



# Study on Global Investors' Focus Areas Regarding Human Capital Disclosure and Corporate Case Studies (English translated version)

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# Disclaimer for English translated version:

This document is a provisional English translation of the original Japanese report, which was prepared in Japanese for Japanese audiences in Japan.

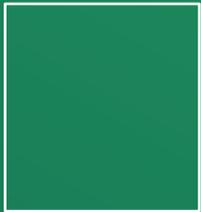
The original report was made in the public research project for Japanese Financial Services Agency.

In case of discrepancies, the original Japanese version prevails.

Please note that some content has been modified or supplemented in the English version for clarity of explanation.

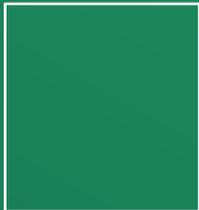
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# Background and Objectives

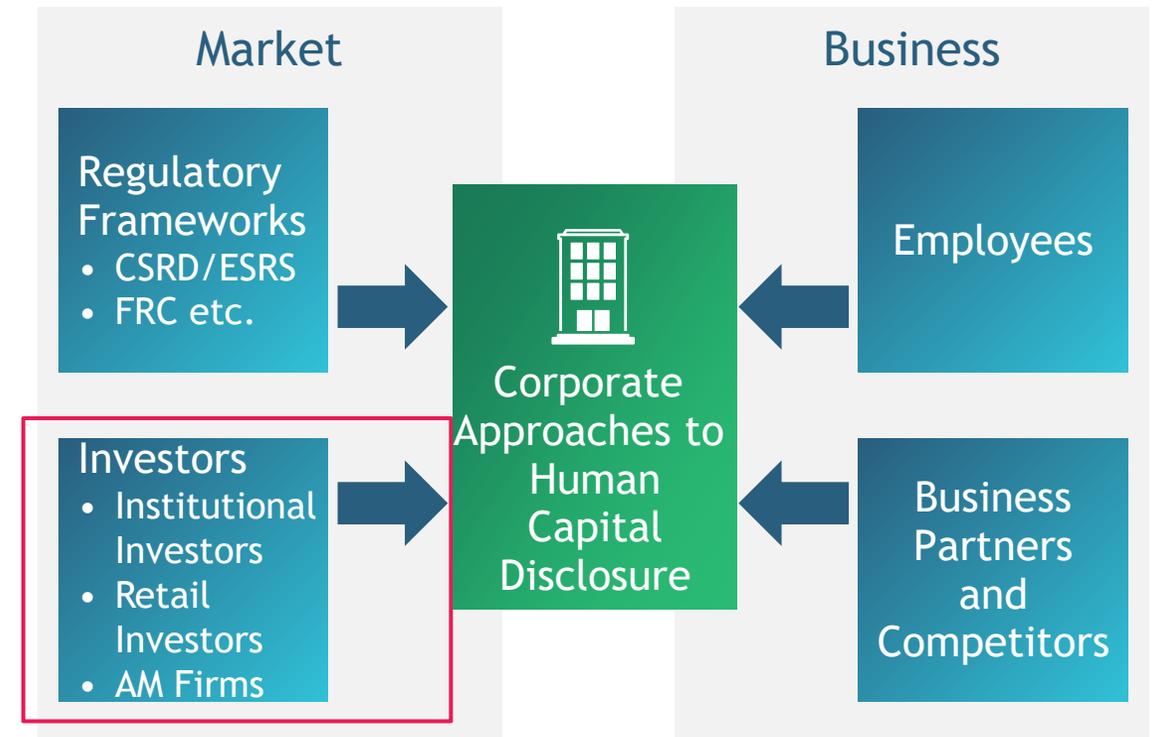
There is growing global interest in international standard-setting for human capital disclosure. Once global standards are established, investors are expected to increasingly compare companies across borders and industries.

For Japanese companies to remain attractive as medium- to long-term investment targets and enhance international competitiveness, it is becoming increasingly important to improve human capital disclosure practices aligned with global trends.

This study aims to provide insights for Japanese companies by analyzing global investors' focus areas (including analytical methods and frameworks for cross-company comparisons) and corporate cases in human capital disclosure, highlighting the reasons behind their positive evaluations.

## Focus of the Study on Global Investors' Perspectives and Corporate Cases in Human Capital Disclosure

### Stakeholder Map of Human Capital Disclosure



The study emphasizes global investors' perspectives, relevant standards, and alignment with business strategy.

# Research Scope and Approach

1

## Research on Existing Standards and Frameworks

To identify overseas corporate cases in human capital disclosure, this study examined existing standards and frameworks in the U.S. and Europe, summarizing key points for consideration.

- SASB Standards
- Integrated Reporting Framework (IIRC)
- European Sustainability Reporting Standards (ESRS)
- Workforce-related Corporate Reporting (UK FRC)
- Reports and Statements on Human Capital Disclosure Published by Investors and Investor Associations

2

## Conducted Interviews with Global Investors and Associations

Conducted interviews with global investors and associations; summarized key insights

- (Identified interview candidates, conducted outreach, and logistics coordination)
- Prepared for interviews
- Facilitated interviews
- Compiled meeting minutes and summary materials

3

## Research on Overseas Corporate Cases in Human Capital Disclosure

Conducted research and summarized human capital disclosure examples overseas, based on global investor interviews and investor expectations.

- Companies highlighted by global investors as examples of disclosure practices during interviews.
- Companies recognized internationally through IR awards whose disclosures related to investor expectations identified in interviews.

# Methodology: Preparation and Execution of Interviews with Global Investors



## Interview Preparation

### Clarifying Objectives

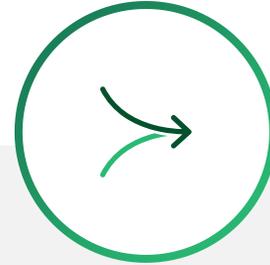
- Define interview objectives and organize required information and insights.

### Analyzing Interviewees

- Understand interviewees' backgrounds and determine appropriate analytical perspectives.

### Designing Interview Guides

- Prepare question lists designed to elicit necessary information.



## Interview Execution

### Pre-Interview Preparation

- Share interview objectives and question list with interviewees in advance.

### Interview Facilitation

- Facilitate smooth interviews and gather necessary information.
- Keep discussions focused and optimize meeting time.
- Conduct follow-ups afterward to confirm critical information, if necessary.



## Drafting of Meeting Minutes and Summary Materials

### Drafting Meeting Minutes

- Accurately document interview content.
- Summarize key points of major remarks and topics.

### Extracting Insights

- Analyze and identify key insights aligned with objectives.

### Drafting Summary Materials

- Structure interview findings and visualize information in Power Point slides.

The study conducted interviews with 11 organizations from various regions and types. <sup>1)</sup>

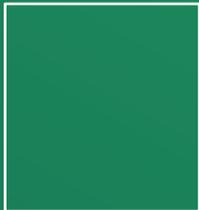
1. Specific names of interviewed organizations are not disclosed, based on agreement with participants.

# Reference: Interview Flow and Key Questions for Global Investors

Interview Flow		Content	Expected Time
Introduction	Pre-Info	Explanation on Preliminary Information and Purpose of Interview	5-10 min.
	IFRS S1	Explanation on IFRS S1 B1-B3 and introduce several exemplary corporate practices	
Specific Questions		Questions about your organization.	10 min.
General Questions	Importance	Q) When a company develops and executes an HR strategy to secure the talent needed for management strategies that can affect future cash flows, is it important for investors' decision-making to disclose human capital information?	6-8 min.
	Investment Utilization	Q) When a company develops and executes an HR strategy to secure the talent needed to achieve its management objectives, what types of human capital disclosures would be most useful for understanding the strategy's content, concrete goals, and progress?	6-8 min.
	Issues	Q) What human capital information, despite investor demand, is currently not being disclosed? (Ex. training expenses, purely quantitative metrics lacking any explanatory context)	6-8 min.
	Standards/Frameworks	Q) Which existing standards, frameworks, or regulations do you find most useful, and why do you place such a high value on their requirements?	6-8 min.
	Corporate Practices	Q) Which corporate practices are regarded best practices and why?	6-8 min.
<b>Total:</b>			<b>60 min.</b>

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# Existing Standards and Frameworks

Disclosure standards and frameworks exist for investor-focused sustainability information, including human capital.

## Overview of Standards and Frameworks

## Key Characteristics



### SASB Standards

- The Sustainability Accounting Standards Board (SASB), founded in 2011 and published the SASB Standards in 2018.

- Identifies the sustainability-related issues most relevant to investor decision-making in 77 industries, offering concrete quantitative metrics and disclosure items.
- Helps companies clearly identify sustainability issues that affect their financial performance and supports investors in their decision-making processes
- Currently, SASB has been integrated into the IFRS Foundation. The ISSB standards refer the SASB Standards by using the phrase "shall refer to and consider"



### Integrated Reporting Framework

- Set by the International Integrated Reporting Council (IIRC) in 2013.

- Defines the concepts and principles of value creation processes and integrated thinking.
- Requires companies to integrate financial and non-financial information, promoting the clarification of value creation processes and supporting investor decision-making.
- Currently, the IIRC has been integrated into the IFRS Foundation, and the key concepts of the Integrated Reporting Framework are reflected in the ISSB standards.



### ESRS

- Set by EFRAG (European Financial Reporting Advisory Group), it has already started being applied from 2024 to large European listed companies above threshold as the first group.

- Consists of cross-cutting standards and topical standards, including those related to human capital
- Requires EU and non-EU companies that meet certain criteria to disclose information on sustainability topics, including human capital, to a broad range of stakeholders, including investors



### Workforce-related corporate reporting

- The report "Workforce-related Corporate Reporting" was published by the Financial Reporting Council (FRC) in the UK in 2020.

- Defines specific metrics and principles related to human capital (e.g., employment conditions, diversity)
- Promote workforce-related corporate reporting to enhance investor decision-making and transparency
- Utilizes the guidance as voluntary guidelines to advance the disclosure of human capital information

# SASB Standards (1/3)

## Standards for corporate sustainability disclosures and investor decision-making

### Background of Standard Setting

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#### Standard Setting Year/Body

- Founded in 2011 by Dr. Jean Rogers, a U.S. expert in sustainability and accounting.
- Merged with IIRC in 2021, forming the Value Reporting Foundation (VRF).
- Integrated into ISSB under the IFRS Foundation in 2022.

#### Background and Purpose of the Standard Setting

##### Investor Needs

- Despite growing importance of sustainability information, **lack of consistent frameworks linking Sustainability and financial performance**

##### Needs for Integrated Disclosure with Financial Reporting

- Increasing **need for Transparent, Standardized Sustainability disclosures in relation to corporate reporting**

##### Needs for Standardized Disclosure Requirements

- Stricter sustainability disclosure requirements.
- Enhanced demand for sustainability information, increasing need for reliable standard.

### Overview of Standards

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#### Content

Provides standards for Sustainability disclosure to investors and stakeholders

- Sets standards to support investor decision-making from a Sustainability perspective
- Provides guidance for companies to identify financially material Sustainability factors

#### Features

Sets Disclosure Standards based on Industry

- **Defines financially material topics based on characteristics of 77 industry classifications**

Assessment of Impact on Corporate Financial Performance

- Evaluates how corporate Sustainability information impacts financial performance

Standardized Evaluation Criteria

- **Establishes unified framework clarifying corporate issues and evaluations**



# SASB Standards (2/3)

Defined categories "Labor Practices", "Health & Safety", "Engagement", "Diversity & Inclusion"

## Standards Overview

Defines 5 dimensions and 26 general issue categories to evaluate corporate sustainability information

### Environment

- GHG Emissions, Air Quality, Energy Management, Water & Wastewater Management, Waste & Hazardous Materials Management, Ecological Impacts

### Social Capital

- Human Rights & Community Relations, Customer Privacy, Data Security, Access & Affordability, Product Quality & Safety, Customer Welfare, Selling Practices & Product Labeling

### Human Capital

- Labor Practices, Employee Health & Safety, Employee Engagement, Diversity & Inclusion

### Business Model & Innovation

- Product Design & Lifecycle Management, Business Model Resilience, Supply Chain Management, Materials Sourcing & Efficiency, Physical Impacts of Climate Change

### Leadership & Governance

- Business Ethics, Competitive Behavior, Management of the Legal & Regulatory Environment, Critical Incident Risk Management, Systemic Risk Management

Source: Official SASB Website (Japanese ver. and Original ver.)

## Example Disclosure Topics: Software & IT Services

Identifies industry-specific general issue categories most likely to impact corporate value. e.g., Software & IT Services: Employee Engagement, Diversity & Inclusion

Environment	Social Capital	Human Capital	Business Model and Innovation	Leadership and Governance
GHG Emissions	Human Rights & Community Relations	Labour Practices	Product Design & Lifecycle Management	Business Ethics
Air Quality	Customer Privacy ②	Employee Health & Safety	Business Model Resilience	Competitive Behaviour ②
Energy Management ②	Data Security ②	Employee Engagement, Diversity & Inclusion ②	Supply Chain Management	Management of the Legal & Regulatory Environment
Water & Wastewater Management	Access & Affordability		Materials Sourcing & Efficiency	Critical Incident Risk Management
Waste & Hazardous Materials Management	Product Quality & Safety		Physical Impacts of Climate Change	Systemic Risk Management ②
Ecological Impacts	Customer Welfare			
	Selling Practices & Product Labeling			

Explains rationale for disclosure topics by industry

### Recruiting & Managing a Global, Diverse & Skilled Workforce

#### Topic Summary

Employees are important contributors to value creation in the Software & IT Services industry. Entities commonly find recruiting qualified employees to fill these positions difficult. A shortage in technically skilled employees can create intense competition to acquire highly skilled employees globally, contributing to high employee turnover rates. Some entities contribute to relevant education and training programmes to expand the availability of domestic, skilled employees. Entities offer significant monetary and non-monetary benefits to improve employee engagement and therefore retention and productivity. Initiatives to improve employee engagement and work-life balance may influence the recruitment and retention of a diverse workforce. Since the industry is characterised by relatively low representation from women and minority groups, efforts to recruit and develop globally diverse talent pools may address the talent shortage and improve the value of entity offerings. Greater workforce diversity is important for innovation and helps entities understand the needs of a diverse and global customer base.

# SASB Standards (3/3)

## Reference: Examples of Human Capital-related Metrics and Industries Required to Disclose

Disclosure Item Category <sup>1)</sup>	Example Metrics from SASB	Industries Required to Disclose Metrics
Employee Composition, Turnover Rate, etc.	<ul style="list-style-type: none"> <li>Turnover Rates (Voluntary and Involuntary)</li> </ul>	<b>8 Industries:</b> <ul style="list-style-type: none"> <li>E-Commerce; Multiline &amp; Specialty Retailers &amp; Distributors; Restaurants; Biotechnology &amp; Pharmaceuticals; Healthcare Delivery; Hotels &amp; Lodging; Professional &amp; Commercial Services; Road Transportation</li> </ul>
Total Labor Costs / Compensation & Wages	<ul style="list-style-type: none"> <li>Average Hourly Wage / Minimum Wage</li> </ul>	<b>5 Industries:</b> <ul style="list-style-type: none"> <li>Multiline &amp; Specialty Retailers &amp; Distributors; Food Retailers &amp; Distributors; Restaurants; Hotels &amp; Lodging; Cruise Lines</li> </ul>
Employee Engagement	<ul style="list-style-type: none"> <li>Employee Engagement Survey Response Rate, etc.<sup>2)</sup></li> </ul>	<b>4 Industries:</b> <ul style="list-style-type: none"> <li>E-Commerce; Professional &amp; Commercial Services; Internet Media &amp; Services; Software &amp; IT Services</li> </ul>
Investment in Talent Acquisition and Development	<ul style="list-style-type: none"> <li>Qualitative Description of Talent Acquisition, Recruitment, and Retention</li> </ul>	<b>2 Industries:</b> <ul style="list-style-type: none"> <li>Biotechnology &amp; Pharmaceuticals (Scientists, R&amp;D Staff); Healthcare Delivery (Healthcare Practitioners)</li> </ul>
DEI	<ul style="list-style-type: none"> <li>Employee Composition by Gender and Race/Ethnicity</li> </ul>	<b>9 Industries:</b> <ul style="list-style-type: none"> <li>E-Commerce; Multiline and Specialty Retailers &amp; Distributors; Asset Management &amp; Custody Activities; Investment Banking &amp; Brokerage; Advertising &amp; Marketing; Professional &amp; Commercial Services; Hardware; Internet Media &amp; Services; Software &amp; IT Services</li> </ul>
Health, Safety, and Compliance	<ul style="list-style-type: none"> <li>Total Recordable Incident Rate (TRIR)</li> </ul>	<b>22 Industries:</b> <ul style="list-style-type: none"> <li>Meat, Poultry &amp; Dairy; Healthcare Delivery; Electric Utilities &amp; Power Generators; Fuel Cells &amp; Industrial Batteries; Industrial Machinery &amp; Goods; Rail Transportation; Agricultural Products; Oil &amp; Gas Exploration &amp; Production; Oil &amp; Gas Services; Iron &amp; Steel Producers; Construction Materials; Iron &amp; Steel; Oil &amp; Gas Refining &amp; Marketing; Engineering &amp; Construction Services; Home Builders; Waste Management; Wind Technology &amp; Project Developers; Chemicals; Electronic Manufacturing Services (EMS) &amp; Original Design Manufacturing (ODM); Air Freight &amp; Logistics; Road Transportation; Leisure Facilities</li> </ul>

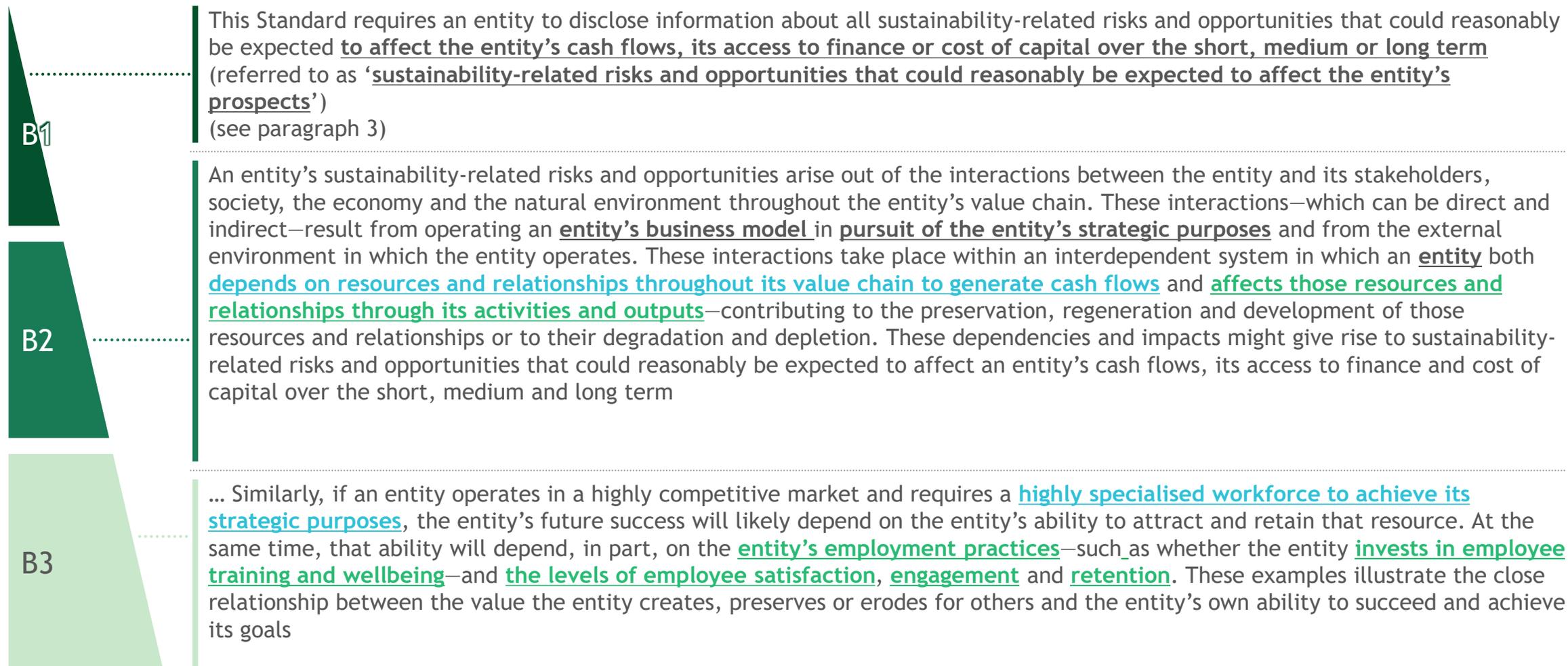
**Note:** Disclosure items were independently classified based on the SASB industry-specific requirements, indicating industries required to disclose each topic.

