



# SASB Human Capital Bulletin

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## Purpose of this Bulletin

This bulletin provides an overview of the human capital-related topics in the SASB Standards, to assist companies in preparing human capital-related disclosures as required by a recent amendment to Regulation S-K by the US Securities and Exchange Commission. This bulletin summarizes the elements of SASB Standards that relate to human capital; it does not alter SASB Standards. We encourage companies to refer directly to the SASB Standard for their industry (or industries) for additional information.

### This bulletin includes the following information:

- **A list of SASB industry standards that contain topics and metrics related to human capital.**
- **An overview of selected human capital-related topics and metrics across all 77 SASB industry standards**
- **A summary of SASB's Human Capital Management Research Project, which has the objective of identifying opportunities for the SASB Standards to further account for human capital-related risks and opportunities**

## US SEC: Modernization of Regulation S-K Items 101, 103, and 105

In August of 2020, the US SEC adopted a rule requiring that public companies report on human capital management. The final SEC rule requires companies to provide "a description of the registrant's human capital resources, including the number of persons employed by the registrant, and any human capital measures or objectives that the registrant focuses on in managing the business (such as, depending on the nature of the registrant's business and workforce, measures or objectives that address the development, attraction and retention of personnel)."

This rule is principles-based rather than prescriptive, with the exception of the requirement that companies disclose the number of their employees. In contrast to regulations such as the EU Non-Financial Reporting Directive, the SEC rule does not require companies make these human capital disclosures pursuant to a specified set of ESG disclosure frameworks or standards.

In making this decision the [SEC notes](#) "that while the final amendments do not require registrants to use a disclosure standard or framework to provide human capital disclosure, as recommended by some commenters, a principles-based approach affords registrants the flexibility to tailor their disclosures to their unique circumstances, including by providing disclosure in accordance with some or all of the components of any current or future standard or framework that facilitates human capital resource disclosure that is material to an understanding of the registrant's business taken as a whole."

Ultimately, this statement indicates that the SEC recognizes that disclosure frameworks can facilitate disclosure pursuant to the new human capital requirement and the Commission said nothing that would discourage the use of a set of standards, such as SASB's. Further analysis of the SEC human capital reporting action is available [here](#).

## Background

From the COVID-19 pandemic to widespread protests for racial justice to the #MeToo movement, recent events have made both companies and investors acutely and increasingly aware of the financial implications of how businesses manage people—or, “human capital.” Indeed, the concept of human capital itself re-frames people as assets rather than as costs. Today, it is clear that high-quality information about how companies are managing some of their most important assets can facilitate more robust financial analysis and more efficient price discovery in markets around the world.

However, even before recent events, human capital management had the attention of institutional investors around the world. For example, the Human Capital Management Coalition, a group of 32 institutional investors representing over \$6 trillion in assets under management, was formed in 2013 and petitioned the SEC in 2017 to “adopt new rules, or amend existing rules, to require issuers to disclose information about their human capital management policies, practices and performance.”<sup>1</sup> Additionally, in 2019, the US SEC’s Investor Advisory Committee (IAC) recommended that the SEC recognize the importance of human capital and incorporate the topic into its ongoing review of disclosure effectiveness.<sup>2</sup> Meanwhile, in the UK, 122 investor signatories to the Workforce Disclosure Initiative (WDI) with \$13.5 trillion in assets under management, send an annual survey to hundreds of companies to collect information on workforce composition, stability, training and development, and engagement.<sup>3</sup>

As noted, regulators in many jurisdictions have responded to these and other related developments. Most recently, in August 2020, the US SEC is adopted a rule requiring that public companies report on human capital management. The SEC rule—an amendment to Item 101(c) (see sidebar)—is broadly principles-based and largely eschews prescriptive line-item disclosure requirements. As a result, many companies are seeking clear guidance on how to present effective human capital disclosure.

Human capital is one of the most prevalent areas of disclosure across SASB’s 77 industry-specific Standards, appearing in all 11 sectors and the majority of individual industry Standards. As such, SASB Standards can be a useful starting point for evaluating which issues and metrics to disclose under various reporting regimes around the world, including the new requirements of the US SEC.

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1 Human Capital Management Coalition, Petition for SEC Rulemaking (July 6, 2017).

