess and/or monitor human capital-related risks. Most entities in the available reporters database disclosed information about risk identification and assessment, while many disclosed information about monitoring risks.
86. The analysis revealed no particular common processes that entities use to identify, assess and monitor human capital-related risks. For example, some entities mentioned employee feedback and a few entities mentioned human rights due diligence, physical site visitations and enterprise risk management when describing their risk management processes. The processes seem to differ by the types of risks the entities

are assessing. For example, human rights due diligence was mentioned especially for risks related to sourcing practices and working conditions and exploitation, while descriptions of physical site visits were more common for health, safety and wellbeing-related risks. Only a few entities described using scenario analysis for risk identification and assessment. Also, some disclosures described having broad human rights policies or ethics-related policies like anti-bribery as part of their risk management approach. Of these disclosures related to broad policies, sometimes the board or one of its committees is mentioned in the disclosure, demonstrating a connection with governance mechanisms. The disclosure examples from the available reporters database are presented in Table A5 in the Appendix A.

87. From the disclosures, it was not clear whether the entities' human capital risk management processes are integrated into the entity's overall risk management process. Only a few entities explicitly mentioned enterprise risk management in their disclosures, and this may imply integration or connection to the entity's overall risk management process.
88. The disclosure rates were high among regions, including EMDEs, as well as among sectors and market cap ranges. Almost all entities from Africa, Europe and North America and most entities from Asia-Oceania and South and Latin America disclosed human capital-related risk management information. For most sectors, almost all entities disclosed risk management information. Also, almost all entities with market cap of US\$10 billion or more and most entities with market cap of less than US\$10 billion disclosed such information. Although EMDEs and developed markets exhibited similar overall disclosure rates, there was a higher rate of disclosure in EMDEs related to grievance mechanisms and a higher rate of disclosure in developed markets related to worker voice and representation.

Metrics and targets*Metrics disclosure overview*

89. Most of the entities in the available reporters database disclosed human capital-related metrics. Entities from all regions, including EMDEs, in all sectors and among all market cap ranges disclosed human capital-related metrics with varying disclosure rates. For example:
- (a) most entities disclosed metrics related to diversity and inclusion, health, safety and wellbeing and worker voice and representation;
 - (b) many entities disclosed metrics related to retention and recruitment and training and development;
 - (c) some entities disclosed metrics related to workforce composition, pay and benefits, sourcing practices and working conditions and exploitation; and
 - (d) a few entities disclosed metrics related to grievance mechanisms and workforce transition.
90. Most of the metrics disclosed provided information about the reporting entity's own workforce, as opposed to information about workers in the value chain.
91. Almost all entities in North America, Europe and Africa disclosed human capital-related metrics, while most entities in Asia-Oceania and South and Latin America disclosed human capital-related metrics. There were no significant disclosure rate differences between entities in EMDEs and those in developed markets.
92. Almost all entities within the Food & Beverage, Health Care, Resource Transformation and Services sectors and most of the entities in all other sectors disclosed human capital-related metrics. Almost all entities with a market cap equal to or greater than US\$20 billion and most of all other entities disclosed human capital-related metrics.

Targets disclosure overview

93. Most of the entities in the available reporters database disclosed human capital-related targets. Entities from most regions, including in EMDEs, in most sectors and among all market cap ranges disclosed most of the human capital-related targets with varying disclosure rates. For example:
- (a) many entities disclosed targets related to diversity and inclusion;
 - (b) some entities disclosed targets related to training and development, health, safety and wellbeing and worker voice and representation; and
 - (c) a few entities disclosed targets related to the other remaining human capital topics.
94. Most of the disclosed human capital-related targets were quantitative and some were qualitative. Most targets were related to the reporting entity's own workforce and a few were related to workers in the value chain.
95. Most of the entities in Africa, Europe and North America disclosed human capital-related targets, and many entities in Asia-Oceania and South and Latin America disclosed human capital-related targets. Most entities in developed markets, along with many entities in EMDEs, disclosed human capital-related targets.
96. Most of the entities in most sectors and many entities within each remaining sector disclosed human capital-related targets. Most entities among all market cap ranges disclosed human capital-related targets.