1.Classifications are original to this report, derived inductively, and not official SASB classifications.2.Includes metrics such as percentage of positive responses in employee engagement surveys or comparative indices based on survey results.

**Source:** Official SASB Website (Japanese ver.)

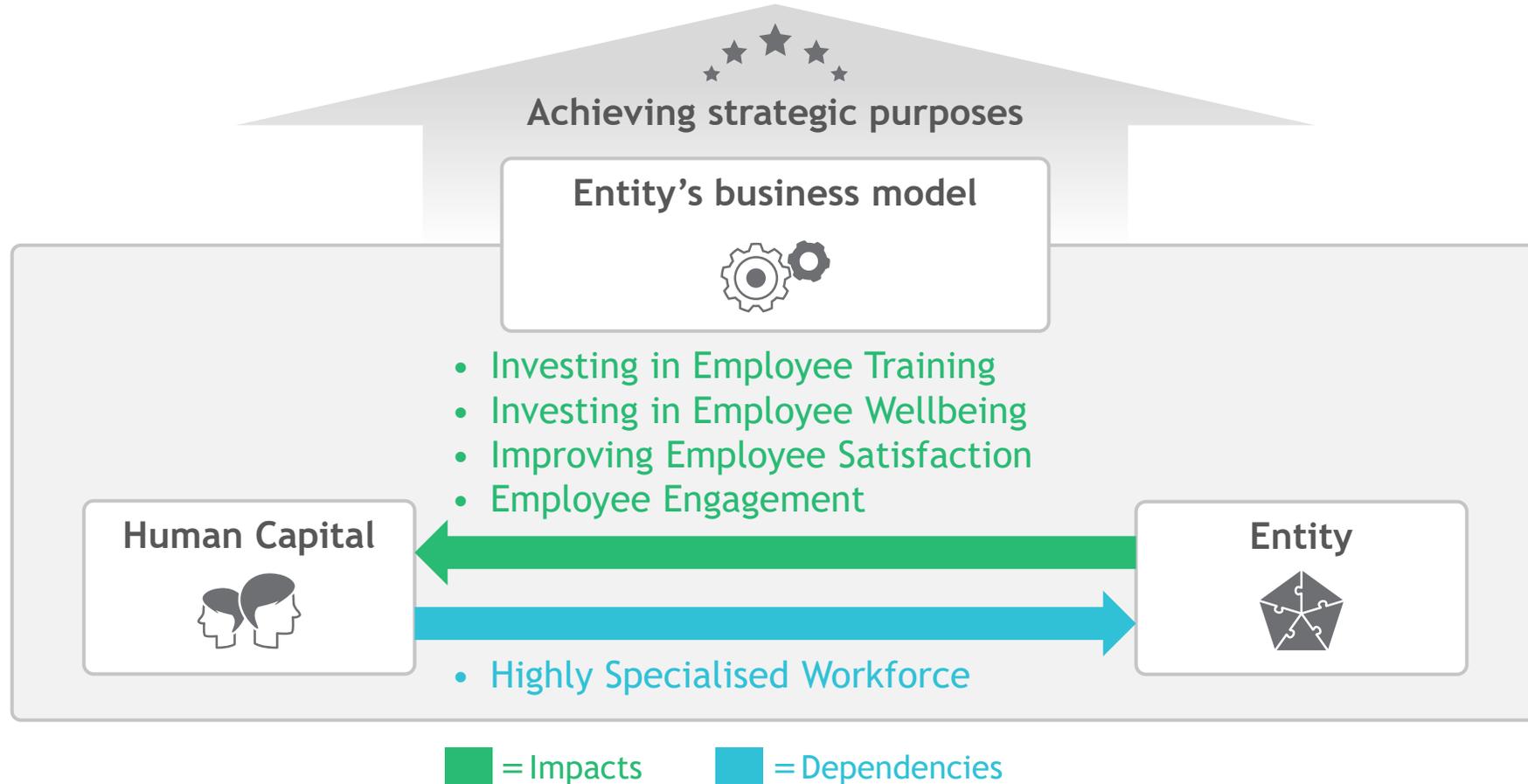
## 3 Level structure of IFRS S1 Appendix B

Highlights corporate dependencies on and impacts of human capital as sustainability risks and opportunities affecting future cash flows.



# Reference: Human Capital descriptions on IFRS S1

Affecting the entity's cash flows over the short, medium or long term



Note: This slide is not included in the Japanese version and is solely a reference material for understanding the descriptions of IFRS S1.  
Source: Japanese Financial Services Agency

# Integrated Reporting Framework (1/2)

Provides guidelines to promote integrated reporting of financial and non-financial information

## Background of Framework Setting

### Framework Setting Year/Body

- Published in 2013 by the International Integrated Reporting Council (IIRC)

### Background and Purpose of the Framework Setting

#### Embedding Integrated Thinking into the Organization

- Reporting integrates diverse information; promotes "integrated thinking," driving organizational change and enhancing corporate value.
- Integrated thinking naturally improves connectivity of information used for reporting, analysis, and decision-making

### Explaining Value to Financial Capital Providers

- Provides useful information to all stakeholders (employees, customers, suppliers, partners, communities, legislators, regulators, policymakers) on long-term corporate value creation.



## Overview of Framework

### Content

Provides Guidelines for Integrated Reporting of Financial and Non-Financial Information

- Clarifies corporate long-term value creation by including human and other non-financial capitals, in addition to financial capital

### Features

#### Promoting Long-term Integrated Thinking

- Focuses on medium- to long-term value creation and sustainability beyond short-term financial results.
- Presents a framework highlighting interactions between financial and non-financial capitals (including human capital).

#### Principle-based, Flexible Application

- Provides fundamental principles for integrated reporting, allowing flexible application according to corporate characteristics and strategies.

# Integrated Reporting Framework (2/2)

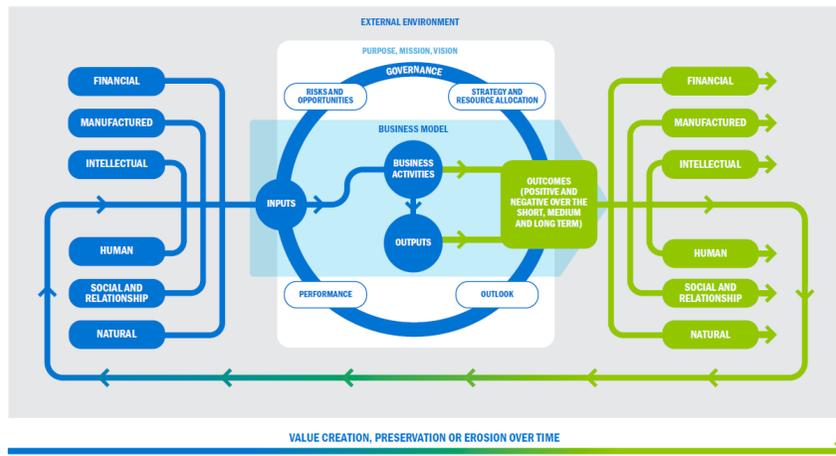
Presents integrated reporting principles incorporating capitals, including human capital and other non-financial resources

## Framework Overview

Categorizes six capitals (including human capital) as the basis for the success of all organizations, which depend on various forms of capital:

- Financial Capital: Financial resources
- Manufactured Capital: Physical resources (infrastructure, facilities)
- Intellectual Capital: Brands, knowledge, patents
- **Human Capital: Employee skills and competencies**
- Social & Relationship Capital: Relationships with customers, suppliers, and communities
- Natural Capital: Environmental resources

**Principle: Companies disclose how they utilize these capitals as inputs and generate outputs through business activities.**



Source: Integrated Reporting Framework (Japanese translation ver, Original Ver.)

## Principles and Content Elements

Based on the six capitals, companies prepare integrated reports following these principles and content elements:

### Principles (fundamental reporting guidelines):

- **Strategic focus & future orientation:** Clearly links strategy to value creation.
- **Connectivity of information:** Includes connectivity between financial and non-financial information.
- **Stakeholder relationships:** Describes relationships with key stakeholders.
- **Materiality:** Reports information significantly impacting value creation.
- **Conciseness:** Provides clear, concise information, avoiding overload.
- **Reliability & completeness:** Fully reports strengths, challenges, and risks.
- **Consistency & comparability:** Ensures consistent reporting methods for comparison.

### Content Elements (specific information required):

- **Organizational overview & external environment:** Market trends, regulations.
- **Governance:** Structure and decision-making frameworks.
- **Business model:** Core mechanisms of corporate value creation.
- **Risks & opportunities:** Key factors affecting value creation.
- **Strategy & resource allocation:** Strategic direction and resource priorities.
- **Performance:** Financial and non-financial outcomes and indicators.
- **Outlook:** Future external environment changes and responses.
- **Basis of preparation & presentation:** Reporting principles, assumptions, and criteria.



# ESRS(European Sustainability Reporting Standards) (1/2)

Requires sustainability reporting (including human capital) for certain EU and non-EU companies

## Background of Standard Setting

### Standard Setting Year/Body

- Set by the European Financial Reporting Advisory Group (EFRAG)
- Applies to large European listed EU companies above threshold from 2024
- Scope to gradually expand thereafter

### Background and Purpose of the Standard Setting

#### Improving Transparency & Consistency

- Standardizes corporate sustainability disclosures to enhance transparency, enabling investors and stakeholders to better evaluate risks and opportunities.

### Supporting EU Sustainability Goals

- Promotes achievement of corporate environmental and social objectives aligned with the EU Green Deal and climate targets (e.g., carbon neutrality).



## Overview of Standard/Framework

### Content

Reporting standards enabling standardized corporate sustainability disclosures

- Set under the EU's Corporate Sustainability Reporting Directive (CSRD), specifying disclosure requirements

### Features

#### Mandatory Application

- Required for European companies above threshold (including certain non-EU companies).

#### Comprehensive Disclosure Requirements

- Defines specific disclosure items across Environmental (E), Social (S), and Governance (G) areas.

#### Double Materiality Principle

- Integrates two perspectives into disclosure:
  - **Financial Materiality:** Impact of Sustainability factors on corporate financial performance.
  - **Impact Materiality:** Impact of corporate activities on environment and society.



# ESRS (European Sustainability Reporting Standards) (2/2)

Specifies detailed disclosure requirements by sustainability topic

## Standards Overview

ESRS consists of three elements:

General Standards: Common rules and principles applicable across companies

- ESRS 1: Fundamental rules of sustainability reporting
  - (e.g., Double Materiality principle)
- ESRS 2: General disclosure items
  - (e.g., Governance, Business model & strategy)

Topic-specific Standards: Detailed ESG-focused disclosure requirements

- **Environmental (E):** Climate change, Pollution, Water & marine resources, Biodiversity, Circular economy, etc.
- **Social (S):** Own workforce, Workers in value chain, etc.
- **Governance (G):** Business conduct

## Social (S): Disclosure Items on Own Workforce

Use the following disclosure items to confirm considerations for own employees including human rights:

- S1-1: Policies related to own workforce
- S1-2: Processes for engaging with own workers and workers' representatives about impacts
- S1-3: Processes to remediate negative impacts and channels for own workers to raise concerns
- S1-4: Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions
- S1-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
- S1-6: Characteristics of the undertaking's employees
- S1-7: Characteristics of non-employee workers in the undertaking's own workforce
- S1-8: Collective bargaining coverage and social dialogue
- S1-9: Diversity metrics
- S1-10: Adequate wages
- S1-11: Social protection
- S1-12: Persons with disabilities
- S1-13: Training and skills development metrics
- S1-14: Health and safety metrics
- S1-15: Work-life balance metrics
- S1-16: Compensation metrics (pay gap and total compensation)
- S1-17: Incidents, complaints and severe human rights impacts

# Workforce-related corporate reporting (1/2)

## Guidance on Workforce-related Information Valued by Investors

### Background of Framework Setting

#### Framework Setting Year/Body

- Established in 2020 by the UK Financial Reporting Council (FRC)

#### Background and Purpose of the Framework Setting

Growing importance of workforce leading investors to demand more transparency on workforce management.

- Increasing investor interest in **how companies manage workforce as a strategic asset to create long-term value.**
- Investors seek **concrete data and reliable metrics on workforce composition, employee contribution, and workforce investments.**
- Investors value disclosures on **how companies manage workforce-related risks and opportunities, and how employee engagement and feedback are utilized.**
- Workforce-related reporting requires **transparency in governance, risk management, strategy, and metrics & targets.**



### Overview of Framework

#### Content

Provides guidelines on workforce disclosures, addressing investor needs and recommended corporate explanations.

- Aims to clarify how corporate workforce management contributes to long-term value creation and sustainability.

#### Features

Prioritizes What Investors Value Most in Workforce-related Disclosures

- **Focus on Long-term Value Creation**
  - Defines workforce as critical to business strategy execution and sustainable success
  - Workforce information is key to evaluating competitiveness and risk management.
- **Investor-focused Perspective**
  - Emphasizes workforce disclosures that are material to investors.
- **Connectivity to Financial Reporting**
  - Recommends connecting workforce-related non-financial information clearly to financial reporting.

# Workforce-related corporate reporting (2/2)

Provides framework for transparent disclosures required by investors

## Framework Overview

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Comprises four elements:

### Governance and Management

- Board consideration and oversight of workforce decisions
  - Policies, procedures, and leadership involvement in workforce management

### Business Model and Strategy

- Contribution of workforce to business model and strategic objectives
- How workforce investments and development support competitive advantage

### Risk Management

- Identification of key workforce-related risks/opportunities and responses
- Prioritization and assessment of risks

### Metrics and Targets

- Workforce-related metrics and targets, progress reporting
- Recommended disclosure in a way that connects financial and non-financial information

## Examples of Specific Reporting Metrics

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### Employment Data

- Workforce composition (Full-time, part-time, contract employees)

### Diversity & Inclusion

- Gender distribution in management; racial and age diversity

### Health & Safety

- Injury rates; investments in employee health and wellbeing

### Employee Engagement

- Turnover rates; engagement scores; employee satisfaction

### Skills & Career Development

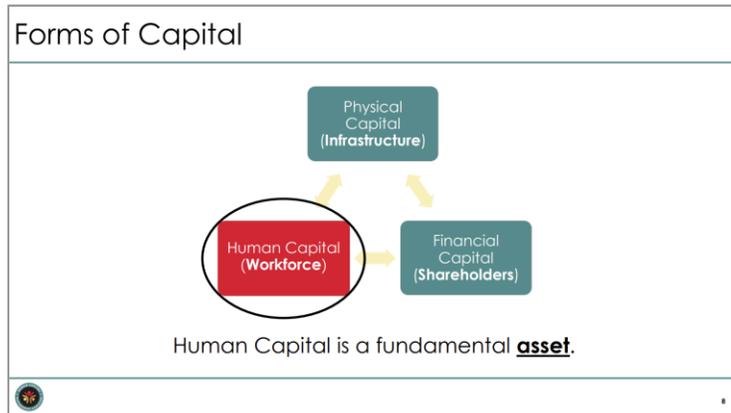
- Training hours; investment in educational programs

# Initiatives and Published Contents on Human Capital Disclosure:

## ① Human Capital Management Coalition (HCMC)



Excerpt from *HCMC HP Foundational Human Capital Reporting: Taking a Balanced Approach*



- ### Key Criteria for Mandatory Human Capital Reporting
- RELIABLE, CONSISTENT, CLEAR and COMPARABLE** – Quantitative disclosure that allows for robust consistency, clarity, verifiability and comparability for efficient collection, analysis and benchmarking
  - UNIVERSAL** – Universally applicable across all companies
  - TIMELESS** – Any company that employs people can collect and report data
  - POINT-IN-TIME** – Collectible as of a point in time, similar to traditional financial metrics, allowing for greater efficiency in collection and reporting
  - COST-EFFECTIVE TO COLLECT** – Companies already collect data requested
    - Basic workforce data like payroll & benefits costs tracked using in-house or external service-based HR tools
    - U.S. companies already collect diversity data for mandatory EEO-1 reporting
  - PROXY FOR MANAGEMENT QUALITY** – Taken together, these metrics help investors evaluate the issuer's human capital management skill and identify human capital risks and opportunities

- ### Balanced Approach: Four Fundamental Metrics
- Requires four **fundamental universally-applicable** disclosures to **anchor** open-ended human capital-related information companies provide under Item 101(c)(1)(xiii) and establish a through-line with financial statements
- The HCMC supports the following four fundamental disclosures:
- how many workers** (including employees and independent contractors) the company uses to accomplish its strategy;
  - total cost of the work force**, presented in a way that evinces a discernable through-line from the company's audited financial reports to issuer disclosures;
  - turnover**, including management's actions to attract and retain workers and how changes in the ability to attract and retain workers affects the company's performance and strategy; and
  - diversity data**, including diversity by seniority, sufficient to understand the company's efforts to access and develop new sources of human capital and any strengths or weaknesses in its ability to do so.

- ### Balanced Approach: Tailored Principles
- Principles-based disclosures include information that may be more appropriate based on a company's industry/sector and/or business strategy
    - For example, companies in the mining industry may face different health and safety issues than a hospital, potentially impacting the metrics companies in each industry measure and monitor
    - A tech firm that abandons hardware manufacturing for cloud computing services would need to retool its recruitment, succession planning, and talent development processes
  - The best disclosures will help investors better understand a firm's human capital management strategy, how this strategy supports the overall business strategy, and how the company ensures that it is performing against its own benchmarks and objectives.
  - Principles-based disclosures should include metrics related to the following (non-exclusive list):
    - Workforce Health & Safety
    - Workforce Skills & Capabilities
    - Workforce Culture, Engagement, and Empowerment
    - Human and Labor Rights
    - Workforce Pay & Incentives



- Effective management and integration of financial, physical, and human capital are essential for long-term corporate value creation. These three capitals combined serve as key drivers of corporate growth.
- Disclosures required from companies regarding human capital includes four fundamental metrics:
  - Employee headcount (by employment type: full-time, part-time, contract, etc.)
  - Total labor costs (salaries, overtime, stock compensation, retirement benefits, welfare, training, etc.)
  - Employee turnover rate
  - Diversity data
- In addition to these metrics, the report recommends principle-based disclosures to help investors understand how the company's human capital management strategy supports its overall business strategy, and how performance aligns with benchmarks and objectives.

# Initiatives and Published Contents on Human Capital Disclosure:

## ② The Investment Association (1/2)

Excerpt from *The Investment Association Long Term Reporting Guidance*

### HUMAN CAPITAL AND CULTURE

This section outlines our members' expectations as to how companies should report on human capital and culture.

#### Human capital and productivity

46. A key driver of productivity is how a company is managing its workforce and whether it is being deployed efficiently. Our members believe a well-engaged, stable, and trained workforce is more likely to be more productive and, in turn, be more likely to drive long term business success.
47. However, there is limited reporting by companies setting out their approach to human capital management, how it is working to develop a positive operating culture, and of the significant investments being made to improve the productivity of their workforces over the longer term.
48. We believe that these issues are deserving of more transparency by companies through enhanced annual disclosures on human capital. Human capital considerations are integral to our members' initial decision-making processes and ongoing stewardship activities.

#### Understanding a company's approach to human capital management

49. Company disclosures should foster improved investor understanding of the role played by the company's workforce in generating sustainable, long term value creation. To achieve this, within the Strategic Report companies should provide shareholders with a narrative discussion on:
  - 49.1. The significant investments that the company has made over the past year, and is planning to make in the next, to improve the productivity of its workforce, including the outcomes of those decisions where possible;
  - 49.2. The significant opportunities, and principal risks, relating to the company's approach to human capital management, and of the strategy adopted by the Board to respond these issues; and
  - 49.3. The manner by which the workforce is incentivised to be more productive, and how this approach to motivating the workforce is compatible with the businesses' long term strategy.