2 SEC Investor Advisory Committee, Recommendation of the Investor Advisory Committee - Human Capital Management Disclosure (March 28, 2019).

3 Workforce Disclosure Initiative, *Workforce Disclosure in 2019: Trends and Insights* (April 2020).

## An Overview of Human Capital Topics in SASB Standards

### Structure and Development of SASB Standards

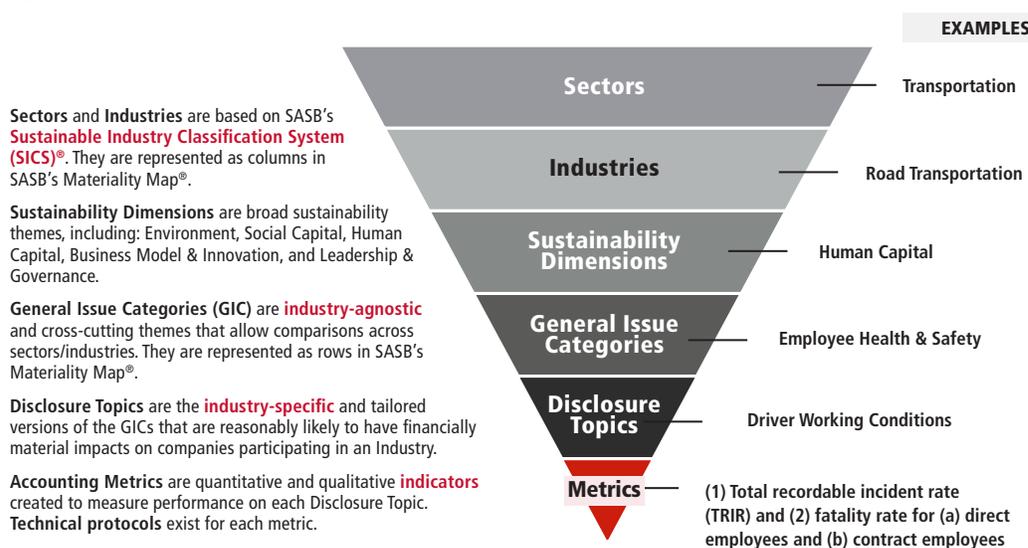
SASB standards were created to identify and standardize disclosure on the most business-critical sustainability issues for companies in each of 77 industries, with the aim of facilitating more effective communication between companies and their investors. The Standards are developed and maintained by the SASB Standards Board and its technical staff using a transparent due process that is evidence-based and market-informed.

In defining the universe of sustainability issues that serve as a starting point for SASB's standard-setting work, SASB's Conceptual Framework establishes five primary **sustainability dimensions**:

- Environment,
- Social Capital,
- Human Capital,
- Business Model & Innovation, and
- Leadership & Governance.

Under this structure, there are 26 **general issue categories** (GICs), which identify key themes associated with each dimension. In addition to surfacing the **industry-specific disclosure topics** most closely tied to enterprise value creation for the typical company in an industry, SASB's standard-setting process also identifies **metrics** to measure performance on each disclosure topic. The structure of SASB Standards is illustrated in Figure 1.

**Figure 1. Structure of SASB Standards**



SASB Standards also include a **technical protocol** for each accounting metric, which helps companies communicate performance on each disclosure topic in a consistent, comparable, and reliable way.

### Human Capital-Related Topics

The Human Capital sustainability dimension of SASB Standards addresses issues that affect a company's workforce, which is often a key resource for creating long-term enterprise value. The Human Capital sustainability dimension encompasses management of (1) employee health and safety, (2) employee engagement, diversity, and inclusion, and (3) labor practices. Each of these areas may affect productivity and the ability to retain and attract talent.

The due process that SASB uses to determine whether a specific topic, such as those related to human capital, is reasonably likely to have financially material impacts on the typical company in an industry is described in SASB's [Rules of Procedure](#). A disclosure topic is included in SASB Standards when this

process reveals **evidence of financial impact** and **evidence of investor interest** through research and market consultation with both companies and investors. SASB's initial standards development process identified human capital-related risks and/or opportunities in the majority of the 77 Sustainable Industry Classification System® (SICS®) industries for which SASB has developed standards.

