
ISSB[®] meeting

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Project	Human Capital
Topic	Research findings on the necessity and feasibility of standard-setting
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This paper has been prepared for discussion at a public meeting of the International Sustainability Standards Board (ISSB). This paper does not represent the views of the ISSB or any individual ISSB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Sustainability Disclosure Standards. The ISSB's technical decisions are made in public and are reported in the ISSB *Update*.

Purpose

1. The purpose of this meeting is to provide the International Sustainability Standards Board (ISSB) with an assessment of the following questions:
 - (a) whether there is a clear need for improved disclosure to investors regarding workforce-related risks and opportunities (whether standard setting is necessary); and
 - (b) whether there is likely to be a practical and efficient approach to developing disclosure requirements regarding those risks and opportunities (whether standard setting is feasible).
2. The staff will not ask the ISSB to make any decisions in this session.

Structure of the paper

3. The paper is structured as follows:
 - (a) key takeaways (paragraphs 4–23);
 - (b) background and approach (paragraphs 24–36);

- (c) assessment of necessity and feasibility (paragraphs 37–85);
 - (i) governance;
 - (ii) strategy;
 - (iii) risk management;
 - (iv) metrics and targets;
- (d) next steps (paragraph 86);
- (e) appendix A—summary of evidence of necessity of standard-setting;
- (f) appendix B—topical groupings used in the research.

Key takeaways

4. A synthesis of the findings from the ISSB’s Human Capital research project suggests several potential implications for future work by the ISSB. Those implications are organised according to the core content areas of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and summarised in paragraphs 5–22. A summary table of the areas of necessity is included in appendix A and descriptions of the scope of topical groupings used in the assessment is included in appendix B.

Necessity

Governance

5. There is no clear evidence that the ISSB should undertake additional standard-setting activities to improve entities’ disclosure about their governance of workforce-related risks and opportunities.

Strategy

6. Evidence is clear that investors need improved disclosure from most or all entities to understand aspects of the entity's strategy for managing workforce-related risks and opportunities. Those aspects include:
 - (a) the nature of the workforce-related risks and opportunities that could reasonably be expected to affect an entity's prospects, and their underlying drivers;
 - (b) the location and concentration of workforce-related risks and opportunities in an entity's business model and value chain, including information about relevant categories of workers; and
 - (c) how an entity's human capital management strategy informs and is informed by the entity's business model and overall strategy.
7. Evidence that investors need improved information about workforce-related trade-offs and about resilience is mixed. These considerations are closely related to (and may be addressed by) any work on the link between the human capital management strategy and the overall business strategy.

Risk management

8. Evidence is mixed that investors need improved disclosure from entities in all industries to understand how entities identify and monitor workforce-related risks throughout the whole value chain, including through human rights due diligence processes.
9. The research suggests investors also need improved disclosure on risk management practices that are specific for workers in an entity's own operations and for workers in an entity's value chain.
10. Evidence is clear that investors need improved, industry-specific disclosure about the processes that entities use to identify and manage workforce-related risks in the supply chain.

Metrics and targets

11. Evidence is clear that investors need improved disclosure of metrics from most or all entities related to:
 - (i) workforce turnover;
 - (ii) demographic composition of the workforce;
 - (iii) contractual composition of the workforce.
12. Evidence is mixed that investors need improved disclosure of metrics from most or all entities related to workforce engagement.
13. Evidence is clear that investors need improved industry-based information on metrics related to:
 - (a) child labour;
 - (b) forced and compulsory labour;
 - (c) workers in business relationships.
14. Evidence is mixed that investors need improved disclosure of metrics from entities in some industries related to workforce transitions.
15. Evidence is clear that investors need improved disclosure of cross-cutting and industry-specific metrics on health and safety.
16. Evidence is mixed that investors need improved disclosure of cross-cutting and industry-specific metrics related to:
 - (a) training and development;
 - (b) freedom of association and collective bargaining.
17. There is no clear evidence that the ISSB should undertake additional standard-setting activities to improve entities' disclosure of workforce-related targets.