#### Metrics to support human capital disclosures

50. Our members consider that boilerplate statements based on a long-list of reporting metrics are unhelpful when it comes to understanding a company's approach to managing its human capital.
51. Companies should consider the appropriate mix of quantitative and qualitative disclosures to help explain its approach to human capital management, and how this creates value. Companies should develop a combination of both narrative discussion and metric-based reporting to facilitate investor understanding.
52. As each company will likely have a different approach to human capital management, our members acknowledge that is up to companies themselves to determine which metrics best support the narrative discussion to shareholders.
53. Having reviewed the requirements of 12 other organisations and bodies and consolidated the potential metrics that could be used to explain a company's approach to human capital. As a minimum, our members have identified the following metrics as being of particular importance:
  - 53.1. Total headcount – broken down by the division between full-time and part-time employees, gender, and diversity;
  - 53.2. Annual turnover – including both planned and regrettable turnover;
  - 53.3. Investment in training, skills, and professional development – including the rate of progression and promotion within the business; and
  - 53.4. Employee engagement score.
54. In addition to disclosing the headline company-wide figure, each metric should be segmented by market, geographic location, and/or sector to provide greater awareness of the workforce's overall composition and stability.
55. For each metric, companies should provide an explanation for how the figure is calculated. Companies should also provide an explanation of what figures for a particular metric represent in terms of progress towards broader strategic objectives or productivity improvements.



- Paragraph 49 requires companies to provide strategic narratives to shareholders on:
  - ① Investments made (past year) or planned (next year) to enhance employee productivity, including outcomes if available
  - ② Key opportunities and risks related to human capital management, and corresponding strategies
  - ③ Incentives to boost employee productivity and alignment with long-term business strategy
- Paragraph 53 sets minimum disclosure requirements for all companies:
  - ① Employee numbers (by division, employment type, gender)
  - ② Turnover rate (planned and unplanned turnover)
  - ③ Investments in training, skills development, and professional development (including promotion linkage)
  - ④ Employee engagement scores

# Initiatives and Published Contents on Human Capital Disclosure:

## ② The Investment Association (2/2)

Excerpt from *The Investment Association Long Term Reporting Guidance*

### HUMAN CAPITAL AND CULTURE

This section outlines our members' expectations as to how companies should report on human capital and culture.

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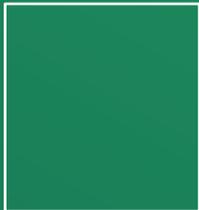
(Other points mentioned)

46. Productivity Driven by Effective Workforce Management
47. Insufficient Disclosure of Human Capital Management Strategies
48. Improved Annual Human Capital Disclosure Essential for Investors
50. Mere Listing of Metrics Offers Limited Value
51. Combine Quantitative and Qualitative Information
52. Effective Metrics Differ by Company
54. Disclosures Needed by Market, Region, and Sector
55. Clarify Calculation and Relevance of Metrics to Strategic Goals



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  - 1.1 Background and Objectives
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- Appendix. Overview of Selected Corporate Disclosure Examples



## Summary of interview

## Comments Gathered from Global Investors on Human Capital Disclosure

### 【Importance of Human Capital Disclosure】

The interviewed investors and investor groups largely agreed that human capital significantly impacts corporate productivity and innovation, serving as a critical factor in achieving business strategies and creating value. They also shared the view that human capital has substantial implications for future cash flows.

### 【Utilization of Human Capital Disclosure】

Investors evaluate human capital disclosure from both business opportunity and risk perspectives, integrating quantitative and qualitative metrics into their investment decision models. These factors directly influence portfolio construction and investment decisions. It was also mentioned that limited or conservative disclosure could potentially work to a company's disadvantage.

### 【Disclosure Topics and Metrics of Human Capital Useful to Investors】

Information necessary to understand the overall picture of a company's human capital is expected to be disclosed, regardless of industry or business model. Meanwhile, disclosures that reflect the uniqueness of specific industries or business models are expected to include details such as the skills required for employees to achieve business strategy, concrete actions undertaken by the company to bridge skill gaps, and metrics showing the progress of these initiatives.

### 【Challenges and Gaps in Human Capital Disclosure】

Companies are expected to provide disclosures beyond a mere mechanical listing of metrics. Specifically, they are anticipated to disclose metrics aligned with their business strategies, clarify the context and meaning behind these metrics, compare metrics against targets, illustrate their relationship with corporate actions, and provide detailed disaggregation of such information.

### 【Views on Human Capital Disclosure Standards】

Investors have expressed concerns about the absence of human capital disclosure standards that meet their needs, highlighting that necessary information is currently not being disclosed. They have also requested strategy-linked disclosures (aligned with IFRS S1 and (Japanese) Guidance for human capital disclosure), alignment with SASB industry-specific standards, and improved connectivity with financial information.

Note: Based on 11 interviews conducted with investors and related associations. The above summarizes feedback and opinions gathered from investors.

# Interview Comment Details (1/5)

## [Importance of Human Capital Disclosure]①

### Interview Question

#### Importance of Human Capital Disclosure in Investment Decisions

- In order to implement business strategies that affect the future cash flows of a company, and to secure the necessary talent, human capital management strategies need to be formulated and executed. In such cases, is the disclosure of these human capital management strategies and their specific goals, as well as the progress towards achieving them, important for investors' investment decisions?
- With the increasing presence of service-centric business models based on intangible value, not limited to business models like manufacturing, there are opinions that intangible value cannot be recorded on financial statements, thus expecting human capital disclosure to supplement the information not disclosed solely with traditional financial statements. Do you have any comments on such opinions?

### Interview Comment Details (By Respondent, In No Particular Order)

- “ Human capital is important because it contributes to a company’s long-term value creation.
- “ Human capital management is critical component in value creation that has a material financial impact on both short-term and long-term companies’ performance.
- “ Human capital plays an essential role in improving a company’s productivity.
- “ It is very important to illustrate how human resources play a role in generating future corporate value and cash flow, and how a company implements its strategies. Without transparency on policies, goals, and progress regarding investment in and development of human resources, it becomes difficult to assess long-term value creation and risk management.
- “ Enhancing employee satisfaction, engagement, and well-being improves the capacity to innovate within a business, leading to increased corporate revenue through technological advancements and new product development.
- “ Human capital disclosure promotes investors’ understanding of how a company views value creation, talent, business strategy, risk management, and relationships with stakeholders.
- “ Human capital represents both a risk and an opportunity. If employees are happy to stay within the company, companies are better able to retain talent and promote talent development.
- “ The workforce is a very significant company’s (intangible) asset.
- “ Investors believe that current financial statements do not sufficiently present information on intangible assets, leading to their expectation for enhanced human capital disclosures.
- “ Human capital is one of the most pivotal intangible assets in the investment decision-making process, and understanding the value of such intangible assets has become increasingly important over the past 15 years.
- “ As companies face the risks of an aging population and a shrinking active population, those that can attract and retain talent are more likely to secure excellent talent in the future.
- “ Attracting and retaining talented personnel is essential for most businesses.
- “ The importance of human capital is not limited to companies that rely on “highly specialized workforce.” Human capital and workforce are also important in companies like supermarkets. However, the skills required naturally differ between technology companies and supermarkets.

# Interview Comment Details (1/5)

## [Importance of Human Capital Disclosure]②

### Interview Question

#### Importance of Human Capital Management Strategy to Achieve Business Strategy

- What kind of human capital disclosures are useful for investors to understand the content of a company's human capital management strategy, specific goals, and progress when the company is formulating and implementing this human capital management strategy to secure the talent necessary to achieve its business goals (business strategy)?

### Interview Comment Details (By Respondent, In No Particular Order)

- “ Understanding how companies develop their human capital management strategies and link them to their business strategies, including specific targets and progress, is essential for evaluating long-term value creation. Securing and developing the necessary talent is directly connected to future cash flows, and therefore, human capital disclosure is considered to have a significant impact on investment decisions.
- “ Our research also indicates that disclosures of human capital-related information are important for investors. In particular, understanding how companies align their human capital management strategies with their business strategies, and how they address future risks and opportunities through talent acquisition and development, is useful for investment decisions.
- “ In many cases, investors place importance on understanding how human capital management strategies align with business strategies. Particularly, since human capital management strategies are likely to be directly connected to a long-term company's success, providing concrete targets and progress can be useful for investment decisions.
- “ An important aspect in investment evaluations is how a company secures necessary talent and sustains employee motivation over the long term in executing its growth strategies. Disclosing specific talent-related targets and progress can provide a more accurate outlook on future cash flows.
- “ It is particularly important for companies undergoing business transformation as part of their business strategy to align long-term business strategies with employee skills. For example, companies that are promoting automation to transform their workforce into a smaller, more specialized group, or those that are changing their business models to address climate change, are experiencing various transformations across different industries. Understanding how business strategies are linked to human capital is beneficial for investors.
- “ It is important to align human capital management strategies with business strategies. For example, to provide optimal products and services to (diverse) customers, it is necessary to have a workforce composition that reflects customer diversity. Considering long-term business goals, it is essential to assess long-term talent needs and skill gaps. This is particularly important due to the ongoing energy transition, making the evaluation of skill gaps crucial. To achieve the company's business goals, it is important to develop plans for hiring, training, and retaining employees, ensuring that they have the right people with the right skills at the right time.
- “ It is important to understand how companies and their boards of directors view the alignment between business strategies and human capital management strategies. Board oversight of this alignment is crucial.
- “ Regarding the board's role in human capital management, some investors have requested that companies ensure board-level oversight of the content of human capital management strategies and their alignment with business strategies. Reflecting these opinions, there has recently been a growing trend for companies to rename their "Compensation Committees" to "Compensation and Talent Committees" or "Compensation and Human Capital Committees.

Note: The interview comments presented here are English translations of the original interviews, which were conducted in English and subsequently translated into Japanese.

# Interview Comment Details (2/5)

## [Utilization of Human Capital Disclosures]

### Interview Question

#### How are human capital disclosures used by investors

- How do investors reflect human capital disclosures in their actual investment evaluations?(i.e., What advantages exist for companies with strong disclosures, and what disadvantages for those with insufficient disclosures?)
- Beyond investment evaluation, how do investors currently use (or intend to use) human capital disclosures?

### Interview Comment Details (By Respondent, In No Particular Order)

(Method of analyzing human capital disclosures)

- “ It is important to disclose human capital in both the initial screening of investment targets and the detailed analysis (deep dive) of individual companies. During screening, certain metrics are used to select companies for deeper analysis from a broader pool of potential investments. Metrics such as diversity and turnover rates are used in this process. In the detailed analysis of individual companies, disclosed information is utilized to examine companies from a wide range of perspectives, including strategy and governance.
- “ Investors seek to understand how the board and management incorporate considerations related to human capital management and human rights into their operational processes, what types of skills they intend to invest in, and in which areas employees' skills have actually been enhanced.
- “ The lack of disclosure of human capital information poses a risk for companies. When necessary human capital information is not disclosed, investors tend to assume below-average performance and estimate accordingly for their investment decisions. Except in cases where the reality is particularly unfavorable, a lack of disclosure often disadvantages companies.

(Engagement with Companies)

- “ It is essential to consider human capital both in investors' investment decision-making and subsequent stewardship activities.
- “ In our engagement with companies, we typically ask the board of directors the following questions: 'How do the skills and capabilities within your company align with long-term business strategies?' 'If the current skills and capabilities of existing employees do not align with long-term business strategies, how do you plan to bridge the gap? Will it be in terms of training and upskilling existing employees, or do you consider your company attractive enough to recruit new employees with these skills?'
- “ To understand intangible assets (not reflected in financial statements), we review information about investments in human capital, such as training, and employee engagement scores. If the scores for questions like ' Do I feel there are barriers in the company that inhibit my ability to innovate?' are deteriorating, we ask companies what measures they are taking to address these issues.

# Interview Comment Details (3/5)

## [Disclosure Topics and Metrics of Human Capital Useful to Investors]①

### Interview Question

#### Disclosure items beneficial for investment judgment, desired disclosure items

- What types of human capital disclosure topics (e.g., strategy details, specific goals, progress metrics) are useful for investor understanding?
- What kinds of disclosures, integrated clearly with financial statements, would investors find useful? For example, would appropriately segmented human capital disclosures enhance investment decision-making?

### Interview Comment Details (By Respondent, In No Particular Order)

(Common Disclosure Items Useful for Cross-Industry and Unique Disclosure Items that would be Different based on Industry and Business Model)

“ We believe that there should be a set of minimum disclosure items common across all industries and companies. In addition, disclosures should also include flexible information tailored to each company's unique business model and strategy, aligned with their specific strategic context.

(Common Disclosure Items Useful for All Industries)

- “ Due to differences in business models and individual corporate contexts, it is difficult to uniformly apply specific metrics across a wide range of companies. However, as understanding workforce composition is fundamental to investing in any company, we require all companies to disclose certain minimum information, including total employee numbers and breakdowns, turnover rates, investments in training, skills development, and professional advancement, employee engagement scores, and detailed breakdowns of these metrics.
- “ Regardless of the type of company, information on employee composition, employee engagement scores, and cultural signals of the company are always considered. Additional human capital metrics may vary depending on each company's circumstances.
- “ Companies that quantitatively disclose the specific outcomes of their investments in human capital appear highly credible to investors. Clear disclosures linking specific initiatives to measurable outcomes are crucial in evaluating the maturity of a corporate culture and human capital management strategies.
- “ We have advocated for the following four minimum disclosure items: (1) Number of employees (including contract employees), (2) Overall labor costs (including compensation beyond salaries and welfare benefits), (3) Turnover rate, (4) Basic diversity information. We believe that standardizing such information will make it easier for investors to compare companies and enable higher-quality analyses.
- “ We have been pushing for foundational information that investors need, such as the number of employees, total workforce costs including personnel expenses and development costs, turnover rates, and employee composition data including diversity.

# Interview Comment Details (3/5)

## [Disclosure Topics and Metrics of Human Capital Useful to Investors]②

### Interview Question

#### Disclosure items beneficial for investment judgment, desired disclosure items

- What types of human capital disclosure topics (e.g., strategy details, specific goals, progress metrics) are useful for investor understanding?
- What kinds of disclosures, integrated clearly with financial statements, would investors find useful? For example, would appropriately segmented human capital disclosures enhance investment decision-making?

### Interview Comment Details (By Respondent, In No Particular Order)

(Unique Disclosure Items to Reflect Industry or Business Model-specific Characteristics)

- “ We also seek disclosures related to companies' human capital management strategies, investments in human capital, risks and opportunities associated with human capital, and incentives to enhance employee productivity in connection with long-term value creation.
- “ The most desirable disclosures are those that facilitate investors' understanding of the details of human capital management strategies, how these strategies contribute to business strategy, and how the company assesses progress against its benchmarks and objectives.
- “ The most beneficial human capital disclosures vary by industry. Certain industries focus more on talent development and human resource development strategies, other industries focus more on turnover rates and employment retention, and other industries emphasize long-term incentives for employees. It varies very much from business to business.
- “ Human capital is financially material. However, its materiality differs by sector. While both risks and opportunities are considered, the aspects of human capital that are focused on differ by sector. For example, in knowledge-based business models such as technology, healthcare, and financial services, human capital management from the perspective of opportunities for value creation is considered more important. This is because these companies create value from their people. On the other hand, in industries like the retail sector, where there is a large workforce and lower wage levels, there is a higher risk of improper human capital management. If employees go on strike and operations are halted, it can affect production volumes.
- “ Disclosures clearly linking a company's specific actions regarding human capital to measurable outcomes are especially valuable. For example, disclosures such as "We revised HR policies related to parental leave to reduce employee turnover, resulting in a decrease in turnover rate by X%" are highly beneficial to investors.

# Interview Comment Details (3/5)

## [Disclosure Topics and Metrics of Human Capital Useful to Investors]③

### Interview Question

#### Disclosure items beneficial for investment judgment, desired disclosure items

- What types of human capital disclosure topics (e.g., strategy details, specific goals, progress metrics) are useful for investor understanding?
- What kinds of disclosures, integrated clearly with financial statements, would investors find useful? For example, would appropriately segmented human capital disclosures enhance investment decision-making?

### Interview Comment Details (By Respondent, In No Particular Order)

(Examples of Useful Disclosure Topics and Metrics, in No Particular Order) 1/3

#### ① Total number of employees and breakdown

- “ The breakdown of the number of employees by department, employment type (full-time, part-time, contract, etc.), and gender is necessary.
- “ Details on the composition of regular and non-regular employees are necessary.
- “ The number of employees by region (if not disclosed, we estimate from sales and other factors), whether the number of employees is increasing or decreasing, identification of core business segments, and gender diversity are also required. Understanding these aspects of employee composition helps investors recognize challenges in talent recruitment and provides deeper insight into the company's business model.

#### ② Turnover Rate

- “ It is important to disclose the context of management views on turnover and retention rates. The appropriate levels of turnover and retention rates differ between rapidly growing companies and stable ones.
- “ We review metrics like turnover rate over multiple years (e.g., 4 years) to ensure consistency with the company's story and to prevent misinterpretations due to external factors and societal changes.
- “ Turnover and retention rates are also useful as general data points for assessing employee motivation.
- “ Ideally, disclosures should differentiate between planned and unplanned turnover.
- “ Understanding whether turnover is voluntary or involuntary helps investors determine if turnover arises from challenges in retaining employees or if it results from deliberate business strategy.
- “ In some sectors, retention data is also useful. For example, in the retail sector, turnover rates can be heavily skewed by seasonal workers, making retention rates (the percentage of employees who remain at the company one year later) more useful. Additionally, we often inquire about situations where the company could not prevent the departure of talented employees, as well as the voluntary and involuntary turnover rates of such employees.

# Interview Comment Details (3/5)

## [Disclosure Topics and Metrics of Human Capital Useful to Investors]④

### Interview Question

#### Disclosure items beneficial for investment judgment, desired disclosure items

- What types of human capital disclosure topics (e.g., strategy details, specific goals, progress metrics) are useful for investor understanding?
- What kinds of disclosures, integrated clearly with financial statements, would investors find useful? For example, would appropriately segmented human capital disclosures enhance investment decision-making?

### Interview Comment Details (By Respondent, In No Particular Order)

(Examples of Disclosure Topics and Metrics Considered Useful, in No Particular Order) 2/3

#### ③ Total Labor Cost and Breakdown

- “ As the value of intangible assets becomes increasingly important, detailed human capital disclosures are essential to bridge gaps left by traditional financial statements. Particularly, investors recognize that a detailed breakdown including employee salaries, stock-based compensation, and training expenses clarifies the link between a company's human capital management strategy and financial performance, significantly contributing to investment decisions.
- “ Disclosing the amount spent per employee and the overall trend of employee costs over several years illustrates the company's focus on talent acquisition and development. When employee costs are rising, it is critical to provide qualitative explanations regarding the background and effectiveness of these increases.
- “ It is highly useful to supplement the parts of intangible assets that are not reflected in financial statements through human capital disclosures. For example, by breaking down personnel expenses, including salaries, stock-based compensation, and training costs, by employee grade, expense category, business segment, and region, we can identify which areas are effectively utilizing talent. We believe that this will enable investors to more clearly understand how investments in human capital contribute to the company's long-term financial performance.
- “ Detailed disclosures of personnel costs are useful. Given their strong connection to financial figures, it is desirable to disclose these details in financial statements.
- “ A breakdown of salaries and wages, benefits (including overtime pay), additional compensation (such as stock-based compensation aimed at attracting and retaining talent over the long term), retirement benefits, and welfare benefits.
- “ The level of employee compensation indicates the level of employee productivity and motivation. Companies paying higher employee compensation often benefit from greater employee contributions.
- “ It is beneficial to disclose employee compensation broken down by business division and region.
- “ In consumer goods sectors, many workers earn minimum wages, and labor shortages are common issues. Considering these circumstances, certain countries and companies voluntarily adopt a "living wage" standard that exceeds minimum wage levels. Living wages are viewed as solutions to various human capital risks, including risks of operational disruptions.
- “ Disclosures on long-term incentive compensation are also valuable. Linking employee incentives emotionally and financially to the company's long-term performance enhances employee engagement.
- “ We assess the extent to which stock options are granted to employees across various levels of employees.