Human capital-related risks and opportunities often manifest differently from one industry to the next. Therefore, variation exists across industries in terms of the disclosure topics and related accounting metrics recommended to capture a company's management of key human capital issues. Additionally, it is important to note that certain disclosure topics related to the management and measurement of human capital may fall under sustainability dimensions other than Human Capital. For example:

- Human impacts in a company's supply chain do not involve direct employees but can nevertheless be managed through indirect channels, and as a result are associated with the Business Model & Innovation dimension of SASB Standards.
- Risks related to human rights and community relations may involve employees, but typically have a broader scope, so they are associated with the Social Capital sustainability dimension.
- A company's critical incident risk management can have immediate or long-term impacts on its workforce in addition to range of other important outcomes, so related topics are included in the Leadership & Governance sustainability dimension.

Please refer to our the briefing document available on the [Human Capital Management Research Project page](#) of SASB's website for a deeper exploration of how human capital issues manifest across SASB Standards.

## Preparing Human Capital Disclosures Using SASB Standards

The SASB Standards can be a useful tool for companies to identify human capital-related disclosure topics and metrics for use in disclosures under the new SEC requirements.

Based on an understanding of how the SASB Standards are structured (see previous section) and the context provided here around how human capital-related issues and associated disclosure topics are defined in SASB's industry specific standards, preparers should be well positioned to select performance metrics appropriate to their circumstances.

### 1. Review the SASB Standard(s) applicable to your industry (or industries).

As previously noted, all 11 SICS® sectors contain human capital-related disclosure topics and performance metrics. The following industries include at least one human capital metric:

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### Preparing Investor-Grade Disclosures

To assist with the implementation of human capital metrics, preparers may wish to consult the **SASB Implementation Primer**, which provides guidance on [preparing disclosures](#) and [ensuring data reliability](#). As non-traditional issues such as human capital migrate into investor-focused reporting, it is important to remember that this reporting, like any communications exercise, should be guided by the needs of its intended audience. Thus, when preparing their SASB-aligned disclosures, companies should consider how the standards can help them produce disclosures that support meaningful analysis and decision making by investors and other providers of capital.

**Table 1. SASB Standards with One or More Human Capital-Related Metrics**

<p><b>CONSUMER GOODS</b></p> <ul style="list-style-type: none"> <li>• Apparel, Accessories &amp; Footwear</li> <li>• E-Commerce</li> <li>• Multiline and Specialty Retailers &amp; Distributors</li> <li>• Toys &amp; Sporting Goods</li> </ul> <p><b>EXTRACTIVES &amp; MINERALS PROCESSING</b></p> <ul style="list-style-type: none"> <li>• Coal Operations</li> <li>• Construction Materials</li> <li>• Iron &amp; Steel Producers</li> <li>• Metals &amp; Mining</li> <li>• Oil &amp; Gas – Exploration &amp; Production</li> <li>• Oil &amp; Gas – Refining &amp; Marketing</li> <li>• Oil &amp; Gas – Services</li> </ul> <p><b>FINANCIALS</b></p> <ul style="list-style-type: none"> <li>• Asset Management &amp; Custody Activities</li> <li>• Investment Banking &amp; Brokerage</li> </ul> <p><b>HEALTH CARE</b></p> <ul style="list-style-type: none"> <li>• Biotechnology &amp; Pharmaceuticals</li> <li>• Health Care Delivery</li> </ul>	<p><b>FOOD &amp; BEVERAGE</b></p> <ul style="list-style-type: none"> <li>• Agricultural Products</li> <li>• Alcoholic Beverages</li> <li>• Food Retailers &amp; Distributors</li> <li>• Meat, Poultry &amp; Dairy</li> <li>• Non-Alcoholic Beverages</li> <li>• Processed Foods</li> <li>• Restaurants</li> </ul> <p><b>INFRASTRUCTURE</b></p> <ul style="list-style-type: none"> <li>• Electric Utilities &amp; Power Generators</li> <li>• Engineering &amp; Construction Services</li> <li>• Home Builders</li> <li>• Waste Management</li> </ul> <p><b>RENEWABLE RESOURCES &amp; ALTERNATIVE ENERGY</b></p> <ul style="list-style-type: none"> <li>• Waste Management</li> <li>• Fuel Cells &amp; Industrial Batteries</li> <li>• Wind Technology &amp; Project Developers</li> </ul> <p><b>RESOURCE TRANSFORMATION</b></p> <ul style="list-style-type: none"> <li>• Chemicals</li> <li>• Industrial Machinery &amp; Goods</li> </ul>	<p><b>SERVICES</b></p> <ul style="list-style-type: none"> <li>• Advertising &amp; Marketing</li> <li>• Casinos &amp; Gaming</li> <li>• Hotels &amp; Lodging</li> <li>• Leisure Facilities</li> <li>• Professional &amp; Commercial Services</li> </ul> <p><b>TECHNOLOGY &amp; COMMUNICATIONS</b></p> <ul style="list-style-type: none"> <li>• Electronic Manufacturing Services &amp; Original Design Manufacturing</li> <li>• Hardware</li> <li>• Internet Media &amp; Services</li> <li>• Semiconductors</li> <li>• Software &amp; IT Services</li> </ul> <p><b>TRANSPORTATION</b></p> <ul style="list-style-type: none"> <li>• Air Freight &amp; Logistics</li> <li>• Airlines</li> <li>• Automobiles</li> <li>• Cruise Lines</li> <li>• Marine Transportation</li> <li>• Rail Transportation</li> <li>• Road Transportation</li> </ul>
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Companies operating in the above industries above should refer to their applicable industry standard when making human capital-related disclosures.