Feasibility

18. Unlike other sustainability topics such as climate and nature, there is no existing, widely accepted framework for the disclosure of information on workforce-related risks and opportunities that is built around the core content areas of governance, strategy, risk management and metrics and targets. However, other standards and frameworks do already support the provision of disclosure on almost all of the areas that have been identified as a common information need for investors.
19. Several of those disclosures overlap with investors' information needs in relation to some aspects of an entity's strategy, particularly where workforce-related risks and opportunities are concentrated in an entity's business model and value chain. Several disclosures could also provide a starting point for ISSB activity on disclosure of information about the nature and drivers of workforce-related risks and opportunities, but these disclosures would need to be tailored to the subject matter and the remit of the ISSB.
20. Other standards and frameworks contain almost no existing workforce-related disclosures that address trade-offs, resilience and how an entity's human capital management strategy informs and is informed by the entity's business strategy.
21. Improving disclosure related to risk management appears highly feasible. There are several disclosures throughout the other standards and frameworks that are consistent with each other and with investors' common information needs.
22. Many metrics in the other standards and frameworks relate to the areas where evidence suggests investors need improved disclosure. However, these metrics are often diverse in terms of scope and measurement approaches. This diversity means there is a range of materials to build from and there is a clear opportunity for the ISSB to build consensus and provide more consistent and comparable disclosure.
23. The SASB Standards might also provide a basis for further developing industry-specific workforce requirements. Our findings suggest investors' common information needs could be met by amending the content of some metrics in the

SASB Standards and by revising the industries in which some workforce information is covered. The feedback on the exposure drafts proposing amendments to the SASB Standards may provide additional insights into how the SASB Standards can be used to support a practical and efficient approach to the development of standards or other materials on workforce-related risks and opportunities.

Background and approach

24. The objective of the current phase of research is to provide the ISSB with a sufficient understanding of the necessity and feasibility of potential standard-setting, as set out in April 2025.
25. To assess necessity and feasibility, the staff has synthesised its findings from the initial phase of research, as described in paragraphs 27-36. The results of that synthesis are presented in the assessment in paragraphs 37-85 and summarised in the key takeaways in paragraphs 4-22.
26. While this paper sets out to assess the necessity and feasibility of standard-setting, the matters identified in this paper might be addressed by the ISSB in a variety of ways. These include:
 - (a) a project (or projects) to develop a proposal for one or more new IFRS Sustainability Disclosure Standards, which could be thematic, industry-based or some combination of those approaches;
 - (b) a project to amend one or more existing IFRS Sustainability Disclosure Standard(s) and/or SASB Standards and/or existing guidance; and
 - (c) work to develop new non-mandatory guidance and/or educational materials.
27. At a subsequent meeting, the staff will present recommendations to the ISSB on the particular activities it should undertake to address investors' needs for improved disclosure.

Necessity

28. To assess the necessity of potential standard-setting, we considered a combination of factors for each matter. First, we considered the evidence of investor interest in a given matter, where that interest is because the matter is relevant to investment decision making. Next, we considered the evidence of effects on an entity's prospects associated with the matter.
29. When this assessment revealed evidence in both areas associated with a particular workforce-related matter, we considered information about that matter to be a 'common information need of investors.' (This term is used accordingly throughout the paper.)
30. For each matter identified as a common information need, we then considered the matter through the lens of the staff's analytical approach, assessing whether the matter is relevant to different groups of workers, different channels of risk and opportunity and/or different industry contexts.¹
31. Finally, we then considered the degree to which the requirements in IFRS S1 are sufficient to meet the common information needs identified or whether additional specific disclosures or other supporting materials are required to meet those needs. (This consideration reflects the 'S1-plus' approach established in the initial phase of research.)

Feasibility

32. To assess the feasibility of standard-setting, we evaluated the extent to which the ISSB could use existing materials to respond to identified areas of necessity in a more practical and efficient manner. Where there is little or no evidence of necessity, feasibility has not been assessed.