# Interview Comment Details (3/5)

## [Disclosure Topics and Metrics of Human Capital Useful to Investors]⑤

### Interview Question

#### Disclosure items beneficial for investment judgment, desired disclosure items

- What types of human capital disclosure topics (e.g., strategy details, specific goals, progress metrics) are useful for investor understanding?
- What kinds of disclosures, integrated clearly with financial statements, would investors find useful? For example, would appropriately segmented human capital disclosures enhance investment decision-making?

### Interview Comment Details (By Respondent, In No Particular Order)

(Examples of Disclosure Topics and Metrics Considered Useful, in No Particular Order) 3/3

#### ④ Employee Engagement Score

- “ Regarding employee engagement, disclosing scores and related metrics (such as survey results) over time, along with presenting future targets, is extremely useful for monitoring the effectiveness of the company's human capital strategy.
- “ Employee engagement scores provide insights into areas where improvements have been observed, changes over time, characteristics compared to industry peers, and what the company values.
- “ Since employee engagement scores are not directly comparable across companies, disclosures should include multi-year data, and methodologies used for calculating these scores.

#### ⑤ Human Resource Development Activities

- “ It is crucial for estimating future cash flows to consider a company's investment in human resources, such as training and career development programs.
- “ Disclosures regarding investments in talent development are especially useful when accompanied by explanations of how seriously the company is committed to enhancing employee skills and the strategies underlying these efforts.
- “ Disclosure regarding 'investment in human resource development,' such as the amount spent on training and development programs and how it is in line with the business strategies, is extremely valuable for investors in assessing the company's approach to human capital.
- “ Providing specific metrics and targets related to training and skill development demonstrates precisely how companies intend to secure necessary skills and talent, greatly assisting in investment decision-making.
- “ Detailed disclosures covering investments in human capital—not only compensation structures but also training and development programs—enable investors to more deeply understand a company's long-term strategies for talent acquisition and development.

#### ⑥ Well-being

- “ Employee support programs (such as welfare benefits, workplace environment, childcare facilities, parental leave, and caregiving leave) are critical for companies aiming to be preferred employers. Many employees, particularly mature workers, pay close attention to which companies offer superior employee support programs. These programs are important not only for attracting new talent but also for retaining existing employees.

# Interview Comment Details (4/5)

## [Challenges and Gaps in Human Capital Disclosure]①

### Interview Question

#### Challenges and Gaps in Human Capital Disclosure

- What human capital information is currently not disclosed, despite clear investor demand?
- Additionally, how should such disclosures be provided, and what considerations should companies take into account that are currently lacking?

### Interview Comment Details (By Respondent, In No Particular Order)

#### (Current Practices in Human Capital Disclosure)

- “ In general, sufficient human capital disclosure is still rare.
- “ Human capital disclosures vary significantly between companies. In many cases, sufficient disclosure is not provided.
- “ Even common metrics like the number of employees can have different definitions depending on how the company considers its employees.
- “ Some investors have expressed that substantial disclosure is lacking if the materiality assessment is left entirely to the companies even when disclosing human capital information.
- “ Despite clear investor demand for human capital disclosure, current corporate disclosures frequently fail to satisfy these needs.
- “ Many companies are still in the trial-and-error stage. Some companies end up with dry disclosures by mechanically listing metrics, resulting in dry and superficial disclosures. We hope for disclosures that convey the underlying narrative or context.
- “ Many companies disclose metrics without linking them to business strategies or human capital management strategies, resulting in disclosure for the sake of disclosure. All sustainability disclosures, including human capital, should be linked to strategy.
- “ Companies rarely disclose how they plan to address anticipated future issues, such as talent development, talent acquisition, and reviewing the definition of high-performing employees.
- “ Disclosure of targets is important but is often missing. Because it is challenging to encourage companies to voluntarily disclose targets, establishing standards that require target disclosure is critical.
- “ It is important for companies to take action (implement initiatives) rather than just disclosing information. It is crucial to disclose what actions companies are taking regarding human capital in relation to their business strategy, and what they are doing to manage human capital in the short, medium, and long term.
- “ Disclosing only aggregated information is sometimes not useful. Even if we want to know the human capital information of specific departments that are important for the company's future, such disclosures are not available.

# Interview Comment Details (4/5)

## [Challenges and Gaps in Human Capital Disclosure]②

### Interview Question

#### Challenges and Gaps in Human Capital Disclosure

- What human capital information is currently not disclosed, despite clear investor demand?
- Additionally, how should such disclosures be provided, and what considerations should companies take into account that are currently lacking?

### Interview Comment Details (By Respondent, In No Particular Order)

(Topics and Metrics Missing in Current Human Capital Disclosures)

- “ Some companies do not disclose retention or turnover rates.
- “ Turnover rate data is among the metrics most in need of standardized calculation methodologies.
- “ There are significant gaps in disclosures regarding compensation packages. Details such as compensation to retain high-performing employees, health insurance, pensions, sick leave, and parental leave are often insufficiently disclosed. Challenges also exist regarding disclosures of wage equality, including gender pay gaps.
- “ Companies frequently fail to disclose the scope of employees who receive stock options.
- “ Employee engagement scores tend to be disclosed only when favorable, yet the qualitative context required to interpret these scores is usually absent.
- “ When engagement scores are disclosed, there is typically insufficient explanation regarding how companies interpret these scores in relation to industry peers or internal initiatives.
- “ Disclosures regarding employee training and skills development are insufficient.
- “ Disclosures about costs associated with talent training and development are insufficient. Companies operate multiple business units and engage in various types of employee development activities, making it challenging to determine which training programs are most relevant and should be disclosed based on business strategy.
- “ Disclosures related to health and safety are often very high-level and lack specificity.
- “ Corporate integrity is evident through disclosure content. For example, it is natural for global companies to receive a certain number of internal whistleblower reports, and efforts to create environments conducive to reporting are crucial. If a global company discloses that no internal reports have been received, this may raise questions about the company’s transparency and integrity.

# Interview Comment Details (5/5)

## [Views on Human Capital Disclosure Standards]①

### Interview Question

#### Comments about Existing Standards and Frameworks

- Based on previous discussions regarding human capital disclosures investors require from a financial materiality perspective, which existing standards, and Frameworks, or regulatory requirements and recommendations related to human capital disclosure do investors find most useful?
- Additionally, for what reasons do investors highly value these specific disclosure requirements?

### Interview Comment Details (By Respondent, In No Particular Order)

(IFRS S1 Standard)

- “ The content outlined in paragraph B1 to B3 of the IFRS Sustainability Disclosure Standard S1, published by the ISSB, aligns with the content described in our engagement policy.
- “ Although there is some mention of human capital in the S1 standard (paragraph B3), we expect the ISSB to develop a more comprehensive individual standard for human capital. The framework of the four pillars adopted by the TCFD framework and ISSB standards (governance, strategy, risk management, metrics and targets) is highly valuable, widely recognized, and beneficial for communication. Information on human capital management strategy is particularly needed. It is necessary to disclose what companies aim to achieve within their human capital management strategy.

(Integrated Reporting Framework)

- “ We have long supported the Integrated Reporting Framework. Integrated reporting contributes significantly to understanding value creation from resources such as human capital. However, attempting to quantify value solely on a stock basis may divert attention away from critical aspects like the relationship with business strategy and opportunities. Therefore, disclosures focusing on flow-based information—such as human capital strategies, governance, risks, opportunities, and how human capital contributes to the value creation process—are particularly important.

(SASB Standards)

- “ Among existing human capital standards and frameworks, the SASB Standards are particularly useful. They are very prescriptive in what disclosures should be made. In the investment decision-making process, standardized data sets are important.
- “ Although SASB Standards are useful, they lack sufficient qualitative disclosures accompanying the data. Ensuring comparability between companies with similar business models is beneficial. However, we do not compare companies across different industries.

# Interview Comment Details (5/5)

## [Views on Human Capital Disclosure Standards]②

### Interview Question

#### Comments about Existing Standards and Frameworks

- (After explaining (Japanese) Guidance for human capital disclosure on subsequent pages) Do you have any comments regarding Japanese Guidance for human capital disclosure?

### Interview Comment Details (By Respondent, In No Particular Order)

((Japanese) Guidance for human capital disclosure)

- “ We expect the contents of (Japanese) Guidance for human capital disclosure to be shared with the ISSB. Specifically, there is a statement that “An entity needs to set targets and metrics to monitor the progress of an entity’s activities toward targets, on the basis of the relationships between workforce investments, human capital management strategies, and expected outputs, outcomes, and corporate value creation.” Disclosure of the targets and progress of these initiatives is useful.
- “ As stated in (Japanese) Guidance for human capital disclosure, a clear linkage between business strategy and human capital management strategy is important, as this makes human capital disclosure financially material. This is a point we particularly emphasize.
- “ Our impression is that (Japanese) Guidance for human capital disclosure is useful for providing the information investors seek. The linkage between business strategy and human capital management strategy is extremely important for making human capital disclosure useful for investment decision-making.
- “ Our impression is that (Japanese) Guidance for human capital disclosure is a very good guidance aligned with the IFRS S1 standard. It may also be aligned with the UK’s Strategic Report guidance.

# Reference: (Japanese) Guidance for human capital disclosure (1/3)

Emphasizing the disclosure of connection between business strategy and human capital management strategy

## Overview of Guidance

### Guidance Setting Year/Body

Published in 2022 by “the Study Group on Visualizing Non-financial Information” of the Cabinet Office

### Background of Setting Guidance

#### Growing investor expectations for human capital disclosure

- Intangible assets have been recognized as the source of competitive advantage and driving force for sustainable corporate value creation. Accordingly, investment in human capital has been recognized as strategic investment, directly linked to corporate growth and value creation.
- Investors expect management to explain companies’ human capital management strategy.

### Basis for disclosure: Business strategy and human capital management strategy

#### Approaches for disclosing business strategies

As a basis for disclosure, an entity needs to

- establish management’s vision on investment in human capital,
- clarify business model and business strategy,
- determine necessary skill set of human resources,
- execute specific measures to hire/develop talent, and
- set metrics and targets.

### Role of the Guidance

Place focus on human capital disclosure in capital market, on the basis of existing standards and guidance

## Reference: (Japanese) Guidance for human capital disclosure (2/3)

Emphasizing the disclosure of connection between business strategy and human capital management strategy

### Key points for human capital disclosure

#### Expectations for management

Clarify expectations for management in relation to human capital disclosure

- An entity and its management are expected to provide clear and logical explanations on their policies, including policies on management and key employees, human resource development policies, and policies on improving workforce environment, on the basis of the discussions at the board and management.
- Such policies should be connected to material risks and opportunities of the entity, as well as long-term performance and competitiveness. In addition, the entity and its management should consider the target to aim at and metrics to monitor.

#### Approach of human capital disclosure

Connection between business strategy and human capital management strategy

- An entity is encouraged to describe the relationships between its business strategies, workforce investment, and human capital management strategies (integrated story), based on existing frameworks such as the Integrated Reporting Framework, which clarifies the connection between investment in human capital and competitiveness.
- On the basis of the integrated story, the entity is encouraged to provide specific disclosures (qualitative matters, metrics and targets).

#### Disclosure based on “Core contents”

- It is effective and efficient to disclose human capital in line with the four “core contents” (governance, strategy, risk management, metrics and targets), which is based on an integrated story.

# Reference: (Japanese) Guidance for human capital disclosure (3/3)

## Clarify Key Considerations for Human Capital Disclosure

### Key points for human capital disclosure (continued)

#### Specific disclosure items

##### Setting metrics and targets

- An entity needs to set targets and metrics to monitor the progress of an entity's activities toward targets, on the basis of the relationships between workforce investments, human capital management strategies, and expected outputs, outcomes, and corporate value creation.

##### Examples of disclosure items in widely accepted human capital-related standards and frameworks

- Workforce investment (e.g., Training hours, Training costs)
- Employee engagement
- Employee turnover (e.g., Turnover rate)
- DEI (e.g., Ratio of employees and management by attribute)
- Health and safety (e.g., Number and rate of occupational accidents)
- Compliance and labor practices (e.g., Explanation on child labor and forced labor)

#### Considerations for Disclosure

##### Entity-specific disclosures and Comparable disclosures

- An entity needs to achieve right balance between entity-specific disclosures and comparable disclosures.
- Entity-specific disclosures are necessary for the entity to describe and monitor its own workforce investments and/or human capital management strategies, whereas, comparable disclosures are necessary for investors in their cross section analysis.

##### Financial connectivity

- It is beneficial for an entity to thoroughly consider and analyze medium and long term impacts of human capital management strategy on financial performance, financial position and cost of capital. Such consideration and analysis contribute to determine effectiveness of the human capital management strategies in light of financial connectivity. The consideration and analysis also contribute to corporate disclosure and engagement with investors.

##### Segment disclosures

- It is beneficial for an entity to determine whether to provide segment-specific disclosures by business segments or geographical segments, in addition to developing and disclosing company-wide human capital management strategy.

# Interview Comment Details (5/5)

## [Views on Human Capital Disclosure Standards]③

### Interview Question

#### Comments about Existing Standards and Frameworks

- Is there any shortcoming in existing human capital disclosure standards? If so, what improvements or future responses do you expect?

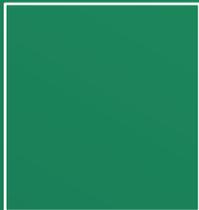
### Interview Comment Details (By Respondent, In No Particular Order)

(Expectations for Developing Human Capital Disclosure Standards)

- “ The absence of clear and specific standards for human capital disclosure results in inconsistent disclosure of even the minimum required items.
- “ Human capital remains an emerging field without clearly defined, widely recognized standards, leading to significant variations in the content and granularity of disclosures among companies. This variability makes it challenging for investors to integrate human capital information into their analytical models.
- “ We expect the ISSB to prioritize the implementation of IFRS S1 and S2 standards and look forward to their adoption globally. Following this, we anticipate efforts toward developing dedicated human capital disclosure standards.
- “ Investors believe that the breakdown in financial statements is insufficient. When the income statement is presented by function, personnel expenses are included in cost of sales, selling, general and administrative expenses, making it difficult to grasp the overall picture of personnel expenses. It is necessary to expand the disclosure of personnel expenses and related costs in the notes to the financial statements. Furthermore, information disclosure regarding human capital should be made in both sustainability disclosures (such as human capital management strategies) and notes to the financial statements (such as the breakdown of personnel expenses). In this context, the connectivity between financial statements and sustainability disclosures is extremely important.
- “ Regarding human capital disclosure, it is expected that combining the S1 standard with the industry-based SASB Standards will meet the needs of investors. However, it is necessary to review and enhance the current SASB Standards.
- “ To reduce the reporting burden on companies, it is important for investors and standard-setting bodies to require companies to disclose consistent items. Therefore, we expect a single standardized disclosure standard developed by the ISSB.
- “ We strongly hope that the ISSB standards will be applied globally with as few modifications as possible.

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# Criteria for Selecting Examples from Mandatory and Voluntary Corporate Disclosures

Criteria based on Global Investor Expectations from Interviews on Human Capital Disclosure

Topics	Example Disclosure Items		Implications for Investors	Comments Obtained from Interviews
	<u>Quantitative Metrics</u>	<u>Corporate Initiatives</u>		
① Talent portfolio aligned with business strategy (composition, employment type, labor costs)	<ul style="list-style-type: none"> <li>• Workforce composition (age/gender, by region/department), costs, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Improved compensation, working conditions, and training, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Assess adequacy of talent for business strategy and suitability of environment for maximizing employee potential.</li> <li>• Assess whether resources are appropriately allocated.</li> </ul>	<p>“Since talent management strategies directly impact long-term corporate success, clearly disclosed goals and progress metrics help investors make informed decisions.</p>
② Investments in securing high-quality talent (recruitment, talent development)	<ul style="list-style-type: none"> <li>• Training content, development costs/outcomes, compensation details, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Skill-based learning, competitive compensation, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate attractiveness of employment environment for recruiting talent.</li> <li>• Assess adequacy of opportunities for developing recruited talent.</li> </ul>	<p>“Securing necessary talent and maintaining long-term employee motivation are key factors in investment evaluations.</p>
③ Diversity, Equity, and Inclusion (DEI)	<ul style="list-style-type: none"> <li>• Gender/racial composition by region, position; compensation details, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Progress against targets, internal/external surveys, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Assess alignment between diverse talent utilization and business strategy.</li> <li>• Verify achievement of workforce diversity goals using quantitative metrics.</li> </ul>	<p>“It is useful to set quantitative metrics (e.g., workforce diversity, turnover improvements) and clearly explain their alignment with overall business strategy.</p>
④ Employee engagement and Turnover rates	<ul style="list-style-type: none"> <li>• Turnover rates, employee surveys, external engagement assessments, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Enhanced benefits, regular dialogue, survey-based PDCA, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Assess penetration of business strategy and culture among employees.</li> <li>• Evaluate effectiveness of human capital policies using engagement and satisfaction surveys.</li> </ul>	<p>“Disclosing employee engagement scores and related metrics over time, along with future targets, is highly valuable for monitoring the effectiveness of corporate human capital strategies.</p>
⑤ Employee health and safety	<ul style="list-style-type: none"> <li>• Incident numbers, injury rates, safety/compliance violations, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Accident-prevention, encouraging violation reporting, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate corporate sensitivity and management of safety risks.</li> <li>• Assess provision of a safe environment that enhances employee morale.</li> </ul>	<p>“An integrated approach—disclosing business strategy, risk management, and human capital management together—is consistent with our strong preference for long-term human capital disclosure.</p>

# Corporate Disclosure Examples Overseas Overview

20 Corporate Examples in Relation to Investor Expectations from Interviews on Human Capital Disclosure

	Manufacturing Companies		Non-Manufacturing Companies		
	BtoB	BtoC	BtoB	BtoC	Financial Services
US	GE	Johnson & Johnson		Starbucks	Bank of America
	CATERPILLAR				
EU	SIEMENS	Volkswagen	BP	Vodafone	Allianz
		Mercedes-Benz Group	Shell	TESCO	ING
		Unilever	TotalEnergies	Randstad	HSBC
		Nestlé			
		GSK			

Note. Selected companies highlighted in interviews and identified from international IR awards (e.g., MSCI Industry Research, Sustainalytics (Morningstar), Bloomberg ESG Services, U.S. Transparency Awards).

# Corporate Disclosure Examples Overseas Case Summary (1/2)

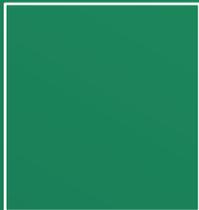
	Company	Country	Industry	Key highlights
① Talent portfolio aligned with business strategy	1 Volkswagen	Germany	Manufacturer	Qualitatively describes the Group's HR strategy aligned with the "NEW AUTO" strategy focused on automotive electrification and digitalization; provides detailed disclosure of current talent portfolio.
	2 GSK	UK	Pharmaceuticals	Discloses detailed, time-series data on headcount changes and compensation for employees critical to business success.
	3 ING	Netherlands	Financial Services	Positions talent enhancement as a strategic enabler, providing detailed disclosure of current status and changes in workforce composition, compensation, and development costs.
	4 TESCO	UK	Retail	Positions employees as essential for achieving long-term strategic goals; provides detailed disclosures on human capital and future initiatives linked clearly to business strategy.
	5 Randstad	Netherlands	HR Service	Identifies key human capital topics and KPIs, clearly explaining their impact on talent and related risks and opportunities for the business in disclosure material.
	6 Allianz	Germany	Financial Services	Discloses detailed demographic data on approximately 150,000 employees essential for achieving corporate philosophy, along with target turnover rates, related talent strategies, and current performance data.
	7 SIEMENS	Germany	Manufacturer	Discloses detailed information on employee geographic distribution, gender-specific recruitment numbers, and other key workforce data, given the importance of talent management in labor-intensive businesses.
② Investments in securing high-quality talent	8 Mercedes-Benz Group	Germany	Manufacturer	Discloses talent strategies based on "Re-Shape," "Re-Skill," and "Re-Charge," including their progress, alongside business strategies driving automotive industry transformation through electrification and digitalization.
	9 Bank of America	US	Financial Services	Discloses investments in employees—such as skill enhancement, career development, and benefit programs—using quantitative data, based on the belief that securing high-quality talent directly improves services to customers and communities.
	10 Starbucks	US	Food & Beverage	Discloses emphasis on compensation programs tailored to employee regions and employment types to attract the best global talent.