## 2. Review the human capital topics and metrics in industries with similar characteristics to your industry.

Because investor expectations on human capital disclosure are rapidly evolving companies may wish to consider additional human capital-related disclosures beyond those specifically identified in their industry standard. As described previously, SASB's standard-setting process surfaces the disclosure topics and metrics most likely to have material financial impacts on *the typical company in a given industry*. However, business models can differ significantly, even within an industry. For this reason, companies may find topics and metrics in other industry standards that are relevant to their business, especially in closely-related industries.

With this in mind, preparers may wish to review the following list of human capital-related topics and metrics from SASB Standards. The list is broken up into four groups of metrics: **Labor Practices, Employee Health & Safety, Employee Engagement, Diversity & Inclusion, and Supply Chain Management.**

## Notes on Use of SASB Metrics

In considering use of SASB metrics, please note the following:

- **The metrics in Tables 2-6 have been provided as examples** to help companies identify relevant information, and may vary from the industry-specific versions found in each SASB industry standard. Companies who wish to utilize these metrics should refer to the applicable industry standard for the full details on how to prepare associated disclosures, including referring to the applicable technical protocol.
- SASB recognizes that certain disclosure topics and/or associated metrics may need to be modified for certain industries. When a company believes it is necessary to modify a SASB metric, SASB encourages the preparer to consult SASB's [Standards Application Guidance](#), which provides guidance on how to do so, including **disclosing the modification**, acknowledging that the metric was changed, providing a description of the change, and describing the rationale for making the change.

## Labor Practices

SASB disclosure topics associated with Labor Practices encompass issues such as pay structure, relations with organized labor, and policies in place to protect workforces. Example Labor Practices-related metrics from SASB Standards are listed in Table 2.

**Table 2. Labor Practices Metrics in SASB Standards**

METRIC	WHERE TO FIND IT
Percentage of active workforce covered under collective bargaining agreements	Coal Operations (EM-CO-310a.1) Metals & Mining (EM-MM-310a.1) Food Retailers & Distributors (FB-FR-310a.2) Waste Management (IF-WM-310a.1) Airlines (TR-AL-310a.1) Automobiles (TR-AU-310a.1)
Number of work stoppages and total days idle	Coal Operations (EM-CO-310a.2) Metals & Mining (EM-MM-310a.2) Food Retailers & Distributors (FB-FR-310a.3) Waste Management (IF-WM-310a.2) Electronic Manufacturing Services & Original Design Manufacturing (TC-ES-310a.1) Airlines (TR-AL-310a.2) Automobiles (TR-AU-310a.2)
Total amount of monetary losses as a result of legal proceedings associated with labor law violations	Multiline and Specialty Retailers & Distributors (CG-MR-310a.3) Food Retailers & Distributors (FB-FR-310a.4) Restaurants (FB-RN-310a.3) Hotels & Lodging (SV-HL-310a.2) Air Freight & Logistics (TR-AF-310a.2) Cruise Lines (TR-CL-310a.4)
Voluntary and involuntary turnover rate	Multiline and Specialty Retailers & Distributors (CG-MR-310a.2) Restaurants (FB-RN-310a.1) Hotels & Lodging (SV-HL-310a.1)
Average hourly wage and percentage employees earning minimum wage, by region	Multiline and Specialty Retailers & Distributors (CG-MR-310a.1) Food Retailers & Distributors (FB-FR-310a.1) Restaurants (FB-RN-310a.2) Hotels & Lodging (SV-HL-310a.3) Cruise Lines (TR-CL-310a.1)
Description of policies and programs to prevent worker harassment	Hotels & Lodging (SV-HL-310a.4)
Percentage of drivers classified as independent contractors	Air Freight & Logistics (TR-AF-310a.1)