¹ The staff's analytical approach is set out in [Agenda Paper 4 Structuring the ISSB's analysis of research findings](#).

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33. We again considered a combination of factors, including the findings from the research on existing other standards and frameworks and the current state of disclosure, to assess feasibility. We also evaluated the SASB Standards.²
34. Several factors were considered when assessing other standards and frameworks and current disclosure practice. These factors included the number of existing disclosures that were relevant to the area of necessity, the degree of consistency between these disclosures, and the extent to which they align with the ISSB's objectives.
35. When assessing feasibility, we considered the extent to which the disclosures in other standards and frameworks could serve as a *starting point* for possible ISSB work. Any relevant materials on which the ISSB decides to build would still be evaluated and amended as necessary to ensure they reflect the objectives of the ISSB.
36. Our assessment focuses on the feasibility of *standard-setting*. We therefore have not evaluated the extent to which disclosure of the identified areas of necessity would be feasible for preparers. Preparers will likely find it easier to practically apply any workforce-related standards, guidance or other materials that build on existing materials or current disclosure practice, although there may be additional considerations, such as the entity's resources or jurisdictional limitations that influence this. When undertaking work to develop such materials, there will also be further opportunities to assess the implications for preparers and consider how to support proportional disclosure.

² The other standards and frameworks included in the assessment are the same as those that were included in the phase one analysis, and do not include any amendments or updates that have been made since then. Similarly, the analysis of the SASB Standards is based on the existing SASB Standards, not the contents of the exposure draft published in July 2025.

Assessment of necessity and feasibility

Governance

Necessity

37. We do not have evidence that investors need improved disclosure to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee workforce-related risks and opportunities. Investors rarely identified it as an area where they need improved workforce-related disclosure and, when they did, they did not identify workforce-specific information needs. Given this, the research suggests that the requirements in IFRS S1 are sufficient to meet investors' common information needs.

Strategy

Sustainability-related risks and opportunities (IFRS S1, paragraphs 30-31)

Necessity

38. Evidence is clear that investors need improved information from most or all entities about the nature and drivers of the workforce-related risks and opportunities that could reasonably be expected to affect an entity's prospects.
39. Specifically, investors expressed a common need for information about different aspects of workforce-related risks and opportunities, including those represented by the three channels of composition, capability and conditions. Investors also seek information on the drivers of those risks and opportunities and how those risks and opportunities compare to those faced by peer entities.
40. In the staff's view, paragraph 30(a) of IFRS S1 may meet investors information needs, but further specificity on what is meant by workforce-related risks and opportunities could enhance this. Paragraph 10(b) of IFRS S2 takes such an approach in relation to climate-related risks and opportunities by requiring companies to explain whether the

risks identified are climate-related physical risks or transition risks. Providing this additional specificity enables investors to better understand the underlying nature and drivers of these risks. When investors understand this information, they can evaluate whether the entity has the necessary practices in place to address the risk or opportunity and how effective that response is likely to be. Introducing similar specificity in relation to the workforce would therefore enable investors to better contextualise entities' other workforce-related disclosure and evaluate an entity's exposure and ability to respond to risks and to benefit from opportunities as a result.

Feasibility

41. The ISSB could use disclosures from other standards and frameworks as a starting point to address this need. Several disclosures in other standards and frameworks all ask for information on risks and opportunities related to the workforce in the entity's own operations and in the rest of its value chain and cover all three channels of workforce-related risk and opportunity. However, most of these disclosures have a broader scope than just workforce-related risks and opportunities, because they focus either on impacts in general or on groups beyond the workforce (such as local communities).

Business model and value chain (IFRS S1, paragraph 32)***Necessity***

42. Evidence is clear that investors need improved disclosure from most or all entities to understand where workforce-related risks and opportunities are concentrated in an entity's business model and value chain.
43. Investors clearly demonstrated a common need for information about both the geographic location and the type of the activities in the value chain, such as raw materials sourcing, manufacturing or distribution. Investors were clear that such information is important for understanding an entity's exposure to workforce-related risks and opportunities. For example, the location of suppliers provides insights into the likelihood of risks related to forced labour in an entity's value chain. However, the

information is not specific to the workforce and investors' need can be met by focusing on business activities as a whole.