## Corporate Disclosure Examples Overseas Case Summary (2/2)

	Company	Country	Industry	Key highlights
③ DEI	11 BP	UK	Energy	Discloses detailed data on the framework for achieving DEI, positioning diversity as key to innovation and strategic execution, along with progress toward these goals.
	12 Shell	UK	Energy	Discloses proactive DEI initiatives and detailed performance data, aiming to become the world's most diverse and inclusive organization.
④ Employee engagement and Turnover rates	13 Johnson & Johnson	US	Consumer goods	Discloses employee engagement through various metrics, initiatives, and outcomes, including alignment between employee awareness and the company's core values ("Our Credo").
	14 HSBC	UK	Financial Services	Discloses regular employee engagement surveys, including negative feedback, emphasizing the importance of employee voices to creating a better workplace.
	15 Vodafone	UK	Telecom	Discloses strategies for fostering a culture aimed at improving customer loyalty, including measures of cultural penetration, specific initiatives, and outcomes in enhancing employee engagement.
⑤ Employee health and safety	16 GE	US	Manufacturer	Discloses detailed accident-prevention guidelines and safety performance data, positioning employee safety as the company's highest responsibility.
	17 CATERPILLAR	US	Manufacturer	Discloses detailed safety management targets and performance, recognizing employee safety as a top strategic priority across diverse working environments.
	18 Unilever	UK	Consumer goods	Discloses proactive information on codes of conduct emphasizing compliance and safety, including content and outcomes.
	19 TotalEnergies	France	Energy	Discloses detailed accident-prevention initiatives and outcomes, positioning employee safety as the highest corporate management priority.
	20 Nestlé	Switzerland	Food & Beverage	Discloses specific initiatives and outcomes with KPIs to ensure supplier compliance on human rights and labor conditions, aiming to eliminate industry-wide human rights concerns and achieve a clean coffee and cocoa business.

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# Corporate Disclosure Examples Overseas Case Summary (1/2)

	Company	Country	Industry	Key highlights
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	10 Starbucks	US	Food & Beverage	Discloses emphasis on compensation programs tailored to employee regions and employment types to attract the best global talent.

# Corporate Disclosure Examples Overseas Case Summary (2/2)

	Company	Country	Industry	Key highlights
③ DEI	11 BP	UK	Energy	Discloses detailed data on the framework for achieving DEI, positioning diversity as key to innovation and strategic execution, along with progress toward these goals.
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	19 TotalEnergies	France	Energy	Discloses detailed accident-prevention initiatives and outcomes, positioning employee safety as the highest corporate management priority.
	20 Nestlé	Switzerland	Food & Beverage	Discloses specific initiatives and outcomes with KPIs to ensure supplier compliance on human rights and labor conditions, aiming to eliminate industry-wide human rights concerns and achieve a clean coffee and cocoa business.

# 1 Qualitatively describes the Group's HR strategy aligned with the "NEW AUTO" strategy focused on automotive electrification and digitalization; provides detailed disclosure of current talent portfolio.

## Company Profiles

Founded	1937
Head quarters	Germany, Wolfsburg
Revenue	¥ 55 T (2023)
Emplo yees	~680K
Business	Global automotive manufacturer engaged in designing, producing, and selling automobiles. <ul style="list-style-type: none"> <li>Offers diverse products including passenger, commercial, electric, and autonomous vehicles.</li> </ul>

## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

Discloses detailed talent strategy and foundational workforce data supporting the "NEW AUTO" strategy focused on electrification and digitalization.

- Discloses skills and talent strategies required for changing business environments.
- Discloses workforce data by region and employment type, age composition, turnover rates, etc.

### Investor-perceived Benefits

Investors value detailed disclosures of workforce composition, as they provide a comprehensive understanding of corporate human capital and related challenges. Especially during industry transitions (e.g., automotive electrification, digitalization), disclosures on workforce size and skill gaps are valuable.

## Disclosure Examples

### Social Responsibility for a New Era of Sustainable Mobility

The automotive industry is in the middle of a far-reaching technological transformation in order to live up to rising societal expectations, international treaties and political regulations which require targeted decarbonization of products and business processes. Shifting from the internal combustion engine to the electric drive, digitally connecting the car with its environment or autonomous driving do not just lead to corresponding increases in revenues and higher value-added shares in software and electric mobility; digitalization and electrification as drivers of future technological development also increase knowledge intensity in the sector, with a focus on coding, programming and engineering activities. This transition will be completed within a decade. This means the whole automotive world is currently in a transformation corridor, at the end of which the role of automotive manufacturers and their suppliers as employers and the qualifications needed in the industry will be radically different from at the start of this process. With our Group People Strategy, we are setting a course to make this change employee-friendly and socially acceptable.

### Transformation in Human Resources as a Focus Topic of the Group Strategy

The responsibility for "people in the transformation" is at the core of our current and future activities in human resources. However, this responsibility extends beyond this: For the Volkswagen Group the transformation of the workforce is defined as a focus topic in the Group's NEW AUTO strategy. We have also embedded the topic in our Group-wide People & Transformation initiative. The Group People Strategy, which was adopted by the Group Board of Management in 2021, and is entitled "Transform to Tech," plays a key role for our three brand groups. The Volkswagen Group also continued

Clearly discloses skill shifts amid automotive electrification and digitalization.

Discloses talent strategy as core to "NEW AUTO" strategy.

- Highlights training examples for EV transition.

Discloses detailed workforce portfolio.

- Employee numbers by region, employment type, age, etc.

People in the Transformation KPIs <sup>1</sup>	Unit	2023	2022
<b>Number of countries in which the Volkswagen Group is active by continent</b>			
Europe	number	35	35
North and South America, Africa, Asia, Australia	number	37	37
<b>Production facilities worldwide</b>	<b>number</b>	<b>115</b>	<b>119</b>
of which Volkswagen AG production facilities	number	6	6
<b>Number of employees in the Volkswagen Group by continent   GRI 2-7</b>			
Europe	number	493,629	490,777
America	number	77,430	73,236
Africa	number	5,717	5,702
Asia	number	106,644	104,574
Australia	number	1,605	1,516
<b>Total workforce (of which Volkswagen AG)   GRI 2-7</b>	<b>number</b>	<b>684,025 (114,048)</b>	<b>676,809 (114,677)</b>
<b>Number of employees in the Volkswagen Group by type of work   GRI 2-7, 2-8</b>			
Fixed-term employees	number	27,640	25,536
Permanent employees	number	656,385	650,269
Temporary agency workers	number	27,974	26,171
Apprentices	number	17,081	16,590
in Volkswagen AG	number	4,374	4,452
<b>Employee age structure in the Volkswagen Group   GRI 405-1</b>			
		<b>Women/ men</b>	<b>Women/ men</b>
< 20 years old	in %	0.3/1.2	0.3/1.2
20-29 years old	in %	3.5/11.6	3.4/12.2
30-39 years old	in %	5.8/24.8	5.6/25.0
40-49 years old	in %	4.9/21.1	4.7/21.1
50-59 years old	in %	3.5/17.9	3.4/17.8

Source: Sustainability Report 2023

## ② Discloses detailed, time-series data on headcount changes and compensation for employees critical to business success.



### Company Profiles

Founded	2000
Headquarters	UK, London
Revenue	¥ 4.6 T (2023)
Employees	~70K
Business	Global company developing and marketing pharmaceuticals, vaccines, and healthcare products. <ul style="list-style-type: none"> <li>Provides innovative treatments in infectious diseases, cancer, immune disorders, etc.</li> </ul>



### Highlights in Human Capital Disclosure & Reasons

#### Key Features of Disclosure

Discloses changes in headcount and compensation for employees essential to the company's business success in its annual report

- Breakdown of changes in headcount by function and compensation (e.g., salaries, stock compensation) is disclosed
- Being disclosed in a time series allows trends to be confirmed, not just absolute numbers

#### Investor-perceived Benefits

Disclosing headcount changes by department/function helps investors assess strategic priorities; compensation disclosures clarify competitiveness of incentives.

Time-series disclosures are valuable for continuously tracking the effectiveness of initiatives



### Disclosure Examples

#### 9. Employee costs

	2023 £m	2022 £m	2021 £m
Wages and salaries	6,706	6,170	5,858
Social security costs	818	763	793
Pension and other post-employment costs, including augmentations (Note 31)	356	369	415
Cost of share-based incentive plans	321	314	345
Severance and other costs from integration and restructuring activities	272	137	269
	8,473	7,693	7,680

The Group provides benefits to employees, commensurate with local practice in individual countries, including in some markets, healthcare insurance, subsidised car schemes and personal life assurance.

The cost of share-based incentive plans is analysed as follows:

	2023 £m	2022 £m	2021 £m
Share value plan	244	243	258
Performance share plan	58	55	51
Share option plans	5	4	5
Cash settled and other plans	14	12	31
	321	314	345

The average number of persons employed by the Group (including Directors) during the year:

	2023 Number	2022 Number	2021 Number
Manufacturing	23,209	22,946	23,562
Selling, general and administration	34,446	34,642	36,909
Research and development	12,589	11,542	10,874
Total Continuing Operations	70,244	69,130	71,345
Discontinued Operations	–	21,292	20,616
Total	70,244	90,422	91,961

Note: Consumer Healthcare was divested on 18 July 2022 and is shown as Discontinued Operations in the above table.

The average monthly number of Group employees excludes temporary and contract staff. The numbers of Group employees at the end of each financial year are given in the financial record on page 276.

The compensation of the Directors and senior management (members of the GLT) in aggregate, was as follows:

	2023 £m	2022 £m	2021 £m
Wages and salaries	37	31	27
Social security costs	4	5	3
Pension and other post-employment costs	1	2	3
Cost of share-based incentive plans	32	28	27
	74	66	60

Further information on the remuneration of the Directors is given in the sections of the Annual Report on remuneration labelled as audited within pages 143 to 149.

Shows the trend in employee compensation, and in 2023 it increased compared to 2022, suggesting an enhancement in rewards

Disclosure of headcount by function for R&D (R&D) shows that the number of employees in 2022 compared to was increased in 2023, indicating a focus on investment in innovation is suggested

# ③ Positions talent enhancement as a strategic enabler, providing detailed disclosure of current status and changes in workforce composition, compensation, and development costs.

## Company Profiles

Founded	1991
Head quarters	Netherlands, Amsterdam
Revenue	¥ 3.7 T (2023)
Emplo yees	~60K
Business	A major international bank providing financial services for individuals and businesses <ul style="list-style-type: none"> <li>Offers a wide range of services, including deposits, loans, and investment products</li> <li>Focuses on digital banking and sustainable financial solutions</li> </ul>

## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

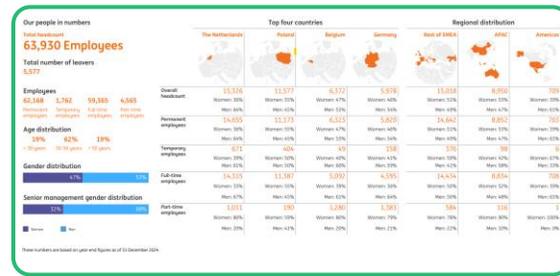
Based on ESRS as a "workforce characteristic", providing a detailed disclosure of the number of employees and compensation levels and composition

- Number of employees by region and employment type
- Turnover rate (compared to previous year)
- Trends in salaries, stock compensation, and development costs

### Investor-perceived Benefits

By disclosing specific talent strategies along with employment and compensation trends, investors can effectively assess the feasibility of these strategies.

## Disclosure Examples



Based on ESRS, details about "workforce characteristics" are disclosed

- Expansion from the 2024 disclosure.
- Including basic information deemed essential by many investors in interviews:
  - ① Employee breakdown
  - ② Turnover rate
  - ③ Compensation
 are covered

### 25 Staff expenses

Staff expenses in EUR million	2024	2023	2022
Salaries	4,906	4,559	4,145
Pension costs and other staff-related benefit costs	455	418	390
Social security costs	690	635	584
Share-based compensation arrangements	45	31	26
External employees	720	776	738
Education	49	50	47
Other staff costs	319	256	222
<b>Total</b>	<b>7,184</b>	<b>6,725</b>	<b>6,152</b>

Share-based compensation arrangements include EUR 45 million (2023: EUR 31 million; 2022: EUR 25 million) relating to equity-settled share-based payment arrangements. Cash-settled share-based payment arrangements were terminated in 2023.

Number of employees	Netherlands			Rest of the world			Total		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Total average number of internal employees at full time equivalent basis	14,821	14,449	14,488	46,301	44,985	43,081	61,121	59,434	57,569

Employee compensation details are disclosed over a span of three years,

- Overall, increase from 2022 to 2024 amounted to approximately €1 billion
  - Salaries increased by approximately €0.7 billion
  - Education costs increased by approximately €2 million

# 4 Positions employees as essential for achieving long-term strategic goals; provides detailed disclosures on human capital and future initiatives linked clearly to business strategy.



## Company Profiles

Founded	1919
Head quarters	UK, Hertfordshire
Revenue	¥9 T (2023/2024)
Emplo yees	~350K
Business	A supermarket chain handling a range from fresh foods to electronics and pharmaceuticals. <ul style="list-style-type: none"> <li>Developing an online retail business in the UK.</li> <li>Through Tesco Bank, also provides financial services like credit cards and insurance</li> </ul>



## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

Tesco discloses employees as key to achieving long-term business strategy, committing to provide necessary skills and support

- In addition to past initiatives, Tesco clearly discloses future policies for employee training and development across the organization with defined timelines.

Discloses detailed human capital investments

- including breakdown of labor costs, pay ratios, and non-salary benefits.

### Investor-perceived Benefits

Investors can easily understand Tesco's workforce-related disclosures. While many companies provide mostly retrospective data, Tesco clearly discloses forward-looking information—such as planned initiatives for the next year and their strategic alignment—which investors find particularly valuable.



## Disclosure Examples

### Longer term viability statement.

#### Assessing the Group's longer-term prospects and viability

The Directors have based their assessment of viability on the Group's current long-term plan, which is updated and approved annually by the Board. The plan delivers the Group's purpose of 'serving our customers, communities and planet a little better every day' and is underpinned by a clear strategic focus on creating sustainable, long-term value for every Tesco stakeholder.

The Group conducts an annual strategic planning process, comprising a comprehensive reassessment of progress against the Group's strategic objectives, alongside an evaluation of the longer-term opportunities and risks in each market in which the Group operates. The process for identifying the principal and emerging risks in each market is an important input to this process. The Group's strategic plan and viability statement are both considered over a three-year period, as this time horizon most appropriately reflects the dynamic and changing retail environment in which the Group operates.

#### Long-term planning process

The long-term planning process builds from the Group's current position and considers the evolution of the strategic objectives over the next three years. Three years is selected as the Group's planning horizon and viability period based on the pace of change in both the competitive landscape and customer shopping behaviours within the retail sector.

#### Current position

Our multi-year performance framework, strategic drivers and capital allocation framework, which were introduced in 2021, continue to guide management's actions. The multi-year performance framework sets out the objectives of the business: to drive top-line growth, to grow absolute profits while maintaining sector leading margins; and to generate stable retail free cash flow each year. The delivery of these objectives will enable the Group to maintain a strong balance sheet, invest for growth and deliver improved returns for shareholders.

Over the past two years, many of our customers have faced significant disposable income pressures due to the rising cost of living, as overall market inflation rose sharply. Management have focused on supporting customers through this time by continuing to offer great value, quality and customer service, while delivering sustainable growth, supported by:

- A strategic focus on driving growth and continued focus on cost reduction from simplification of the operating model;

- A clear set of financial priorities to deliver cash profit, free cash flow and earnings per share growth, underpinned by a robust capital allocation framework; and
- A diversified business portfolio covering retail, wholesale, insurance, money services and data science.

Refer to the Group Chief Executive's review from page 9 and the Financial review on pages 22 to 29 for further detail regarding the Group's strategic and financial progress.

#### Longer-term prospects

The following factors are considered both in the formulation of the Group's strategic plan, and in the longer-term assessment of the Group's prospects:

- The principal risks and uncertainties faced by the Group, as well as emerging risks as they are identified, and the Group's response to these;
- The prevailing economic, climate and global economy, competitor activity, market dynamics and changing customer behaviours;
- Any structural changes in how customers shop, additional costs incurred by the Group and potential macroeconomic consequences of inflation due to geopolitical events and global supply chain challenges;
- Opportunities for further cost reduction through operational simplification and leveraging technology; and
- The resilience afforded by the Group's operational scale.

#### Assessing the Group's viability

The viability of the Group has been assessed, considering the Group's current financial position, including external funding in place over the assessment period, and after modelling the impact of certain scenarios arising from the Group's principal risks outlined on pages 30 to 37. Three 'severe but plausible' scenarios have been modelled which address the principal risks that the Group has assessed would have the most direct and material impact on the Group. In this year's assessment, we have combined scenarios considering supply chain and customer impacts to create a more comprehensive scenario which includes the impact these areas have on each other. None of the modelled scenarios, either individually or in aggregate, threaten the viability of the Group. The hypothetical scenarios described are also used as the basis for the risk-weighted cash flows which are included in our impairment of non-current asset sensitivity analysis. For more information, please refer to Note 14 of the financial statements.

#### Did you know:

In assessing the Group's viability, the Directors have conducted a robust assessment of the principal risks and uncertainties facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

#### Investing in colleagues

The strength of our performance would not be possible without our brilliant colleagues and the work they do day-in and day-out for customers. We've made some significant improvements to our colleague benefits this year, offering enhanced parental leave, giving UK colleagues access to virtual GP appointments seven days a week, and access to flexible working from day one at Tesco. As the Chair said, our new pay deal offering Tesco store colleagues £12.02 per hour makes Tesco one of the top UK retailers for base pay, in addition to the breadth of our colleague benefits, and reflects the vital contribution our colleagues make.

Clearly discloses the link between the company's strategic plan and its future initiatives.

Clearly discloses investments in employees (health, workplace improvements, enhanced compensation) supporting strong performance.

# 5 Identifies key human capital topics and KPIs, clearly explaining their impact on talent and related risks and opportunities for the business in disclosure material.

## Company Profiles

Founded	1960
Head quarters	Netherlands, Diemen
Revenue	¥ 4T (2023/2024)
Emplo yees	~46K
Business	Leading HR solutions company providing diverse, customized services. <ul style="list-style-type: none"> <li>Offers staffing, recruitment, recruitment process outsourcing (RPO), outsourcing services, HR consulting, and training.</li> </ul>

## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

Randstad discloses key human capital topics and KPIs separately for "Talent" (temporary employees, etc.) and corporate employees.

- For "Talent", Randstad discloses diversity and inclusion, working conditions, health and safety, training, and other labor-related rights as key topics.

### Investor-perceived Benefits

Disclosures that help investors understand how talent strategy contributes to business strategy, and how companies track progress against benchmarks and objectives, are valuable.