## Employee Health & Safety

SASB disclosure topics associated with Employee Health & Safety address a company's ability to create and maintain a safe and healthy workplace environment. These topics may encompass mental health in addition to physical wellbeing and incorporate training and culture. The most commonly referenced Employee Health & Safety metric in SASB Standards is:

(1) TOTAL RECORDABLE INCIDENT RATE (TRIR) AND (2) FATALITY RATE FOR  
(A) DIRECT EMPLOYEES AND (B) CONTRACT EMPLOYEES

A version of this metric can be found in the SASB Standards for the industries listed in Table 3.

**Table 3. Total recordable incident and fatality rate metrics in SASB Standards**

<p><b>EXTRACTIVES &amp; MINERALS</b></p> <p><b>PROCESSING</b></p> <ul style="list-style-type: none"> <li>• Coal Operations*</li> <li>• Construction Materials</li> <li>• Iron &amp; Steel Producers</li> <li>• Metals &amp; Mining</li> <li>• Oil &amp; Gas – Exploration &amp; Production*</li> <li>• Oil &amp; Gas – Refining &amp; Marketing*</li> <li>• Oil &amp; Gas – Services*</li> </ul> <p><b>FOOD &amp; BEVERAGE</b></p> <ul style="list-style-type: none"> <li>• Agricultural Products</li> <li>• Meat, Poultry &amp; Dairy</li> </ul>	<ul style="list-style-type: none"> <li>• <b>HEALTH CARE</b></li> <li>• Health Care Delivery</li> </ul> <p><b>INFRASTRUCTURE</b></p> <ul style="list-style-type: none"> <li>• Electric Utilities &amp; Power Generators</li> <li>• Engineering &amp; Construction Services</li> <li>• Home Builders</li> <li>• Waste Management</li> </ul> <p><b>RENEWABLE RESOURCES &amp; ALTERNATIVE ENERGY</b></p> <ul style="list-style-type: none"> <li>• Fuel Cells &amp; Industrial Batteries*</li> <li>• Wind Technology &amp; Project Developers</li> </ul> <p><b>RESOURCE TRANSFORMATION</b></p> <ul style="list-style-type: none"> <li>• Chemicals*</li> <li>• Industrial Machinery &amp; Goods</li> </ul>	<ul style="list-style-type: none"> <li>• <b>SERVICES</b></li> <li>• Leisure Facilities</li> </ul> <p><b>TECHNOLOGY &amp; COMMUNICATIONS</b></p> <ul style="list-style-type: none"> <li>• Electronic Manufacturing Services &amp; Original Design Manufacturing</li> </ul> <p><b>TRANSPORTATION</b></p> <ul style="list-style-type: none"> <li>• Air Freight &amp; Logistics</li> <li>• Cruise Lines</li> <li>• Marine Transportation</li> <li>• Rail Transportation</li> <li>• Road Transportation*</li> </ul>
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The SASB Standards for the industries indicated with an asterisk (\*) in Table 3, along with the Semiconductors industry, include qualitative, discussion-and-analysis metrics that call for a discussion of the company's strategy to integrate a culture of safety and/or assess, monitor, and reduce exposure of employees to human health hazards.

In addition to TRIR and fatality rate metrics, the SASB Standards for many other industries include somewhat more specialized Employee Health & Safety metrics. Examples are listed in Table 4.