44. Investors also seek better information on the particular groups of workers associated with the risks and opportunities facing an entity. This includes information about groups of workers based on their relationship to the entity (for example, whether workers are employees or independent contractors, or whether workers have a formal or informal relationship with the entity). It also includes the part of the entity's operations or its broader value chain in which those workers work.
45. Our research suggests that IFRS S1 paragraph 32 (especially 32(b)) would provide sufficient information in relation to geographic location and the type of the activities in the entity's value chain. However, evidence suggests IFRS S1 may not meet investors' need for information on categories of workers and their location in the value chain where risks and opportunities are concentrated. IFRS S1 includes disaggregation requirements and an overarching objective to ensure that information is provided to enable investors to understand sustainability-related risks and opportunities, which would include workforce-related risks and opportunities. However, paragraph 32 does not specifically require information about different groups of workers (either generally or particular groups) when requiring entities to describe where in the entity's business model and value chain sustainability-related risks and opportunities are concentrated. Standard-setting may therefore be necessary to more explicitly identify groups of workers as a relevant aspect when identifying where risks and opportunities are concentrated.

Feasibility

46. The ISSB could build on several disclosures from other standards and frameworks to address information about workforce-related risks and opportunities in an entity's business model and value chain. Four disclosures provide information on the risks and opportunities that relate to particular groups of workers, which the ISSB could use as a starting point to address this need.

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47. There are also 12 other, topic-specific disclosures about the location of impacts, risks and/or opportunities regarding specific human capital topics. These topics include freedom of association and collective bargaining, child labour, pay and benefits, forced and compulsory labour, and health and safety.
48. The categories of workers identified in the analytical approach set out in [Agenda Paper 4 Structuring the ISSB's analysis of research findings](#) (October 2025) could provide a helpful starting point for considering additional specificity on the groups of workers in the value chain where risks and opportunities are concentrated.

Strategy and decision-making (IFRS S1, paragraph 33)

Necessity

49. Evidence is clear that investors need improved disclosure from most or all entities to understand how workforce-related risks and opportunities connect to an entity's strategy and decision-making. The evidence suggests at least two relevant aspects of strategy and decision-making.
50. Firstly, investors need more explicit disclosure on how an entity's human capital management strategy informs and is informed by the entity's business strategy. IFRS S1 paragraph 33(a) requires the provision of information about how the entity has responded to and plans to respond to workforce-related risks and opportunities in its strategy and decision-making. However, investors articulated a desire for information that goes beyond how workforce-related risks and opportunities are addressed in an entity's strategy (as addressed in paragraph 33(a)). They also explicitly asked for descriptive information on an entity's human capital management strategy and how it contributes towards an entity's overall strategy.
51. Secondly, there is some evidence to suggest investors may also need improved information about workforce-related trade-offs. Several paragraphs in IFRS S1 related to trade-offs, namely paragraphs 33(c), 27(a)(iv), B40(b) and B44(b), may be

sufficient to elicit useful disclosure on the particular ways in which trade-offs can manifest in relation to the workforce.

52. Further research may help clarify whether companies need additional materials to help support them in applying these requirements on strategy and decision-making in the context of workforce-related risks and opportunities.
53. Evidence was also clear that investors also need information from entities in some industries related to industry-specific practices to respond to risks in the supply chain, for example in relation to purchasing team practices.

Feasibility

54. The research has identified disclosures in other standards and frameworks that could serve as practical and efficient starting points for the ISSB. There are three disclosures that provide information on the connection between workforce matters and the company's decision-making process or strategy. There are, however, no disclosures that explicitly address information on the relationship between an entity's business strategy and human capital management strategy. The Integrated Reporting Framework could provide a helpful starting point, given its emphasis on the connectivity and interdependencies between the various factors that affect an organisation's ability to create value, including the capitals it uses (such as human capital) and its business strategy.
55. In relation to trade-offs, the staff identified only one relevant disclosure. This disclosure considers how an entity manages tensions between addressing salient issues and business objectives. This requirement could be a helpful starting point for the ISSB to leverage, but is focused on salient human rights issues, rather than workforce-related risks and opportunities and so has a different scope to IFRS Sustainability Disclosure Standards. These limitations and differences suggest standard-setting may be less feasible with respect to trade-offs.