## Disclosure Examples

material topics	KPIs and progress
<ul style="list-style-type: none"> <li>diversity and inclusive employment with equal opportunities</li> <li>working conditions</li> <li>occupational health and safety</li> <li>training</li> <li>other work-related rights</li> </ul>	<p><b>1,730,000</b> talent placed (2023: 1,910,000)</p> <p><b>8.4</b> avg. talent satisfaction score (2023: 8.3)</p> <p><b>445,100</b> talent trained (2023: 364,500)</p> <p><b>0.16%</b> injury rate (as % of working days) (2023: 0.17%)</p>

material topic	impacts, risks, and opportunities	policies	KPIs	measurable targets
diversity and inclusive employment with equal opportunities	<ul style="list-style-type: none"> <li>positive impact on talent by providing equal treatment and opportunities for all.</li> <li>negative impact on talent through lack of equal treatment and opportunities for all.</li> <li>opportunities in higher talent engagement and satisfaction resulting in greater access to talent, improved productivity and business growth by providing equal treatment and opportunities for all, as well as measures against workplace violence and harassment.</li> <li>risk of low candidate and talent engagement and satisfaction resulting in limited access to talent, reduced productivity and business decline by a lack of equal treatment and opportunities for all, as well as insufficient measures against workplace violence and harassment.</li> </ul>	<ul style="list-style-type: none"> <li>HR policies</li> <li>equity policies</li> </ul>	<ul style="list-style-type: none"> <li>talent workforce by gender and age</li> <li>number of talent with disability</li> <li>number of permanent placements</li> <li>talent placed (total), with no educational background, &amp; who were unemployed &gt; 1 year</li> <li>talent satisfaction sickness metrics</li> <li>monthly average length of employment</li> </ul>	<ul style="list-style-type: none"> <li>talent satisfaction score &gt;8.0</li> </ul>
working conditions	<ul style="list-style-type: none"> <li>positive impact by providing secure employment and reasonable working hours.</li> <li>risk of lower talent satisfaction from unsatisfactory employment terms and low engagement resulting in unavailability (inability to attract, high turnover/ absenteeism) of skilled talent. This in turn reduces talent's work quality and increases acquisition costs.</li> </ul>	<ul style="list-style-type: none"> <li>HR policies</li> </ul>	<ul style="list-style-type: none"> <li>talent satisfaction sickness metrics</li> <li>monthly average length employment</li> <li>family-related leave</li> </ul>	<ul style="list-style-type: none"> <li>talent satisfaction score &gt;8.0</li> </ul>
occupational health and safety	<ul style="list-style-type: none"> <li>negative impact resulting in increased work-related illnesses, injuries or even fatalities, as well as an increase in talent dissatisfaction and absenteeism rate.</li> <li>risk of increased workplace health and safety accidents exposing Randstad to legislative breaches and civil claims. This may damage Randstad's reputation and increase costs.</li> <li>risk of increased unavailability of talent resulting in higher operational costs and increased dissatisfaction from clients.</li> </ul>	<ul style="list-style-type: none"> <li>global health and safety policy</li> </ul>	<ul style="list-style-type: none"> <li>talent satisfaction and engagement</li> <li>talent covered by H&amp;S system</li> <li>sickness metrics</li> <li>work related injuries and fatalities</li> <li>working days lost due to sickness and injuries</li> </ul>	<ul style="list-style-type: none"> <li>talent satisfaction score &gt;8.0</li> </ul>
training	<ul style="list-style-type: none"> <li>positive impact on wellbeing, professional development and employability by offering continuous education (on both hard and soft skills) and career coaching</li> <li>opportunities to increase talent retention, work quality and productivity.</li> </ul>	<ul style="list-style-type: none"> <li>statement of commitment (training)</li> </ul>	<ul style="list-style-type: none"> <li>training hours</li> <li>headcount trained</li> <li>spend on training</li> <li>monthly average length employment</li> </ul>	<ul style="list-style-type: none"> <li>offer training, upskilling and reskilling to 500,000 talent by 2024 and 750,000 by 2025</li> </ul>
other work-related rights	<ul style="list-style-type: none"> <li>potential negative impact on talent's wellbeing through exposure to workplace violence, forced labor and child labor.</li> </ul>	<ul style="list-style-type: none"> <li>human rights policies</li> </ul>	<ul style="list-style-type: none"> <li>number of misconduct reported</li> <li>awareness score of misconduct reporting</li> </ul>	<ul style="list-style-type: none"> <li>awareness score of misconduct reporting &gt; 8.5</li> </ul>

Disclose KPIs, targets, and progress for each topic.  
Example: Discloses actual vs. target numbers of employees receiving training.

Disclose business opportunities, risks, and impacts for each topic in relation to the company's business model.  
Example: Discloses how continuous training enhances talent retention, work quality, and productivity.

# 6 Discloses detailed demographic data on approximately 150,000 employees essential for achieving corporate philosophy, along with target turnover rates, related talent strategies, and current performance data.

## Company Profiles

Founded	1890
Headquarters	Germany, Munich
Revenue	¥ 26 T (2023)
Employees	~150K
Business	Leading financial services company providing insurance and asset management. <ul style="list-style-type: none"> <li>Offers property &amp; casualty insurance, life insurance, pensions, and asset management, etc.</li> </ul>

## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

Discloses Human Capital Management strategy objectives and target levels aligned with corporate values and business strategy.

- Recruit, retain, and develop top talent.
- Promoting fair compensation, health, safety, and inclusive workplace culture
- Aiming at industry-leading levels.

Discloses key employee data critical to corporate values

- Employee data by region, gender, employment type; turnover rates, etc.

### Investor-perceived Benefits

Investors can clearly understand workforce composition from disclosures of employee attributes.

Disclosure of turnover rates is useful as metrics of employee motivation, especially regarding the company's status as a preferred employer.

## Disclosure Examples

### Group People and Culture strategy highlights

"We secure your future" is our corporate purpose and living up to it starts with our 154,862<sup>1</sup> (see table "S1-6.1") employees. Our Group People and Culture strategy is based on fulfilling this purpose and on our employer value proposition "We care for tomorrow", staying true to our brand promise of expressing confidence in tomorrow, and putting our customers at the center of what we do. This is what drives our decisions and actions and we do it in line with our people attributes: Entrepreneurship, Customer & Market Excellence, Trust, and Collaborative Leadership.

Our ambition is to be the top employer in the financial services industry globally. We work to attract top talent and support our employees on their growth and development journey, delivering a strong business impact and making a positive social contribution wherever we operate.

Discloses to investors its aim to become a top employer in the financial industry within its talent strategy disclosures.

Discloses detailed employee data by gender, region, department, and employment type, etc.

As of 31 December 2023	Number of employees (headcount)
Male	73,884
Female	80,949
Not reported as female or male <sup>2</sup>	29
<b>Total employees</b>	<b>154,862</b>

As of 31 December 2023	Female	Male	Not reported as female or male	Total
Number of permanent employees (headcount)	80,949	73,884	29	154,862
Number of temporary employees (headcount)	76,318	70,310	20	146,648
Number of non-patronized hours employees (headcount) <sup>3</sup>	4,631	3,674	1	8,306
Number of full-time employees (active headcount) <sup>2</sup>	56	27	-	83
Number of part-time employees (active headcount) <sup>2</sup>	62,805	68,919	20	131,744
Number of part-time employees (active headcount) <sup>2</sup>	14,774	3,862	-	18,636

As of 31 December 2023	Number of employees (headcount)
German Speaking Countries and Central & Eastern Europe	35,995
Western & Southern Europe, Allianz Direct and Allianz Partners	40,285
Asia Pacific	13,867
USA	2,125
Global Insurance Lines & Anglo Markets, Iberia & Latin America, Middle East and Africa	25,688
Asset Management	6,999
Corporate and Other <sup>1</sup>	24,322
<b>Total employees</b>	<b>154,862</b>
( thereof Germany <sup>2</sup> )	( 38,792)

1. For further information on Corporate and Other (incl. Allianz Technology) figures, please refer to 2023-5 in the consolidated financial statements.  
 2. Number of employees.  
 3. Contract type non-binary and not reported.

# 7 Discloses detailed information on employee geographic distribution, gender-specific recruitment numbers, and other key workforce data, given the importance of talent management in labor-intensive businesses.

## Company Profiles

Founded	1847
Head quarters	Germany, Munich
Revenue	¥11.3 T (2023)
Emplo yees	~310K
Business	Design, manufacture, and sale of a wide range of technical solutions for transportation, industry, power, and telecommunications <ul style="list-style-type: none"> <li>Industrial automation</li> <li>Smart infrastructure, etc.</li> </ul>

## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

Siemens ensures transparency by providing detailed global disclosures on employee distribution, recruitment in each region, and turnover.

### Investor-perceived Benefits

By disclosing detailed global data, investors can clearly understand how Siemens prioritizes and manages its workforce.

The data also helps investors assess regional relevance of Siemens' business strategy, workforce cost efficiency, and pinpoint regions with high hiring and turnover rates.

## Disclosure Examples

In addition, the *Werner von Siemens Awards*<sup>1</sup> are given in seven different categories to honor achievements that have had a positive impact on Siemens and beyond. Sustainability is an integral focus of the Werner von Siemens Awards. In 2023, the trophies were presented to the strongest Business Unit, country and five project teams that enabled our customers to transform their industries, accelerated digitalization, contributed to technological innovation, empowered Siemens' people, and positively impacted society and the environment. Approximately 7,600 employees participated in this competition in 2023 and submitted 395 entries.

**Employee structure and change**  
As of September 30, 2023, Siemens employed 320,000 people around the world. This amounts to an increase of about 9,000 employees from September 30, 2022. 55% of our employees were based in Europe, the Commonwealth of Independent States (C.I.S.), the Middle East, and Africa, 24% in Asia and Australia, and 21% in North America, Central America, and South America.



<sup>1</sup> Commonwealth of Independent States.  
The percentage of women in the total workforce is 27%.

**Employment characteristics**  
In fiscal 2023, 94% of our own workforce had permanent contracts.

Fiscal year	2023		2022	
	(in thousands)		(in thousands)	
Permanent	300	290		
Temporary	19	20		
Total	320	311		

4% of our own workforce used part-time working models.

Fiscal year	2023		2022	
	(in thousands)		(in thousands)	
Full-time	305	295		
Part-time	14	14		
Total	320	311		

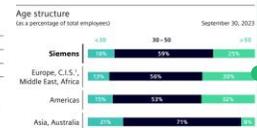
**Hires and exits**  
The number of new hires decreased by approximately 14% compared to fiscal 2022, and the number of exits decreased by about 15%. All other differences result from changes in the basis of consolidation and other changes.

Fiscal year	2023		2022	
	(in thousands)		(in thousands)	
Siemens	40.7	47.3		
Europe, C.I.S., Middle East, Africa	17.3	19.3		
Americas	12.0	13.8		
Asia, Australia	11.4	14.3		

Fiscal year	2023		2022	
	(in a percentage of new hires)		(in a percentage of new hires)	
Siemens	30	30		
Europe, C.I.S., Middle East, Africa	29	28		
Americas	29	31		
Asia, Australia	32	30		

Fiscal year	2023		2022	
	(in %)		(in %)	
Voluntary turnover rate <sup>a</sup>	5.3	6.6		
Involuntary turnover rate <sup>b</sup>	4.3	5.0		
• Dismissals	1.1	1.2		
• End of temporary contract, mutual consent	1.6	1.9		
• Retirement	1.2	1.3		
• Other reasons	0.4	0.6		
Total	9.6	11.6		

**Changes in age distribution**  
The distribution of employees by age group remained almost unchanged from the previous year. The average age in fiscal 2023 was 42 years.



Further data on Working at Siemens are disclosed in the indicator table. > OUR SUSTAINABILITY INDICATORS

Providing detailed annual disclosures on the number of employees by region, recruitment numbers by region and gender, and employee turnover rates, ensuring high transparency in workforce management. For turnover rates, the breakdown between voluntary and involuntary turnover rates is disclosed.

Discloses employee numbers by employment type and age, using clear definitions and benchmark-friendly formats.

# 8 Discloses talent strategies based on "Re-Shape," "Re-Skill," and "Re-Charge," including their progress, alongside business strategies driving automotive industry transformation through electrification and digitalization.



## Company Profiles

Founded	1926
Head quarters	Germany, Stuttgart
Revenue	¥ 27 T (2023)
Emplo yees	~170K
Business	Design, manufacturing, and sales of automobiles

- Focusing on providing luxury cars, commercial vehicles, and electric vehicles.



## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

Integrates Human Capital Management strategy into business strategy, disclosing initiatives structured around three pillars:

- Re-Shape:** Building future-oriented structures for electrification and digitalization.
- Re-Skill:** Supporting employees in acquiring skills required for new roles and tasks.
- Re-Charge:** Offering flexible, attractive working conditions to recruit and retain skilled talent.

### Investor-perceived Benefits

Investors can understand how Mercedes Group implements talent strategies in response to industry changes and integrates them into its business strategy. Detailed disclosures of training, recruitment, and retention programs enable investors to assess Mercedes Group's adaptability to future industry transformations.



## Disclosure Examples

- "Re-Shape" supports the future-oriented positioning of the Group with regard to electromobility and digitalization.
- The aim of "Re-Skill" is to ensure that employees are equipped with the necessary know-how for future activities and tasks.
- With "Re-Charge", the Mercedes-Benz Group is pursuing the goal of retaining trained specialists in the Group through attractive, modern and flexible working conditions and an inclusive, trusting corporate culture, and attracting new talent as an attractive employer.

Discloses three talent strategy pillars for adapting to electrification and digitalization.

### Building digital skills

When training its employees, Mercedes-Benz Group AG focuses on qualifications that are crucial for the successful implementation of the sustainable business strategy and digitalisation of the company. These above all include experts who develop and design data-based products and processes. As part of the "Data Worker Project", a total of 277 administration and production employees from 22 countries have qualified as specialists in data and artificial intelligence (AI). The participants in the four learning paths designed by Mercedes-Benz Learning for the qualifications of Data Product Owner, Data Analyst, Data Engineer or Data Scientist completed the qualification measures with correspondingly recognised certificates.

Discloses provision of AI learning paths and employee certification support

Qualification, further education, dual university studies and training			
GRI 408-1			
	2023	2022	2021 <sup>1</sup>
Costs for training (incl. dual university studies) in € millions <sup>2</sup>	95	97	93
Costs for further education in € millions <sup>3</sup>	81	69	62
Qualification days per employee/year <sup>4</sup>	2.0	2.0	1.6
of which qualification days for women/year <sup>4</sup>	1.9	1.7	1.2
Qualification hours per employee/year <sup>4</sup>	16.0	16.0	11.2

Discloses training investment and hours as metrics of progress and performance.

### Attractive and transparent remuneration

The Mercedes-Benz Group remunerates work performed in all companies worldwide according to the same principles. The Corporate Compensation Policy, which is valid for all employee groups, establishes the framework conditions and minimum requirements for the structuring of remuneration systems. This stipulates, among other things, that the level of remuneration is based on the requirements of the assigned work task – taking into account e.g. knowledge and ability, responsibility and scope for decision-making – and, if applicable, the person's performance, but not on gender, origin or other personal characteristics. At the same time, the Group also takes into account the conditions in the local markets and benchmark data. That is because the Mercedes-Benz Group strives to offer salaries and fringe benefits to its employees that are in line with the market and the industry.

In 2023 the Group had an average active workforce of 168,336 employees (including holiday workers) worldwide:

- €13,848 million for wages and salaries
- €2,376 million for social security
- €409 million for pensions

Discloses compensation decisions based on local market conditions and benchmark data to recruit and retain skilled talent.

# 9 Discloses investments in employees—such as skill enhancement, career development, and benefit programs—using quantitative data, based on the belief that securing high-quality talent directly improves services to customers and communities.

## Company Profiles

Founded	1782
Head quarters	US, North Carolina
Revenue	¥ 1.5 T (2023)
Emplo yees	~21K
Business	A global financial institution providing a wide range of financial services <ul style="list-style-type: none"> <li>Offers banking, asset management, investment banking, credit cards, lending, and various services for individuals and corporations.</li> </ul>

## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

Discloses the importance of investing in employees to enhance customer and community services.

- Positions talent acquisition and career development as foundations for improved service quality.

Highlights investments in career support and skill development through specific metrics.

### Investor-perceived Benefits

Clear disclosure of objectives enables investors to assess appropriateness of employee investments and programs.

Disclosure of specific metrics and outcomes helps investors evaluate program effectiveness and employee development progress.

## Disclosure Examples

### Attracting exceptional talent

Building a strong pipeline of talent means finding candidates who are committed to our purpose and have a passion for serving our clients and communities. This spans programs from entry-level hiring through more senior-level recruiting.

Students join us from more than 400 universities for entry-level opportunities through our highly competitive campus program. As part of our commitment to a diverse and inclusive workforce, we hired from more than 30 Hispanic-Serving Institutions and Historically Black Colleges and Universities. In addition, we've developed partnerships with 34 community colleges to collaborate on a career readiness curriculum for careers in financial services and connect to diverse talent.

Emphasizes that securing exceptional talent directly improves services for customers and communities, playing a key role in achieving the company's goals.

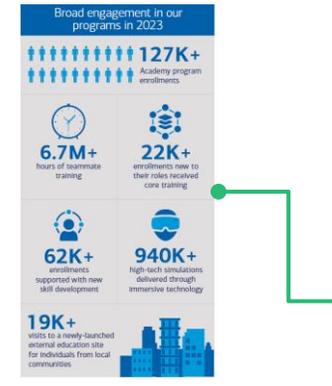
### Supporting career development

Part of the investment we make in our teammates is to help them learn new skills and explore their career interests, and we do that through The Academy at Bank of America, with programs and resources to support teammates from their first day to their retirement. Our onboarding experience connects teammates to our core values and purpose, to education that helps them hit the ground running in a new role and to upskilling programs that help them take their career to the next level. It's how we focus on being a company that people are proud to work for, where they feel cared for and are given the opportunity to achieve their personal and professional goals.

In 2023, The Academy launched an expanded global orientation for new teammates to provide a foundation for how we drive Responsible Growth and to deliver a consistent experience focused on our company and culture, with more than 2,600 interns and 1,900 full-time campus hires completing the orientation. For teammates who are new to their role, we provide learning programs that offer support through cohort-based high-touch experiences and skill-building opportunities.

Since 2021, The Academy has expanded the number of structured education programs offered, and in 2023, expanded offerings to our teammates across the globe. Our structured education programs are designed to help teammates be job-ready and have advanced skill development opportunities to drive increased proficiency and career progression. The Academy also expanded on-demand offerings, providing more self-paced sessions that help teammates advance their abilities with client engagement, problem solving, data management and many more.

We continue to drive innovative learning through our focus on immersive technology. We were the first financial institution to offer a comprehensive set of tools leveraging technology like virtual reality, artificial intelligence and practice simulations within our financial centers, and have expanded this to contact centers across the U.S. We've received consistent teammate feedback that the practice repetitions help them deliver better service to our clients and customers.



Discloses career support and skill enhancement clearly using specific figures (e.g., training content, average training hours and expenses per employee)

2023 employee training hours	
Average training hours by segment	
Per person	32
Women	32
Men	31

# 10 Discloses emphasis on compensation programs tailored to employee regions and employment types to attract the best global talent.

## Company Profiles

Founded	1999
Head quarters	US, Seattle
Revenue	¥ 6 T (2023)
Emplo yees	~380K
Business	<p>Café chain serving coffee, beverages, and food.</p> <ul style="list-style-type: none"> <li>Operates stores globally, offering diverse menu items centered around high-quality coffee, tea, pastries, and snacks.</li> </ul>

## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

Discloses compensation programs aimed at attracting top talent and enhancing employee motivation and engagement.

- This is based on their belief that supporting employee mental, physical, and financial wellness promotes corporate growth and sustainability.

Discloses detailed, comprehensive employee benefits designed to meet diverse employee needs.

- Provides region-specific benefits tailored to local contexts, such as those in Japan, the UK, and China.

### Investor-perceived Benefits

Disclosure of compensation programs clearly indicates management intentions to secure high-quality talent and reduce turnover.

Regional disclosures help investors assess Starbucks' adaptability in global markets.

## Disclosure Examples

**Benefits & Compensation**

For decades, Starbucks has offered U.S. retail hourly partners the best benefits and pay in the industry. For eligible part-time and full-time partners in company-operated U.S. stores, this includes comprehensive medical, dental and vision coverage for partners and their families, industry-leading gender-affirming care, Family Expansion Reimbursement Assistance, free therapy sessions through Lyra Health, 100 percent tuition coverage for those seeking first-time bachelor's degrees, equity in the company through annual Best Stock Awards and reimbursement of the biennial fee required for Deferred Action for Childhood Arrivals (DACA) recipients to stay in the DACA program.

The comprehensive benefits package provided by Starbucks goes well beyond the industry average\* and is set apart by its accessibility to a broad subset of its retail hourly workforce – including anyone working an average of 20+ hours a week.