**Table 4. Employee Health & Safety Metrics in SASB Standards**

METRIC	WHERE TO FIND IT
Number of reported cases of silicosis	Construction Materials (EM-CM-320a.2)
Description of efforts to assess, monitor, and mitigate acute and chronic respiratory health conditions	Meat, Poultry & Dairy (FB-MP-320a.2)
Number of road accidents and incidents	Waste Management (IF-WM-320a.3)
Percentage of gaming floor where smoking is allowed	Casinos & Gaming (SV-CA-320a.1)
Percentage of gaming staff who work in areas where smoking is allowed	Casinos & Gaming (SV-CA-320a.2)
Safety Measurement System BASIC percentiles for: Unsafe Driving, Hours-of-Service Compliance, Driver Fitness, Controlled Substances/Alcohol, Vehicle Maintenance, and Hazardous Materials Compliance	Waste Management (IF-WM-320a.2)
Percentage of entity's facilities and Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by all facilities and high-risk facilities	Electronic Manufacturing Services & Original Design Manufacturing (TC-ES-320a.2)

**Table 4. Employee Health & Safety Metrics in SASB Standards (cont.)**

METRIC	WHERE TO FIND IT
Non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent and associated corrective action rate for priority non-conformances and other non-conformances, broken down for the entity's facilities and the entity's Tier 1 supplier facilities	Electronic Manufacturing Services & Original Design Manufacturing (TC-ES-320a.3)
Total amount of monetary losses as a result of legal proceedings associated with employee health and safety violations	Semiconductors (TC-SC-320a.2)

### Employee Engagement, Diversity, & Inclusion

SASB disclosure topics associated with Employee Engagement, Diversity & Inclusion address a company's ability to ensure its culture, hiring, and promotion practices embrace the building of a diverse and inclusive workforce. This includes the issue of discriminatory practices. Example Employee Engagement, Diversity & Inclusion metrics from SASB Standards are listed in Table 5.

**Table 5. Employee Engagement, Diversity, & Inclusion Metrics in SASB Standards**

METRIC	WHERE TO FIND IT
Percentage of gender and racial/ethnic group representation for management, technical staff, and all other employees	E-Commerce (CG-EC-330a.3) Multiline and Specialty Retailers & Distributors (CG-MR-330a.1) Asset Management & Custody Activities (FN-AC-330a.1) Investment Banking & Brokerage (FN-IB-330a.1) Advertising & Marketing (SV-AD-330a.1) Professional & Commercial Services (SV-PS-33a.1) Internet Media & Services (TC-Im-330a.3) Software & IT Services (TC-SI-330a.3) Hardware (TC-HW-330a.1)
Employee engagement as a percentage	E-Commerce (CG-EC-330a.1) Professional & Commercial Services (SV-PS-330a.3) Internet Media & Services (TC-IM-330a.2) Software & IT Services (TC-SI-330a.2)
Voluntary and involuntary turnover rate for all employees	E-Commerce (CG-EC-330a.2) Biotechnology & Pharmaceuticals (HC-BP-330a.2) Health Care Delivery (HC-DY-330a.1) Professional & Commercial Services (SV-PS-330a.2)
Percentage of employees that are foreign nationals (or H-1B visa holders)	E-Commerce (CG-EC-330a.4) Internet Media & Services (TC-Im-330a.1) Semiconductors (TC-SC-330a.1) Software & IT Services (TC-SI-330a.1)
Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	Multiline and Specialty Retailers & Distributors (CG-MR-330a.2)
Discussion of talent recruitment and retention efforts for scientists and research and development personnel	Biotechnology & Pharmaceuticals (HC-BP-330a.1)
Description of talent recruitment and retention efforts for health care practitioners	Health Care Delivery (HC-330a.2)

## Supply Chain Management

Human impacts in a company's supply chain do not involve direct employees but can nevertheless be managed through indirect channels, and as a result are associated with the Business Model & Innovation sustainability dimension. SASB disclosure topics associated with Supply Chain Management incorporate externalities created by suppliers through their operational activities, such as environmental responsibility, human rights, labor practices, and ethics and corruption. Often, this is represented across a range of industry standards via metrics focused on supplier audits and adherence to third-party certifications to address a company's management of environmental, social (including workers in the supply chain), and governance risks. These topics focus on those risks associated with suppliers over which the reporting entity has some degree of control. Example Supply Chain metrics from SASB Standards are listed in Table 6.