*Resilience (IFRS S1, paragraphs 41–42)****Necessity***

56. Evidence is mixed on whether investors need improved information about an entity's resilience to workforce-related risks. Investors did not explicitly articulate a need for information on resilience. However, some of the identified common information needs addressed elsewhere in this paper (such as the structure and composition of an entity's value chain) suggests it could be related to investors' assessment of resilience. Paragraph 41 of IFRS S1 may already provide sufficient information to investors on an entity's resilience in relation to workforce-related risks.

Feasibility

57. There are no identified existing disclosures focused specifically on resilience in relation to workforce-related risks and opportunities.

Risk management***Necessity***

58. Evidence is mixed that investors need improved disclosure of information on the role of workforce-related risks assessments (and human rights due diligence processes specifically) in identifying, assessing prioritising and monitoring workforce-related risks and opportunities.
59. Investors seek cross-cutting information on how an entity is managing workforce-related risks throughout the value chain. This need includes a combination of information about risk management that applies to the whole workforce, as well as specific information about how risk management is approached in an entity's own operations, and how it is approached in other parts of the value chain. Distinct information here is useful because the way that workforce-related risks are managed varies significantly when they related to workers in an entity's own operations

compared to the value chain, with different tools, practices and business functions being involved.

60. Investors expressed mixed views on the specific information they wanted all or most companies to provide in relation to risk management. A few sought information specifically on human rights due diligence, either as a whole or in relation to particular parts of the due diligence process. Others were interested in workforce-related risk assessments more broadly.
61. The diversity of investor views makes it more difficult to determine whether IFRS S1 would already provide investors with sufficient information on workforce-related risk management. Paragraph 44 of IFRS S1 might sufficiently address investors' need to understand how entities identify, assess, prioritise and/or monitor workforce-related risks and opportunities more broadly. This requirement could also be complemented by the SASB Standards. The SASB Standards contain 11 metrics in 11 industries that require the entity to disclose how it identifies, assesses and monitors workforce-specific risks and procedures of whistleblower policies.³ These metrics could serve as helpful guidance for preparers in addition to IFRS S1 paragraphs 43 and 44. However, investor interest in information on workforce-related risk management in the supply chain extended to a broader set of industries than those for which SASB Standards currently include such metrics. Thus, the evidence suggests that the ISSB may wish to consider expanding the coverage of workforce-related risk management in the SASB Standards.
62. More research is necessary to determine what investors' common information needs are in relation to workforce risk management, particularly for cross-cutting information, and how they relate to the requirements in IFRS S1. It may be the case that the ISSB can better respond to investors' information needs by developing guidance or educational materials on using IFRS S1 to disclose information on workforce-related risk management, including through human rights due diligence processes.

Feasibility

63. There are several disclosures in other standards and frameworks that the ISSB could leverage to support disclosure of information related to how entities identify, assess, prioritise and monitor workforce-related risks. These include three disclosures about human rights due diligence processes, and one disclosure on identifying forced labour and child labour specifically. Information on grievance mechanisms could also prove useful given the central role that grievance mechanisms play in identifying workforce-related risks.
64. There are 13 disclosures in the other standards and frameworks that could serve as starting points for the ISSB in considering grievance mechanisms. These disclosures are focused on the structure and process of grievance mechanisms, and how companies track and monitor the issues raised. The focus on the identification and monitoring role of grievance mechanisms strongly aligns with the more general content in paragraph 43 of IFRS S1. This suggests these disclosures could be a good starting point for ISSB activity in this area.