Topic-level summary on metrics and targets

97. Table 1 provides a summary of findings regarding metrics and targets associated with various human capital-related topics. The table lists potential cross-cutting metrics for many human capital topics, but the staff's analysis also identified other metrics associated with these human capital topics, but with much lower disclosure rates. The

disclosure rates of targets were always lower compared to metrics’ disclosure rates and there were no common nor cross-cutting targets, except for those associated with workforce disaggregation by gender in the workforce related to diversity and inclusion. The staff plans to do additional research on particular metrics and targets, including comparing these findings to that of the research area focused on evidence of investor interest, to assess whether identified metrics and targets may be useful in future stages of the project. The disclosure examples from the available reporters database are presented in Table A6 in the Appendix A.

Table 1—Summary of findings regarding metrics and targets by topic

Disclosure topic	Cross-cutting or sector-based (common metrics)	Summary
Diversity and inclusion	Potentially cross-cutting, with relatively high disclosure rates of metrics and targets (workforce disaggregation by gender)	Most entities disclosed metrics and many disclosed targets. Gender representation metrics and targets are globally disclosed at a relatively high rate. Based on the jurisdictional survey, ³ most of the jurisdictions with human capital-related disclosure requirements require diversity and inclusion-related disclosure requirements and the most common metric among the requirements is workforce disaggregation by gender.

³ [Agenda Paper 3 and 4: Overview—Jurisdictional survey on biodiversity, ecosystems and ecosystem services and human capital](#) (October 2024); the ISSB technical staff distributed the jurisdictional survey to Sustainability Standards Advisory Forum (SSAF) members in August 2024 and analysed the responses to identify whether jurisdictions have existing (or are developing) reporting requirements relating to nature and human capital.

Disclosure topic	Cross-cutting or sector-based (common metrics)	Summary
Worker voice and representation	Potentially cross-cutting, but entities disclosed different aspects with relatively lower disclosure rates	Most entities disclosed metrics and some disclosed targets. There were no significant disclosure rate differences among the sectors, so this topic could be cross-cutting. However, there were no common metrics with high disclosure rates among regions, sectors or market cap ranges. Also, the targets disclosures were moderately low for this topic and based on the jurisdictional survey, worker voice and representation was one of the least frequently covered topics in human capital-related disclosure requirements.
Health, safety and wellbeing	Potentially sector-based, but need further research on relevant metrics for each sector	Most entities disclosed metrics and some disclosed targets. Health, safety and wellbeing-related metrics are disclosed among all regions and sectors; however, entities in the Financials and Technology & Communications sectors had relatively low disclosure rates for metrics on health and safety-related incidents that have occurred. Disclosure of targets was moderately low for this topic. Therefore, staff suggests further research to understand which metrics and targets may be most relevant to each sector.
Training and development	Potentially cross-cutting, with relatively high disclosure rates of metric (training hours)	Many entities disclosed metrics and some disclosed targets. There were no significant differences in disclosure rates among sectors and the training hours were disclosed without linking to specific training topics (for example, health and safety, technology, etc). Disclosure of targets was moderately low for this topic.

Disclosure topic	Cross-cutting or sector-based (common metrics)	Summary
Retention and recruitment	Potentially cross-cutting, with moderate disclosure rates of metrics (turnover rates and number of hires)	Many entities disclosed metrics and a few disclosed targets. There were more disclosures on turnover rates than number of hires among all regions and sectors. The staff thinks further research on challenges in disclosing targets related to retention and recruitment would be helpful to understand the low disclosure rate.
Workforce composition	Potentially cross-cutting, with moderate disclosure rates of metric (disaggregation by contract type)	Some entities disclosed metrics and a few disclosed targets. Overall, many entities within each region and sector disclose disaggregation by contract type, which could imply that this data is readily available. However, such disclosure differs from entity to entity in terms of the particular contract types referenced (for example, 'contractor,' 'part-time,' 'seasonal,' etc.).
Pay and benefits	Potentially cross-cutting, with moderately low disclosure rates of metrics (gender or racial pay gap)	Some entities disclosed metrics and a few disclosed targets. Other than gender or racial pay gap, there are other various aspects of information that entities disclosed. This suggests a diversity of disclosure practice regarding pay and benefits.