**We have made significant ongoing investments of more than \$1 billion since FY22 to uplift the overall partner and store experience.**

This investment includes bringing Starbucks in FY23 to nearly \$19 per hour nationally with a range of \$15–23/hour, compared to a general minimum wage of \$7.25/hour and industry average hourly wage of \$13.53/hour.\*\* Factoring in the value of Starbucks' benefits, that number can be approximately \$27/hour. If our partners choose to participate in all of our benefits, higher wages, expansion of their and increased benefits have resulted in an increased hourly total cash compensation of nearly 50 percent since FY22, and a positive shift in hourly turnover rates, which are now below the pandemic levels. By the end of FY25, Starbucks in the U.S. expects to double hourly income as compared to FY20 through more hours and higher wages.

COMPENSATION	FY22	FY23
Average hourly wage for U.S. hourly partners (\$/hour)	17.42	17.42
U.S. hourly partners earned above minimum wage	100%	100%

TURNOVER	FY22	FY23
Net employee turnover (U.S. and Canada)	58%	60%

**We also offer global Starbucks partners locally-relevant benefits that help address unique needs in different parts of the world.**

Starbucks in FY23 also offers a program to provide critical illness insurance for parents of eligible partners. In 2022, it launched "14th Month Pay," a pioneering initiative giving retail partners an additional month's salary as a bonus on top of the 13th month pay they are eligible for, to be paid out at the end of every financial year. Last year, in Japan, we increased wages and continue to offer unique healthcare benefits for partners. Key initiatives in the U.K. and Europe, Middle East & Africa (EMEA) regions include free food on shift and an extra holiday.

Across our global markets, our licensed and part-warehouse partners also provide locally-relevant benefits, including in India, which became the first food and beverage company to establish a company-wide, five-day work week for all partners. The company also provides meaningful opportunities and comprehensive benefits for partners looking to provide a graduation support program to all full-time and part-time partners. The company offers many health and wellness programs including free mental and emotional counseling to partners and their family members, and an optional company-subsidized parental insurance program. In 2021, the Two-Wheeler Mobility Support Program was inaugurated in India to help partners purchase a two-wheeler vehicle for professional or personal use, enhancing their independence and commuting experience.

Discloses enhanced compensation programs to attract top talent and emphasizes improvement of customer experience.

Discloses ongoing investments since FY2022 in hourly wage increases and enhanced benefits, highlighting positive impacts on turnover rates.

Discloses localized benefits beyond the U.S., such as wage increases in Japan and the provision of unique healthcare programs.

# 11 Discloses detailed data on the framework for achieving DEI, positioning diversity as key to innovation and strategic execution, along with progress toward these goals.

## Company Profiles

Founded	1909
Head quarters	UK, London
Revenue	¥ 33 T (2023)
Emplo yees	~80K
Business	Global energy company engaged in exploration, production, refining, and marketing of energy products. <ul style="list-style-type: none"> <li>Supplies oil, natural gas, and lubricants, with a focus on renewable energy and low-carbon solutions.</li> </ul>

## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

Emphasizes DEI to attract top talent, boost creativity, and strengthen client relationships. Discloses targets and performance data on gender ratios by job level, aiming to correct organizational diversity imbalances. Defines a unique action framework.

- **Transparency:** Ensures clear disclosure of information.
- **Accountability:** Tracks progress and drives goals through actions.
- **Talent:** Attracts and develops diverse talent.

### Investor-perceived Benefits

Quantitative and detailed DEI disclosures help investors understand the company's future growth potential.

Detailed disclosure of numerical targets enables investors to track progress and evaluate the company's execution capability.

## Disclosure Examples

### Our DE&I aims

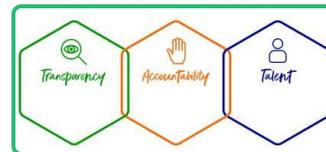
- Create an environment where everyone can be themselves, feel safe and reach their full potential.
- Value difference, listen to every voice and nurture talent.
- Have zero tolerance to discrimination of any kind.
- Reflect the societies where we operate.
- Understand consumer and stakeholder perspectives globally.
- Embrace diverse perspectives that help us innovate and progress towards achieving our purpose, strategy and sustainability frame.

To be successful, we must cast the widest net to attract the best and brightest talent for today and the future. We also know that diverse teams are more creative, make better business decisions and are better equipped to engage with customers and other stakeholders.

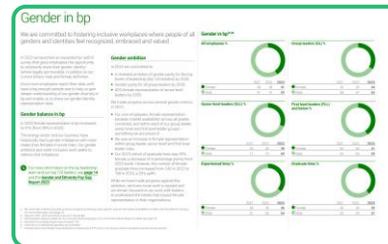
Discloses DEI initiatives as key to attracting talent, improving business decision-making, and fostering good client relationships.

### Our framework for action

We continue to use our global framework for action to plan, deliver and measure DE&I initiatives. The framework is built around three principles: transparency, accountability, and talent.



Defines an action framework for promoting DEI.



Discloses detailed targets and results by leadership and region (e.g., gender equality).

# 12 Discloses proactive DEI initiatives and detailed performance data, aiming to become the world's most diverse and inclusive organization.

## Company Profiles

Founded	1907
Head quarters	UK, London
Revenue	¥ 51 T (2023)
Emplo yees	~100K
Business	Global company developing, producing, refining, and marketing energy and chemical products. <ul style="list-style-type: none"> <li>Provides diverse energy solutions focused on oil, natural gas, electricity, renewables, and hydrogen fuel.</li> </ul>

Source: Sustainability Report 2023

## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

Clearly discloses DEI initiatives and detailed performance data.

- Discloses specific goals and progress, emphasizing gender, racial/ethnic, LGBTQ+, and disability inclusion.

Provides transparent quantitative data and roadmap to achieve targets

- e.g., aiming for 35% women in senior leadership by 2025

### Investor-perceived Benefits

Investors can understand that Shell's DEI initiatives aim to enhance business sustainability by respecting diversity among customers and suppliers.

Detailed time-series disclosures of goals and performance metrics allow investors to monitor progress and evaluate execution capability.

## Disclosure Examples

**Diversity, equity and inclusion**  
 Our vision is a bold one – to become one of the most diverse and inclusive organisations in the world. A place where everyone – from employees to our customers, partners and suppliers – feels valued, respected and has a strong sense of belonging.  
 We have set clear goals for diversity, equity and inclusion (DE&I) and monitor these regularly. Our CEO and Executive Committee are accountable for progress. Detailed information on progress against our DE&I aspirations can be found at [shell.com/DEI](https://shell.com/DEI).

**Gender**  
 As of December 31, 2023, 42% of Shell plc's Board members were women, compared with 55% in 2022. Additionally, a senior Board position, the Chief Financial Officer, is held by a woman. Representation of women on the Executive Committee rose to 43% at the end of December 2023, from 22% in 2022. As of January 1, 2024, we have more women than men on our Executive Committee.  
 We are working towards achieving 35% women in our senior leadership positions by 2025 and 40% by 2030. At the end of 2023, 32% of senior leadership were women, up from 30% in 2022.  
 In 2023, 38% of experienced hires were women, compared with 40% in 2022. Our graduate hires have consistently been 48% or 49% women since 2019, against our 50% ambition. In 2023, 40% of our graduate hires were women, compared with 49% in 2022.  
 Our overall representation of women in Shell was 35% at the end of 2023, compared with 33% in 2022.

**Race and ethnicity**  
 We aim to increase racial and ethnic representation across our workforce so that we better reflect, and support equity in, the communities where we work.  
 At the end of 2023, Shell plc's Board had three members who self-identify as ethnic minority, which exceeds the UK's Parker Review recommendation of at least one. In addition, one of our Executive Committee members self-identifies as being from an ethnic minority group.  
 In support of the 2023 Parker Review recommendations, by 2027, Shell aims to achieve 15% ethnic minority representation in its senior management (A).  
 (A) As per the Parker Review, senior management refers to Executive Committee members and senior managers who report directly to them. Ethnic minority refers to an individual who self-identifies as Asian, Black, Mixed/multiple, or other ethnic minority group, in line with the UK Office for National Statistics classifications.

**LGBT+**  
 We are working to advance lesbian, gay, bisexual and transgender plus (LGBT+) inclusion within Shell and the communities where we work. We promote equal opportunity and create an environment where people feel included, regardless of sexual orientation or gender identity.  
 We benchmark our initiatives externally. In 2023, Shell was recognised as an "Advocate" in the 2023 Workplace Pride Global benchmark, which is the highest level awarded to companies that stand out as clear leaders in LGBTIQ+ workplace inclusion. In the USA, we have received a 100% score from the Human Rights Campaign Foundation's Corporate Equality Index 2023 Index and have been awarded top score every year since 2016.

**Disability inclusion and enABLeMENT**  
 We aim to create an inclusive, psychologically safe and accessible environment where people with disabilities can excel. We provide support and adjustments for people with disabilities during the recruitment process and throughout their careers with Shell, including access to educational resources, training programmes and personal and professional development.

Diversity, equity and inclusion (A)	2023	2022	2021	2020	2019
<b>Gender</b>					
Board of Directors (% women)	42	55	50	58	45
Board of Directors (% men)	58	45	50	42	55
Executive Committee (% women)	43	22	23	13	13
Executive Committee (% men)	57	77	77	87	87
In senior executive leadership positions (% women) (B)	32	24	23	24	24
In senior executive leadership positions (% men) (B)	68	76	77	76	76
In senior leadership positions (% women) (C) (Ambition 2025 by 2025, 40% by 2030)	32	34	29	27	26
In senior leadership positions (% men) (C)	68	66	71	73	74
Management positions (% women)	29	27	27	25	24
Management positions (% men)	71	73	73	75	76
In professional positions (% women)	33	31	34	31	30
In professional positions (% men)	67	69	66	69	70
Employees overall (% women) (A)	35	33	33	32	31
Employees overall (% men) (A)	65	67	67	68	69
Graduate hires (% women) (Ambition: 50% every year)	48	49	51	51	48
Graduate hires (% men) (B)	52	51	49	49	52
Experienced hires (% women) (B)	38	41	43	39	38
Experienced hires (% men) (B)	62	59	57	61	62
Resignations (% women)	48	41	43	38	38
Resignations (% men)	52	59	57	62	62

Discloses vision to become "one of the most diverse and inclusive organizations in the world," respecting everyone from employees to customers, partners, and suppliers.

Discloses specific numerical targets

Discloses trends over time in gender ratio performance against various targets.

# 13 Discloses employee engagement through various metrics, initiatives, and outcomes, including alignment between employee awareness and the company's core values ("Our Credo").



## Company Profiles

Founded	1887
Head quarters	US, New Jersey
Revenue	¥14 T (2023)
Emplo yees	~130K
Business	Engage in pharmaceutical and medical device businesses. <ul style="list-style-type: none"> <li>Pharmaceuticals: Immunology, infectious diseases, neuroscience, etc.</li> <li>Medical Devices: Orthopedics, surgery, ophthalmology, etc.</li> </ul>



## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

Discloses qualitative details of employee engagement initiatives along with quantitative metrics, such as participant numbers.

Conducts and discloses results of employee engagement surveys aligned with corporate values ("Our Credo"), reporting scores on key items.

- Surveys conducted in 76 countries and regions, in 36 languages, providing a global organizational overview.

### Investor-perceived Benefits

Employee engagement disclosures are useful for investors to verify alignment between corporate mission and employee awareness.

The set of qualitative information and quantitative data (e.g., survey results) is useful, as it clarifies alignment with business strategy.



## Disclosure Examples

### Employee engagement

Across Johnson & Johnson, employees find inspiration in Our Purpose to change health for humanity. We provide platforms, tools and resources across the Enterprise to help everyone contribute effectively.

**Our Credo Survey 2023: key results**

- 94% participation rate among eligible employees
- 92% agreed with the statement, "I know my first responsibility is to the patients, doctors and nurses, families and others who care for patients' wellbeing"
- 85% agreed with the statement, "I include and empower when each employee is considered as an individual"
- 85% agreed with the statement, "I know my first responsibility is to the patients, doctors and nurses, families and others who care for patients' wellbeing"
- 88% agreed with the statement, "I support the health and well-being of employees"
- 86% agreed with the statement, "I am a role model for others in my work"

**Recognizing employees**

In addition to several awards and honors programs that recognize the contributions of our employees across different functions and regions, we maintain our global peer recognition platform, Inspire, which receives all of our global workforce. Again in 2023, hundreds of thousands of recognition moments celebrated meaningful contributions and purpose-led behaviors among our employees. Our investment in recognition also had a direct impact to our business. In 2023, we saw positive trends in employee and new hire retention, with a reduction in turnover when an employee receives at least one award per year. Looking ahead, we will continue to look for opportunities to reinforce the interaction between employee recognition, gratitude and overall well-being.

**Women in STEM**

We believe women can be catalysts for creating healthier people, healthier communities and a healthier world, and we encourage women and young girls to consider science, technology, engineering, mathematics, manufacturing and design (STEM) studies and career opportunities. Advancing gender equality in technical professions both strengthens society and also builds a stronger pipeline of diverse talent in under-resourced STEM-related professions, critical to advancing innovation in healthcare.

Our WISTEMD initiative supports youth, undergraduates, scholars and professionals.

Since 2021, through our WISTEMD program, we have reached more than 800,000 young women and girls in STEM activities.

Through our WISTEMD Youth Pillar we seek to spark excitement with STEM to young women and girls all around the globe through creative problem-solving and play. In 2023, more than 327,000 girls engaged with J&J sponsored content or programs. Through their hard work and dedication of more than 3,400 J&J volunteers and in conjunction with our nonprofit partners, the WISTEMD Youth Pillar hosted 360 events and led more than 270 activities in 34 countries.

In our WISTEMD Professional program, our aim is to achieve 50% female representation in STEM roles by focusing on recruitment, retention and development. In 2023, we progressed a number of initiatives, including:

2023 Health for Humanity Report 30

Discloses qualitative details of initiatives (employee sessions, surveys, employee recognition, promoting women in STEM), along with quantitative metrics such as participant numbers.

Main items on engagement survey scores are disclosed.

# 14 Discloses regular employee engagement surveys, including negative feedback, emphasizing the importance of employee voices to creating a better workplace.

## Company Profiles

Founded	1865
Head quarters	UK • London
Revenue	¥ 10 T (2023)
Emplo yees	~220K
Business	Global financial services group providing retail banking, corporate banking, asset management, commercial banking, and investment banking. <ul style="list-style-type: none"> <li>Offers deposits, loans, investments, trade finance, and insurance, etc.</li> </ul>

## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

Emphasizes the importance of listening to employee voices to create a better workplace.

- Discloses a clear policy of valuing each employee's voice as the basis for detailed data disclosures.

Provides detailed data on key employee engagement areas, including negative feedback.

- Year-over-year scores, benchmark comparisons, and comments

### Investor-perceived Benefits

Investors can understand the intention behind comprehensive employee surveys.

Disclosing survey results, including negative feedback, increases corporate transparency and trust.

## Disclosure Examples

### Listening to our colleagues

Listening to our colleagues is an essential part of building a healthy workplace at HSBC. We capture employee feedback in a variety of ways to understand how our colleagues feel about HSBC and to help us improve the employee experience.

Index	Score <sup>1</sup>	vs 2022 <sup>2</sup>	HSBC vs benchmark <sup>3</sup>	Questions that make up the index
Employee engagement	77%	+3	+7	I am proud to say I work for this company. Right now, I feel motivated by this organisation to do the best job I can. <sup>4</sup> I would recommend this company as a great place to work.
Employee focus	76%	+4	+4	I generally look forward to my work day. My work gives me a feeling of personal accomplishment. My work is challenging and interesting.
Strategy	78%	+3	+5	I have a clear understanding of this company's strategic objectives. I am seeing the positive impact of our strategy. I feel confident about this company's future.
Change leadership	76%	0	+4	Leaders in my area set a positive example. My line manager does a good job of communicating reasons behind important changes that are made. Senior leaders in my area communicate openly and honestly about changes to the business.
Speak up	76%	+1	0	I believe my views are genuinely listened to when I share my opinion. <sup>5</sup> I feel able to speak up when I see behaviour which I consider to be wrong. I can state my opinion without the fear of negative consequences. <sup>6</sup>
Trust	78%	+1	0	I trust my direct manager. I trust senior leadership in my area. Where I work, people are treated fairly.
Career	71%	+3	+6	I feel able to achieve my career objectives at this company. I believe that we have fair processes for moving/promoting people into new roles. My line manager actively supports my career development.
Inclusion	78%	+2	+2	I feel a genuine sense of belonging to my team. I feel able to achieve my career objectives at this company. I feel able to be myself at work. I trust my direct manager. Where I work, people are treated fairly. I can state my opinion without the fear of negative consequences. <sup>6</sup>

Emphasizes that listening to employees is essential for management to build a healthy workplace environment.

Discloses detailed year-over-year and benchmark comparison scores in eight key areas.

In 2023, we had a total of 834 concerns raised relating to bullying, harassment, discrimination and retaliation. Where the concerns were substantiated following an investigation, appropriate action was taken, which included termination of services, where appropriate. In 2023, 38% of concerns raised were either partly or fully substantiated and 24 colleagues were dismissed in relation to bullying, harassment, discrimination or retaliation.

**What employees told us**  
Seven of our eight Snapshot indices improved in 2023, while our change leadership index remained static. Our headline measure of employee engagement captures how employees feel about HSBC, whether they are proud to say they work here, whether they would recommend working at HSBC, and how motivated they feel to do their best work. Employee engagement increased by three percentage points compared with 2022, and seven percentage points above the external financial services benchmark. Our employee focus index, which measures how employees feel about their day-to-day work, increased by four percentage points to put HSBC four points ahead of the industry benchmark.

Analysis of the key drivers of our engagement scores showed that engaged colleagues are more likely to feel positive about their career, our strategy and our leadership. Our free text responses also showed that training and progression opportunities was the most cited reason for recommending HSBC, followed by our approach to flexible and hybrid working and the strength of our management.

Negative comments continued to focus around pay and benefits but were mentioned less than in 2022. For further details of our approach to being a great place to work, including pay transparency, see page 91.

Also discloses negative information (e.g., harassment dismissals, critical comments on benefits).

# 15 Discloses strategies for fostering a culture aimed at improving customer loyalty, including measures of cultural penetration, specific initiatives, and outcomes in enhancing employee engagement.

## Company Profiles

Founded	1984
Head quarters	UK • Berkshire
Revenue	7.5 T (2023)
Emplo yees	~90K
Business	Global telecommunications provider offering diverse services <ul style="list-style-type: none"> <li>• Mobile communications, Fixed-line communications, and IoT solutions, etc.</li> </ul>

## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

Discloses the "Spirit of Vodafone" cultural initiative (PDCA cycle) to enhance customer loyalty, aligned with its corporate purpose: "enable a more prosperous digital society."

Conducts and discloses results of "Spirit Beat," a semi-annual employee survey, measuring employee engagement and cultural alignment.

### Investor-perceived Benefits

By disclosing corporate culture and quantitative measures of its penetration, investors can assess employee alignment and organizational effectiveness.

Employee engagement disclosures are useful when quantitative survey scores are supported by qualitative explanations showing strategic relevance, improvements, and year-over-year comparisons.

## Disclosure Examples

**Purpose**  
Our purpose is to connect for a better future. We aim to create a digital society where everyone can thrive. The digital society that we help to enable makes communities more prosperous and resilient. However, we must seek to ensure that everyone is included, and that progress does not come at the cost of the planet. This is why we place Empowering People, Protecting the Planet, and Maintaining Trust at the heart of our business, guiding everything we do. Our purpose is championed by our Board, which is collectively responsible for the oversight and long-term success of the Company. It is aligned with our culture and our strategy, placed at the forefront of our decision making and strategy development, and the Board considers how the initiatives progressed by management throughout the year have advanced our purpose. Board oversight ensures that continued product development realises our ambition to connect for a better future.