**Table 6. Supply Chain Metrics in SASB Standards**

METRIC	WHERE TO FIND IT
Suppliers' social and environmental responsibility audit non-conformance rate and associated corrective action rate for major and minor non-conformances	Apparel, Accessories & Footwear (CG-AA-430b.2) Toys & Sporting Goods (CG-TS-430a.2) Agricultural Products (FB-AG-430a.2) Alcoholic Beverages (FB-AB-430a.1) Non-Alcoholic Beverages (FB-NB-430a.1) Processed Foods (FB-PF-430a.2)
Discussion of strategy to manage environmental and social risks arising from the supply chain	Apparel, Accessories & Footwear (CG-AA-430b.3) Iron & Steel Producers (EM-IS-430a.1) Agricultural Products (FB-AG-430a.3) Food Retailers & Distributors (FB-FR-430a.3) Restaurants (FB-RN-430a.3)
Percentage of products sourced that are certified to a third-party environmental and/or social standard, and percentages by standard	Apparel, Accessories & Footwear (CG-AA-430a.2) Agricultural Products (FB-AG-430a.1) Processed Foods (FB-PF-430a.1) Food Retailers & Distributors (FB-FR-430a.1) Restaurants (FB-RN-430a.1)
Number of facilities audited to a social responsibility code of conduct	Toys & Sporting Goods (CG-TS-430a.1)

## Ongoing Efforts: SASB Human Capital Management Research Project

Although human capital issues are already well-represented throughout SASB's 77 industry standards, many issues are rapidly evolving and both companies and investors are increasingly attuned to their financial implications. As a result, investor expectations for human capital disclosure are rising. With this in mind, SASB is undertaking research and market engagement on the issue with the objective of evolving the content of the Standards in light of emerging trends.

In September 2019, SASB initiated a Human Capital Management [research project](#) to assess this dynamic subject and design an evidence-based framework to support the identification of financially material impacts related to human capital management. This framework will enable the assessment of key themes on an industry-by-industry basis and form the basis of the recommendations of SASB's technical staff to the Standards Board regarding possible modifications to industry Standards to incorporate new elements associated with human capital.

Although the project's findings are preliminary and subject to revision based on market feedback, it has identified several core themes for potential consideration:

- **Workforce Culture:** Evidence highlights the increasing importance of organizational culture. This broad concept embodies the values, processes, and outcomes of an organization and can drive its ability to produce a more productive, fair, and respectful work environment and therefore its ability to acquire, develop, and retain talent. This may have implications for SASB's "Employee Engagement, Diversity, & Inclusion" general issue category.
- **Workforce Investment** (including career and wealth-building opportunities): The role of business in providing employees with career-building and wealth-building opportunities is becoming increasingly critical, and is associated with increased worker engagement and retention. It may also be associated with an ability to reskill or upskill workers to address labor shortages in some industries, and/or improve employee performance and productivity within others. These issues relate to elements of SASB's "Labor Relations" general issue category, but may have broader implications for SASB's general issue taxonomy.
- **Mental Health & Health-Related Benefits:** Several trends highlight the impact of employee mental health on business performance, through factors like productivity. These issues include the increasing prevalence of stress, depression, and anxiety. In addition to mental health, the role of health benefits for workers, including benefits such as paid sick leave, may be associated with factors like job turnover, recruitment and retention, productivity, and lower rates of absenteeism. There may be an opportunity to more accurately reflect these issues in SASB's general issue taxonomy, including the "Employee Health & Safety" category.
- **Alternative Workforce** (contingent and contract labor): Greater prevalence of alternative workforces has highlighted the potential to more effectively account for this multifaceted issue within SASB standards and consider the potential implications of this issue within our general issue taxonomy. This trend relates to the growing size of this worker classification and the expansion of the use of alternative workforces by a range of businesses.

SASB welcomes feedback into this proposed framework and other emerging issues that might inform the evolution of human capital topics in the SASB Standards. For more information, registration for project updates, and contact information for SASB staff, please visit the Human Capital Management Research [project page](#) on SASB's website.

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