Disclosure topic	Cross-cutting or sector-based (common metrics)	Summary
Sourcing practices	Potentially sector-based, and entities disclosed different aspects with relatively lower disclosure rates of metrics	Some entities disclosed metrics and a few disclosed targets. The disclosure rates for metrics and targets among most regions and sectors (especially Financials) were relatively lower compared to other human capital metrics and there were various types of information disclosed with relatively low disclosure rates. Therefore, further research may be necessary.
Working conditions and exploitation	Need further research due to overall low disclosure rate, but potentially cross-cutting	Some entities disclosed metrics and a few disclosed targets. Although there are common metrics related to training, child labour and forced labour, among sectors that could be cross-cutting, there were low rates of disclosure among all regions and sectors for this topic. Therefore, further research to understand the relevance of this topic and how jurisdictional regulations influence disclosure could provide more insights.
Grievance mechanisms	Need further research due to overall low disclosure rate, but potentially cross-cutting	A few entities disclosed metrics and targets. The most frequently disclosed metric was the number of complaints or reports received from employees. However, the disclosure rates were relatively lower compared to other human capital topics' metrics and targets disclosure rates. Due to the low disclosure rate, the staff thinks further research would build understanding of how this topic relates to an entity's prospects and whether investors find related metrics decision-useful. Also, based on the jurisdictional survey, grievance mechanisms were one of the least frequently covered topics in human capital-related disclosure requirements.

Disclosure topic	Cross-cutting or sector-based (common metrics)	Summary
Workforce transition	Need further research, the topic is nascent	A few entities disclosed metrics and targets. Compared to other human capital-related topics, workforce transition is a more nascent topic, and workforce transition-related metrics and targets were the least disclosed topic among the human capital topics. The staff thinks it would be appropriate to continue to monitor this topic as market conditions develop.

Location of disclosure

- 98. Entities disclosed human capital-related information in many different types of documents. Many of the human capital-related disclosures were found in financial filings and sustainability reports and some disclosures were found in other types of reports (see Agenda Paper 3B and 4C *Approach to research on current state of disclosure* for the grouping of the documents).
- 99. The human capital-related disclosures associated with the core content areas of IFRS S1 were found most frequently in financial filings, followed by sustainability reports and other types of reports. This was particularly true for disclosures related to current and anticipated effects.
- 100. Similarly, disclosure about human capital-related topics was found most often in financial filings. However, there was a slightly higher number of disclosures in sustainability reports about sourcing practices and working conditions and exploitation-related topics.

Standards and frameworks

101. Many entities referenced one or more disclosure standard or framework in their human capital-related disclosures:
- (a) Global Reporting Initiative (GRI) Standards were mentioned by many entities;
 - (b) Sustainability Accounting Standards Board (SASB) Standards were mentioned by some entities; and
 - (c) the Integrated Reporting Framework, World Economic Forum Stakeholder Capitalism Metrics, European Sustainability Reporting Standards and UNGP Reporting Framework were mentioned by a few entities.
102. The GRI Standards were the most referenced in all regions except for North America. Entities in all regions referred to SASB Standards, with particularly high rates (ie, above those of GRI Standards) in North America.
103. Among normative standards and frameworks related to human capital:
- (a) the UN Sustainable Development Goals (SDGs) and International Labour Organization were mentioned by many entities;
 - (b) the UN Guiding Principles, International Organization for Standardization (ISO), and Organisation for Economic Co-operation and Development (OECD) were mentioned by some entities; and
 - (c) the US Occupational Safety and Health Administration (OSHA) was mentioned by a few entities.
104. The UN SDGs were most frequently referenced except in Europe, where ILO was the highest referenced framework. Many entities in Europe also mentioned the OECD.
105. References to standards or a framework do not necessarily mean that an entity applied that standard or framework to prepare its disclosures.