Metrics and targets***Metrics (IFRS S1 paragraphs 45–50, 52–53)***

65. Evidence is clear that investors need improved disclosure of workforce-specific metrics, including both cross-cutting and industry-specific metrics. The objective of the disclosure of metrics in IFRS S1 is to enable primary users to understand an entity's performance in relation to sustainability-related risks and opportunities (which include workforce-related risks and opportunities). IFRS S1 requires industry-specific metrics to be disclosed and that an entity to refer and consider the applicability of metrics in the SASB Standards. However, it does not identify any specific, workforce-related metrics to achieve this objective.
66. Paragraphs 68-76 set out the areas where evidence suggests investors need improved disclosure of workforce-related metrics. Metrics have been grouped based on whether

investors need improved disclosure from most or all companies, from companies in some industries, or a combination of these. This grouping is based on whether investors primarily identified information as needing to be disclosed by most or all companies, or those in some industries. It is not intended to suggest that metrics on those topics are exclusively relevant on a cross-cutting or industry-specific basis.

67. Given the volume of topics, we have evaluated necessity and feasibility side by side for each topic. At the end of this section, we have considered how these findings relate to the SASB Standards. Appendix B sets out the specific information that is included within each topic.

Cross-cutting metrics

68. Investors expressed a clear need for improved disclosure from most or all entities on specific workforce metrics. These cross-cutting metrics include:

- (a) *workforce turnover*—
- (i) this metric focuses on workers in an entity's own operations. 'Turnover' is a nuanced concept that can still cover a range of information. Some investors expressed a need for turnover information applying to all workers in an entity's own operations (including non-employees) while others focused only on employees. Investor feedback also varied on the exact measure that should be used. As a result, further research will be needed to determine the optimal approach.
 - (ii) Research identified seven metrics in other standards and frameworks related to workforce turnover. Four of these metrics provide turnover rates with a breakdown by worker category (employees or non-employees) and characteristics (age group, gender, contract type and/or region). Based on the analysis of existing company disclosure, 38 percent of the companies in the available reporters database disclosed a turnover rate metric. These findings suggest that there would be a strong foundation for the ISSB to undertake standard-setting activity in relation to turnover.

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- (b) *demographic composition—*
- (i) for an entity’s own operations, investors seek information about the demographic composition of both the entity’s own employees and its non-employee workers. Gender information was most commonly cited, followed by age, race and ethnicity information. Investors also want to understand workforce demographics in the value chain where those demographics are linked to workforce risks, such as migrant workers, who are more likely to be subject to forced labour. In addition to information on the demographic composition of the workforce in general, investors also expressed a need for topical information (such as turnover information, as identified in paragraph 68(a)) to be disaggregated by demographics, particularly by gender.
 - (ii) Some demographic information may be more or less relevant or available depending on the jurisdiction. There is also a complex relationship between demographic information and effects on entities’ prospects, which can also vary by jurisdiction, as well as by demographic and by the specific risks and opportunities being considered. Further research will be needed to identify how to balance investor information needs here with jurisdictional variation, and to identify the precise information that will be decision-useful for investors.
 - (iii) Research identified 17 metrics addressing workforce demographics in other standards and frameworks. These metrics are focused exclusively on an entity’s own operations. Based on a survey of Sustainability Standards Advisory Forum (SSAF) members,³ 11 of 26 responding jurisdictions require disclosure related to workforce demographics, with gender information being most common. This reflects our findings

³ More information on the findings of this survey can be found in [Agenda Paper 3 and 4 Overview: Jurisdictional survey on biodiversity, ecosystems and ecosystem services and human capital](#) (October 2024)

on the current state of company disclosure, where 83 percent of companies in our available reporters database disclosed information on gender representation. This suggests that standard-setting on gender, in particular, is likely to have high feasibility.