**Values and culture**  
The Board has a critical role in setting the tone of our organisation and championing the behaviours we expect to see throughout the Group. The 'Spirit of Vodafone' aligns with our purpose and strategy, which ultimately leads to a more motivated and productive workforce. The Board has continued to influence and monitor culture throughout the year and received updates on 'Spirit of Vodafone' initiatives, including 'Spirit of Vodafone' Days, bi-annual Spirit Beat surveys, the global pulse survey and surveys shared with new hires and leavers. The cultural climate in Vodafone is measured through a number of mechanisms including policy and compliance processes, internal audit, and formal and informal channels for employees to raise concerns. The latter includes our Spirit Beat survey and our whistleblowing programme 'Speak Up', which is also available to the contractors and suppliers working with us. The Board is apprised of any material whistleblowing incidents. Alongside these mechanisms, the Board remains committed to engagement with the workforce, and these opportunities continue to shape how the Board influences and understands the Company's culture.

**The 'Spirit of Vodafone'**  
Our culture – the 'Spirit of Vodafone' – outlines the beliefs we stand for and the behaviours that enable our strategy and purpose. We foster our culture by developing behaviours that reinforce our Spirit, investing in leadership development to role-model our beliefs, and ensuring systems, processes and milestone activities are aligned with the 'Spirit of Vodafone'. We measure our progress and identify where to take action via a bi-annual employee survey called 'Spirit Beat'. In our latest Spirit Beat survey in April 2024, we had an 88% response rate and strong scores in engagement, connection to purpose, and Spirit.

**Spirit Beat surveys**

Measurement	April 2024	May 2023
Engagement	75	75
Purpose	88	88
Team Spirit Index <sup>1</sup>	85	84
Response rates	88	88

Note:  
1. The Team Spirit Index represents an overall view of how people are doing on the 'Spirit of Vodafone' and takes into account each of our Spirit Behaviours. It allows us to understand how successful we have been in embedding these behaviours when working with each other, our customers, and the communities in which we operate.

The 'Spirit Beat' survey measures our progress on culture change with a focus on supporting employees to deliver our priorities of Customers, Simplicity and Growth through Spirit. The 'Spirit Beat' results show that teams are becoming more engaged, connected to our strategy, and have clarity on their goals. Managers who act on Spirit outperform those who do not take action by 20 points on Team Spirit Index and 26 points on Engagement. We support our managers to lead with Spirit and continue to take action on survey results through development programmes, training and resources. In November 2023, over 900 managers attended training on taking action on Spirit. We continue to evolve our employee listening strategy and deepen the connection between employee and customer experiences. As Vodafone transforms, we use pulse surveys to measure the understanding of our strategy, between June and September 2023, 84% of teams understood and 80% were connected to our strategy. Onboarding feedback shows new hires are connected to our strategy and 87% reflect Spirit behaviours, while 84% positively rated their onboarding experience. Feedback shows that 69% of leavers would recommend Vodafone as a great place to work. To improve customer experience, we have deepened our understanding of our frontline colleague experience. Spirit Beat results from April 2024 showed the Engagement score was 75% and Team Spirit Index 85%. Outsourced contractors who serve our customers also had an opportunity to participate in 'Spirit Beat'. 65% responded, an increase of nine percentage points from May 2023. Insights obtained have been used to inform our overall customer action plan, designed to improve the frontline and customer experience. 'Spirit of Vodafone Day' takes place once a quarter with dedicated time to focus on connecting with our customers. During those days, learning hours increase on average by two times compared to other days in the year. Employees use the 'Spirit of Vodafone Day' to connect with the customer experience through customer-focused learning and local activities.

Emphasizes that the "Spirit of Vodafone" aligns with its corporate purpose and business strategy, thereby enhancing employee motivation and productivity.

Discloses detail scores and response rates (88%) of the semi-annual "Spirit Beat" employee survey measuring engagement and cultural alignment. Also provides qualitative explanations on implications of score improvements, changes from previous periods, and initiatives to enhance scores.

# 16 Discloses detailed accident-prevention guidelines and safety performance data, positioning employee safety as the company's highest responsibility.

## Company Profiles

Founded	1892
Head quarters	US, Boston
Revenue	¥ 11 T (2023)
Emplo yees	~130K
Business	Diversified technology company providing products and services primarily in energy, aviation, and healthcare. <ul style="list-style-type: none"> <li>Advanced technology solutions, including power generation equipment, aircraft engines, and medical devices.</li> </ul>

## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

- Clearly discloses employee safety as the highest priority, emphasizing a culture focused on accident and injury prevention.
- Transparently discloses specific safety data with year-over-year comparisons to clarify progress.
  - e.g., injury rates, lost-time rates, fatalities...

### Investor-perceived Benefits

Through detailed disclosures of policies and data, investors can evaluate GE's risk management capability in employee safety—a critical issue for manufacturing.

## Disclosure Examples

### LEADING WITH SAFETY

Our ultimate responsibility in every business, at every site, is to make sure that anyone who works for GE or does work on our behalf goes home safely at the end of the day.

In 2022, we made important strides in improving our safety performance and continued to drive a culture of safety. We experienced a collective 20% reduction in our injury and illness total recordable rate, further contributing to an overall downward trend over the past decade. In addition, the decrease in non-fatal serious incidents was significant for GE, going from 10 such cases to two. All of our key safety performance indicators compare favorably with U.S. Occupational Safety & Health Administration benchmarks.

Clearly discloses that ensuring employee safety across all businesses is GE's ultimate responsibility.

Safety	2020	2021	2022
Injury & Illness Total Recordable Rate <sup>1</sup>	0.53	0.60	0.47
Days Away from Work Incident Rate <sup>2</sup>	0.29	0.32	0.2
Fatalities – Employees (count) <sup>3</sup>	3	0	0
Fatalities – Contractor Workers (count) <sup>4</sup>	4	4	3

<sup>1</sup> Number of injury and illness cases globally per risk population year to date, based on 100 employees working 200,000 hours annually, as measured against OSHA recordability criteria.  
<sup>2</sup> Uses OSHA calculation for recordable days away from work cases (transfer or restricted cases are excluded), based on 100 employees working 200,000 hours annually.  
<sup>3</sup> GE employees, leased workers, wholly owned affiliate employees and majority-owned, joint-venture employees.  
<sup>4</sup> Workers under GE EHS coordination which may include GE-hired contract workers, consortium partner workers and sub-contractors.

Transparently discloses specific metrics such as injury and illness rates, lost-workday rates, and fatalities (employees and contractors).

GE's Life Saving Principles (LSPs) illustrate critical steps to strengthen our defenses when performing high-risk work activities to prevent potentially severe events and injuries. These requirements are never to be circumvented. All employees and contractors are empowered and expected to stop work if they have any concerns about the task they are performing. These LSP documents, represented visually and in more than 20 languages, are widely available, posted throughout our operations, and are used to orient our contractors and partners to GE's most fundamental expectations.



Sample of GE's Life Saving Principles posters available in several languages.

Discloses its "Life Saving Principles" (LSP), key steps to prevent serious accidents during high-risk tasks (Also disclose that it is available in over 20 languages).

# 17 Discloses detailed safety management targets and performance, recognizing employee safety as a top strategic priority across diverse working environments.

## Company Profiles

Founded	1925
Head quarters	US, Texas
Revenue	¥ 11 T (2023)
Emplo yees	~110K
Business	Global company engaged in the design, manufacture, and sale of construction equipment, mining machinery, and diesel engines. <ul style="list-style-type: none"> <li>Excavators, Bulldozers, and Generators, etc.</li> <li>Supporting infrastructure and energy markets.</li> </ul>

## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

Emphasizes providing a safe working environment for its large workforce.

- Stating the prevention of injuries and health risks as a critical responsibility.

Discloses safety initiatives through specific goals and strategies and processes.

- Details on collaborative safety strategy development process involving employees and management.

### Investor-perceived Benefits

By disclosing how employee safety is ensured across diverse global environments, investors can assess the company's risk management capability.

Providing clear disclosure of targets along with actual results helps investors assess goal achievement and understand corrective actions if progress falls short.

## Disclosure Examples

### EMPLOYEE SAFETY

We work to create a global workplace environment where people can work safely, stay healthy and live productive lives. Safety is at the forefront of our strategic goals and metrics, with visible commitment and support of leadership.

We believe the best way to drive a culture of safety excellence is to create an environment where each person and team is accountable for their own safety and the safety of those around them. Additionally, we nurture a culture of learning that enhances safety through training and experiences.

Safety at Caterpillar is led by both management and employees. From practical experience, our employees can create and champion their own safety improvements. We provide every employee, including newly hired employees, with knowledge to perform their jobs safely, and leaders regularly receive training on safety principles and set an

Clearly discloses employee safety as the highest strategic priority.

Emphasizes that safety at Caterpillar is driven by both management and employees, incorporating employees' practical experiences into safety improvement measures.

Discloses specific targets, such as reducing the recordable injury frequency rate by 50% from 2018 levels by 2030, along with progress data and qualitative details of initiatives.

### Goal

We aspire to prevent all injuries and will further our industry-leading safety results by reducing recordable injury frequency (RIF) by 50% from 2018 to 2030.

**25%**  
Improvement in RIF from 2018

Progress includes:

- Developed a strategic safety strategy to strengthen our focus on preventing lost time injuries. We collaborated with safety thought leaders and other global enterprises to enhance our prevention, Human & Organizational Performance (H&OP) principles.
- In 2023, recorded our best year on record for recordable injury frequency (RIF) and lost time case frequency (LTCFR).

	2018 BASELINE (2020 GOALS)	2019	2020	2021	2022	2023	PERSPECTIVE
<b>SAFETY</b>							
Lost time case frequency rate (LTCFR) A: worker-related injuries resulting in lost time per 200,000 hours worked		0.15	0.20	0.18	0.18	0.14	The most important thing we do is ensure employees go home safely every day. Our LTCFR decreased by 22% and our RIF decreased by 9% from 2022 recording our lowest LTCFR and RIF levels ever.
Recordable injury frequency (RIF) A: recordable injuries per 200,000 hours worked	0.53	0.43	0.42	0.41	0.44	0.40	
Employee fatalities	0	0	0	0	1	0	We can never rest in our efforts to keep our employees and contractors safe and well continue to work to ensure our workforce goes home safely every day.
Contractor fatalities	1	2	1	0	0	0	

Source: Sustainability Report 2023

# 18 Discloses proactive information on codes of conduct emphasizing compliance and safety, including content and outcomes.

## Company Profiles

Founded	1929
Head quarters	UK, London
Revenue	¥ 10 T (2023)
Emplo yees	~128K
Business	Manufactures and sells consumer goods including detergents, haircare, toiletries, and food products. <ul style="list-style-type: none"> <li>Operates globally in around 190 countries with established brands such as Lipton, Lux, and Dove.</li> </ul>

Source: Annual Report 2023

## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

Actively discloses details and outcomes of initiatives such as code of conduct policies and employee safety enhancement to investors.

- Disclose about Compliance training and on-site visit programs aimed at accident prevention.

### Investor-perceived Benefits

Investors consider it natural for global companies to receive a certain number of internal whistleblower reports; therefore, they recognize the importance of management creating an environment conducive to whistleblowing. In this context, honest disclosures enhance transparency and indicate lower corporate risk.

For investors, proactive disclosures of outcomes in compliance and employee safety initiatives are useful for evaluating corporate risk levels.

## Disclosure Examples

### Business integrity

Unilever's Code of Business Principles and Code Policies are the non-negotiable expectations we set to ensure we grow responsibly. Our employees are required to submit an annual pledge to confirm they have understood, and commit to, and adhere to, the Code. It is embedded through comprehensive business integrity training programmes, covering issues such as countering corruption and harassment. Our zero-tolerance approach to bribery is supported by targeted mandatory training, including for those in frontline customer and supplier roles.

Across all areas of our Code, we received 1,390 Code reports this year – an increase of 21% versus last year. This reflects our efforts to encourage people to 'speak up' when they see Code breaches. We have also strengthened our procedures to check that employees have not experienced retaliation after reporting a breach of the Code. Following investigations by our Business Integrity teams, we closed 969 Code reports and confirmed 507 reports as breaches, resulting in 337 people leaving the business.

Discloses initiatives encouraging employees to speak up when witnessing compliance violations, along with results indicating a 21% increase in reported violations compared to the previous year.

### Safety-first

Health and Safety is a key part of our Code and ways of working. It is deeply embedded in our culture, governance and operating structures, with accountability at all levels. Our programmes and standards cover all employees and contractors who work on our sites. Strong safety leadership is key to our work. Since 2022, over 100 leaders have visited 30 countries as part of a safety leadership site visit programme – showing their commitment to safety and encouraging people to speak up when they witness unsafe behaviour.

We have dedicated programmes to address key safety risks, including road safety which is a primary cause of injury among our employees. For example, we upgraded our global fleet procurement policy to ensure that all new Unilever vehicles purchased have the most advanced safety features, such as blind spot detection and anti-collision systems.

By continuing to strengthen our safety-first mindset and targeting key safety risks, our employee Total Recordable Frequency Rate (TRFR) improved by 13% versus 2022, to 0.58 accidents per million hours worked. Accidents involving our people are addressed with the utmost care and attention. A contractor sadly passed away while working at one of our factories. We responded with a full investigation and applied the lessons learned to sites worldwide to prevent a similar reoccurrence.

Discloses initiatives to embed a safety-first mindset, including employee Total Recordable Frequency Rate (TRFR) performance, improvement status, and actions taken in response to fatalities.

Alongside our work on safety, we continue to support employees who are experiencing occupational and mental health challenges. This year, we grew our 4,000-strong network of trained Mental Health Champion volunteers as well as offering a wide range of mental health support resources.

# 19 Discloses detailed accident-prevention initiatives and outcomes, positioning employee safety as the highest corporate management priority.

## Company Profiles

Founded	1924
Head quarters	France, Courbevoie
Revenue	¥ 37 T (2023)
Emplo yees	~100K
Business	Global energy company engaged in exploration, production, processing, and sales of energy resources. <ul style="list-style-type: none"> <li>Provides diverse energy solutions across oil, natural gas, renewable energy, and electricity sectors.</li> </ul>

## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

Clearly discloses employee safety as a top priority.

Provides transparent disclosure of actual incidents and preventive measures

- Quantitative data on incident frequency and reductions
- Specific actions and improvement programs based on lessons learned.

### Investor-perceived Benefits

Detailed disclosures on accident prevention initiatives and their effectiveness enable investors to assess the company's awareness of risks and the extent of its risk management efforts.

## Disclosure Examples

**S**afety is more than a priority at TotalEnergies; it is a core value on which we will not compromise for any reason. Everyone who works at our sites must be able to return home safe and sound at the end of their workday.

The Company has set a goal of "zero fatalities", and is aiming for ongoing reductions in the number of accidents. Sadly, we recorded two accident-related fatalities in 2023 among contractors staff. An analysis of these cases led to specific action plans (see opposite).

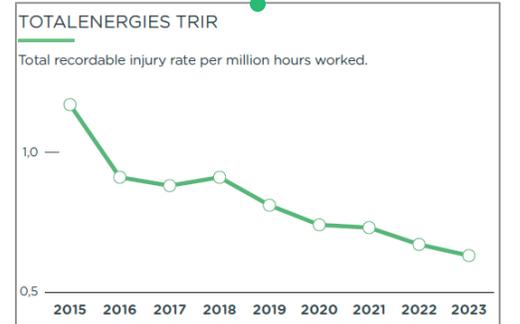
**Worldwide roll-out of the "Our Lives First" program**  
The program is designed to implement three types of practical actions at all of our sites:

- Life Saving Checks:** five activities have been identified as generating the highest risks which could be the cause of fatal accidents. Safety checklists have been drafted for these activities, to check that work is carried out correctly in the field, in compliance with the safety rules;
- Joint Safety Tours:** front-line presence and safety dialogue have been enhanced to promote a shared safety culture. Joint safety tours with TotalEnergies senior management and contractor partners are held in addition to daily visits from local management;
- Safety Green Light:** the goal is to ensure that the intervening teams understand the risks involved, notably of a fatal accident, before starting work. To this end, a ritual of questions associated with the work permit was integrated into the Our Lives First program from the outset. After two years of practice, we carried out an observation phase to capitalize on feedback and assess the level of adoption. As a result, the form of the document has been revised, and the objectives and expectations clarified. The revised version of the Safety Green Light will be rolled out to all Company sites in 2024.

Clearly discloses that safety is highest priority and a core value that will not be compromised under any circumstances.

Discloses specific preventive measures, such as introducing safety checklists for high-risk operations.

Discloses incident data, such as injury rates relative to working hours.



# 20 Discloses specific initiatives and outcomes with KPIs to ensure supplier compliance on human rights and labor conditions, aiming to eliminate industry-wide human rights concerns and achieve a clean coffee and cocoa business.

## Company Profiles

Founded	1866
Headquarters	Switzerland, Vevey
Revenue	¥ 16 T (2023)
Employees	~270K
Business	Manufactures and sells food and beverages <ul style="list-style-type: none"> <li>• Powdered and liquid beverages</li> <li>• Pet food</li> <li>• Culinary products and cooking aids</li> <li>• Confectionery, etc.</li> </ul>

## Highlights in Human Capital Disclosure & Reasons

### Key Features of Disclosure

Discloses an original human rights framework introduced in the context of past criticism over poor labor practices, including child and unpaid labor in its supply chain, clearly positioning human rights risk reduction as crucial for protecting the company.

Discloses top 10 high-risk issues overseen by a Human Rights Governance Committee

- KPIs focused on reducing child labor risks.

### Investor-perceived Benefits

By having visibility of human rights risks and improvement measures, investors can better assess potential reputational risks and understand whether the company maintains a sustainable value chain.

## Disclosure Examples

### Context

People and respect for human rights are at the core of Nestlé's culture and values, and one of our key Corporate Business Principles. Our commitment to respecting and promoting human rights is critical to our business strategy and a key part of our ambition to enable a just transition to a regenerative food system at scale.

Our vision of a regenerative food system has people at the center. Along with sustainable, nutritious and affordable food for the global population, a regenerative food system needs to provide resilient, fair livelihoods and dignified work for people across the world to support themselves and their families.

A growing body of legislation and the changing expectations of stakeholders mean there is more interest in Nestlé's actions on respecting and promoting human rights across its value chain.

Acting in an ethical manner is crucial to scale positive impacts across diverse geographies and protect Nestlé's business and reputation. Any incidents or concerns linked to human rights violations may potentially lead to impacts on individuals, regulatory action and impacts on our reputation. For more on business risks, please refer to the 2023 Nestlé Annual Review.

Clearly discloses that reducing human rights risks is critical to protecting the business and corporate brand, given the potential for regulatory action. Emphasizes human rights as core to Nestlé's corporate values.

### Our Human Rights Framework

The Nestlé Human Rights Framework and Roadmap places due diligence at the heart of our approach and identifies the key enablers for our work in this area:

- **Governance and incentives** help us integrate human rights at all levels of our governance structure.
- **Policies and control systems** ensure human rights are embedded throughout the organization. Links to the material policies relating to human rights are provided in this section.
- **Engagement and advocacy** help us engage with key stakeholders and advocate for smart due diligence legislation and collective action on the ground.
- **Strategic partnerships** help us partner with thought-leading and local organizations.
- **Transparency and reporting** help us provide a high level of transparency on the progress we make and the challenges we face.



Defines a business framework requiring risk assessment.

### Child Labor Monitoring and Remediation System Data Points for Cocoa in Côte d'Ivoire and Ghana

	2022	2023
Households covered by the CLMRS to prevent and address child labor risks	87 422	108 810
Children covered by the CLMRS to prevent and address child labor risks	110 343	178 553
Total number of children who received support	15 035	28 583

**203 401**  
Cumulative total number of children who have received support\*

**12 135**  
Number of children identified who reported no longer engaging in activities posing a risk of child labor (8 974 in 2022)\*\*

**70.6%**  
Volume of cocoa sourced from all countries covered by the CLMRS or other dedicated due diligence systems, with mass balance included

Discloses implementation of CLMRS<sup>1</sup> to mitigate child labor risks in the cocoa supply chain

- Disclose increased numbers of children removed from at-risk activities and KPIs such as cocoa volume sourced via CLMRS.

1. Mechanism to identify, monitor, and implement corrective actions against child labor risks. Source: Creating Shared Value and Sustainability Report 2023



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