Appendix A—Examples of human capital-related disclosure

A1. This section provides examples of human capital disclosures, focusing on human capital topics with most disclosures for each core content area of the IFRS S1 (or processes for risk management) that were mentioned in this paper.

Table A1. Examples of human capital-related governance disclosures

Topical grouping	Disclosure examples
Diversity and Inclusion	<ul style="list-style-type: none"> • ‘Board reviews workforce policies and practices to ensure the company is delivering on its inclusion, equity and diversity goals and effectively monitoring available diversity data.’
Health, Safety and Wellbeing	<ul style="list-style-type: none"> • ‘Our senior management team and Board receive regular updates on our people, including data and metrics on retention, engagement and safety which are used to determine our human resources priorities, programs and training.’
Pay and Benefits	<ul style="list-style-type: none"> • ‘The Compensation Committee is responsible for developing and reviewing executive management succession plans and reviewing our compensation policies for executives and associates generally to assess (i) whether the compensation structure establishes appropriate incentives and (ii) the risks associated with such policies and practices.’
Training and Development	<ul style="list-style-type: none"> • ‘Executive Board discusses the training indicators once a year (training report), sets priorities, decides on specific training and development initiatives and arranges for them to be implemented.’

Table A2. Examples of human capital-related risk disclosures

Topical grouping	Disclosure examples
Recruitment and Retention	<ul style="list-style-type: none"> • ‘Our competitors have targeted individuals in our organization who have desired skills and experience.’ • ‘Labour shortages are present, competition for labour is increasing and candidates’ expectations are changing.’

Topical grouping	Disclosure examples
Health, Safety and Wellbeing	<ul style="list-style-type: none"> • ‘The challenging macro-economic environment can have adverse impacts on team member mental health and wellbeing, and increase the risk of threatening situations faced by team members.’ • ‘Employee health and safety is a priority for the Group. Constant vigilance, particularly with regards to health and safety, is essential, given the range of business sectors, geographic zones and working environments in which the company operates. Despite the Group's specific focus on these issues, there continues to be serious and fatal accidents and an increase in such accidents, as well as in injury frequency and severity rates and an upsurge in occupational diseases remains a risk.’

Table A3. Examples of human capital-related opportunity disclosures

Topical grouping	Disclosure examples
Diversity and inclusion	<ul style="list-style-type: none"> • ‘We believe that a diverse and inclusive culture fosters innovation, which supports our ability to serve patients. Further, we also believe our global presence is strengthened by having a workforce that reflects the diversity of the patients we serve.’ • ‘One of the ways the Company puts people at the center is by continuing to build a more inclusive and diverse workplace that values diverse backgrounds, experiences and perspectives to create stronger teams, unlock more innovation and – ultimately – contribute to greater success both individually and collectively.’

Topical grouping	Disclosure examples
Training and development	<ul style="list-style-type: none"> • ‘We are dedicated to attracting, developing, engaging, and retaining the best talent to deliver our ‘Winning Aspiration’ and ensure a strong succession pipeline for the future. We have developed a range of executive development, leadership training, and education and awareness programs to help employees progress across all functions and experience levels.’ • ‘We provide a range of formal and informal learning programs, which are designed to help our employees continuously grow and strengthen their skills throughout their careers.’

Table A4. Examples of current and anticipated effects of human capital-related risks and opportunities

Topical grouping	Disclosure examples
Diversity and Inclusion	<ul style="list-style-type: none"> • ‘Creating and managing a performance-oriented culture that fosters ‘Diversity, Equity, and Inclusion’ as well as leadership accountability and clear values in the workplace could lead to increased diversity of thought, increased creativity and innovation, and higher employee satisfaction and engagement. This may positively impact the company’s financial performance.’
Training and Development	<ul style="list-style-type: none"> • ‘Talent development is embedded in our strategic business agenda... investing substantially in offering multiple learning opportunities that are critical to our competitive advantage and success in tomorrow’s world and are aligned with our Play to Win strategy.’
Recruitment and Retention	<ul style="list-style-type: none"> • ‘We operate in challenging markets for talent and may fail to attract, develop and retain key personnel... Any such loss or failure could have material adverse effects on our results of operations, financial condition and cash flows.’