(c) *contractual composition*—

- (i) this need includes the nature of the relationship between the worker and the entity (for example, whether the worker is directly employed or not). It also includes whether workers' contracts are permanent or temporary, or full- or part-time. Investors seek this information for all workers in an entity's own operations. Investors also want information related to other topics to be disaggregated by comparable contract types.
- (ii) Research identified 16 metrics in other standards and frameworks covering the contractual composition of the workforce in entities' own operations. In the other standards and frameworks, contractual composition was most commonly disaggregated by employees and non-employees. Other contractual types used include full-time and part-time employees, contingent workers, and temporary workers. A similarly broad range of categorisations was seen in our survey of SSAF members on jurisdictional requirements. The survey showed there are seven jurisdictions with contractual composition-related disclosure requirements, with varying categories used for disaggregation.

69. Evidence suggests investors need improved disclosure from most or all entities on metrics related to several topics, although the exact metrics that would be useful to investors is less clear. To provide more clarity on the specific information that is likely to be relevant, the staff have applied the analytical approach set out in [Agenda Paper 4 Structuring the ISSB's analysis of research findings](#) (October 2025).

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70. Other workforce topics where there is strong evidence that investors need improved disclosure of metrics that apply to most or all entities are:
- (a) *pay and benefits*—applies mainly to an entity’s own workforce. Information on pay and benefits can provide investors with a picture of risks and opportunities related to all channels. Information on low pay provides insight into risks related to conditions. Information on the role of pay as an incentive can inform investors about risks and opportunities related to composition (where pay facilitates recruitment) and capability (where it supports worker motivation). Feasibility is higher for information related to the capability and composition channels, which most disclosures in the other standards and frameworks are focused on.
 - (b) *workplace inclusion*—most relevant for workers in an entity’s own operations and when providing insights into risks and opportunities related to the conditions channel. Existing disclosures focus on these and are relatively consistent, suggesting feasibility would be high. However, workplace inclusion is a broad topic and the way in which it interacts with entities’ prospects is complex. Given this, further research would be beneficial to identify the exact information that will be useful for investors.
71. Evidence is mixed as to whether improved disclosure of metrics is needed in relation to:
- (a) *workforce engagement*—related to levels of worker engagement and the outcome of worker engagement, although the research did not identify the particular metrics that would be most useful. Three metrics in the other standards and frameworks evaluated relate to workforce engagement. These metrics focus on two sets of information. One metric addresses levels of participation in engagement surveys and satisfaction levels. The other two address the number of reported complaints/grievances. Investor feedback suggests information on both areas might be decision useful and so these disclosures could serve as a starting point for future work by the ISSB.

Industry-specific metrics

72. Evidence was clear that investors also need industry-specific metrics to complement cross-cutting disclosure. Several topics demonstrated clear evidence of a need for improved disclosure of metrics from entities in some industries:
- (a) *child labour*—applies to workers in both an entity’s own operations or in the value chain, but the group of workers that is relevant will vary as a result of an entity’s industry and geography. Information that provides investors with an understanding of risks and opportunities related to composition and conditions would be most relevant here. Standard-setting would be somewhat feasible, because disclosures in other standards and frameworks are focused on conditions and there are no existing disclosures addressing composition.
 - (b) *forced and compulsory labour*—as with child labour, applies to all workers but the specific group that is relevant varies based on the entity’s industry and geography. Information on forced and compulsory labour is most relevant to investors in relation to composition, helping investors to understand the extent to which more vulnerable groups are represented in the workforce. It would also be relevant for conditions, so investors can assess the likelihood that forced and compulsory labour is occurring. Feasibility would be highest in relation to information on conditions as that is the focus of most disclosures in other frameworks.
 - (c) *workers in business relationships*—applies specifically to workers in the upstream and downstream value chain), although the location(s) would depend on an entity’s industry and business model. Information that helps investors understand risks and opportunities related to conditions would be most relevant here. Disclosures in other standards and frameworks on workers in business relationships are highly consistent, with focus on mapping the value chain and identifying risks (including supplier assessments and audits), suggesting a high degree of feasibility.