Topical grouping	Disclosure examples
Workforce Composition	<ul style="list-style-type: none"> Federal and state legislation as well as tax and other regulatory authorities have sought to assert that independent contractors in the transportation service industry are employees rather than independent contractors... If our independent contractors are determined to be properly classified as employees, that determination could materially increase our exposure under a variety of federal and state tax, workers' compensation, unemployment benefits, labor, employment and tort laws, as well as our potential liability for employee benefits.'
Working Conditions and Exploitation	<ul style="list-style-type: none"> 'The use of forced labour or modern slavery by suppliers could have a very damaging impact on the company and the company's brands and thereby affect demand and financial results.'

Table A5. Examples of human capital-related risk management disclosures

Process type	Disclosure examples
Enterprise risk management	<ul style="list-style-type: none"> 'Collective human capital approach is further strengthened through the identification, prioritization, mitigation, and monitoring of human-capital risks in alignment with our enterprise risk management framework, which allows us to maintain a well-controlled operational environment aligned with our risk culture.'
Human Rights Due Diligence	<ul style="list-style-type: none"> 'On-site reviews are conducted as part of the Human Rights Due Diligence process. A risk-based approach is applied to select countries and locations based on internal and external criteria.'
Employee feedback	<ul style="list-style-type: none"> 'We regularly conduct employee engagement surveys. We also monitor human capital metrics, such as voluntary turnover, internal placement for open roles and promotions to understand where further workforce investments may be necessary.'

Process type	Disclosure examples
Governance mechanism	<ul style="list-style-type: none"> • ‘Monitors compliance with the provisions of the Code of Conduct as part of its compliance management system, for example through regular internal audits by the Group Auditing Department. Once a year, a report is submitted to the responsible Supervisory Board committee.’

Table A6. Examples of human capital-related metrics and targets disclosures

Topical grouping	Disclosure examples
Diversity and Inclusion	<ul style="list-style-type: none"> • Metric: ‘Total Employees: 25,000 Female, 81,000 Male’ • Target: ‘By 2030 40% Females – total workforce’
Health, Safety and Wellbeing	<ul style="list-style-type: none"> • Metric: ‘Total Recordable Incidents Rate, TRIR 18.0’ • Target: ‘Lost Time Injury Frequency Rate (LTIFR) less than 1.5 by 2025’
Pay and Benefits	<ul style="list-style-type: none"> • Metric: ‘We have a mean ethnicity pay gap of 3.9% and a median ethnicity pay gap of 5.8%’ • Target: ‘Gender Pay Gap: Target to drive equity and close the gap by 2025, with a 2.1 point gap in 2023 in manager, director and executive positions’
Recruitment and Retention	<ul style="list-style-type: none"> • Metric: ‘Employee turnover stood at approximately 37% in 2023’ • Target: ‘Increase employee retention to 85% by 2024’
Sourcing Practices	<ul style="list-style-type: none"> • Metric: ‘Percentage of evaluated suppliers (92% in 2020, 93% in 2021, 89% in 2022)’ • Target: ‘80% of high-impact and high-risk suppliers complete sustainability questionnaire by 2030’

Topical grouping	Disclosure examples
Training and Development	<ul style="list-style-type: none"> • Metric: 'Nearly 44,000 hours of professional development training — an average of more than 6 hours per learner' • Target: 'The company aims to increase the average number of training hours per employee by 35% by 2030 to 30 hours per year'
Workforce Composition	<ul style="list-style-type: none"> • Metric: 'Number of employees by employment type; Full-time 114,731, Contractors and other types 129' • Target: 'The share of part-time jobs in total employment was 11% in 2023 and we want to reach 12% by 2025'
Worker Voice and Representation	<ul style="list-style-type: none"> • Metric: '85 percent participation rate and an employee satisfaction score of 80, seven points higher than our industry benchmark' • Target: 'Associate engagement score (target of 50% or more positive responses by 2025, 60% or more by 2030)'