73. Evidence is mixed that investors need improved disclosure of metrics from entities in some industries to understand:

- (a) *workforce transitions*—most relevant for workers in an entity’s own operations. Feasibility here is low. There are very few disclosures in the other standards and frameworks. Those disclosures that exist focus on the percentage of employees reskilled, redeployed or who have had their employment terminated, just transition-related response or risks, and management of significant changes for workers. It should be noted that over the course of the research project, investor interest in information relating to the use of AI and its implications for the workforce has increased significantly.

Topics that could have both cross-cutting and industry-specific metrics

74. For some topics, there is evidence that investors need a combination of information that would be disclosed by entities in all industries and information that would only be disclosed by entities in some industries.

75. Evidence is clear that investors need improved disclosure of metrics on:

- (a) *health and safety*—relevant for workers in an entity’s own operations and/or other parts of the value chain but the group of workers that is relevant will vary as a result of an entity’s industry and geography. Information to help investors understand whether workforce health is impacting workers’ ability to perform contributes to a picture of workforce capability. Information on safety practices can help investors understand risks and opportunities arising as a result of conditions. There is significant diversity in metrics on health and safety in the existing standards and frameworks. Feasibility is supported by the wide range of resources to draw from, but this diversity poses challenges as it suggests there is less consensus on relevant information.

76. Evidence is mixed that investors need improved disclosure of metrics on:

- (a) *training and development*—most relevant for an entity’s own employees and where it provides investors with insights into the capability of the workforce.

There was a high degree of consistency among disclosures in other standards and frameworks, suggesting a good degree of feasibility. These disclosures focused on three aspects of training and development: descriptions of training or upskilling programme demands; training hours or numbers of staff participating; and performance management or review.

- (b) *freedom of association and collective bargaining*—most relevant for an entity's own employees, although in some industries it may also be relevant for workers in the value chain. High consistency across disclosures suggests an overall high level of feasibility for standard-setting on freedom of association and collective bargaining. Disclosures include collective bargaining agreement coverage rates (related to composition) and days lost to industrial action (related to capability). Disclosures in other standards and frameworks align with the workers and channels that are relevant.

Relationship to metrics in the SASB Standards

77. IFRS S1 requires that industry-specific information be provided and refers to sources of guidance to enable entities to meet the requirements of the Standard for sustainability topics beyond climate. Entities are required to refer to and consider the applicability of the metrics included in the SASB Standards, while entities may refer to and consider metrics from other sources. There are 105 quantitative metrics⁴ in the SASB Standards related to the topics identified in paragraphs 73-77, where evidence indicates that investors need improved, industry-based disclosure. The extent to which existing SASB metrics will support the feasibility of human capital standard-setting work depends, in part, on whether those metrics could be used in more industries than those in which they currently appear, including potentially in a cross-industry context. Sector-specific disclosures from other standards and frameworks (which were outside the scope of the staff's previous research in this area) could also enhance the feasibility of future work on this matter.

⁴ 'Metrics' in the SASB Standards includes a range of both qualitative and quantitative information, some of which could relate to core content areas other than 'metrics and targets'. For the purpose of this metrics-level analysis, we have only included those metrics which relate to the 'metrics and targets' core content area.

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78. While these metrics in the SASB Standards provide a strong basis for industry-specific workforce disclosures, our research suggests there are areas where they could better meet investors' common information needs. This is because some industries do not include metrics on relevant workforce topics and because of the particular content of the metrics themselves. Both of these findings are consistent with previous research conducted on the scope and prevalence of human capital themes throughout the SASB Standards.⁵
79. The current exposure drafts proposing amendments to the SASB Standards have sought to start addressing some of these areas. Feedback received through the exposure drafts will also serve as a valuable input to complement this analysis that can help clarify how to best meet investors' industry-specific information needs.

Coverage of workforce information throughout industries

80. Some workforce-related topics are insufficiently addressed, or are not addressed at all, in industries where our findings suggest investors need improved disclosure. This is particularly the case for information related to workers in business relationships (especially information on the role of procurement and purchasing in risks related to workers in business relationships) and workplace inclusion.

Content of metrics in the SASB Standards

81. The content of some metrics in SASB Standards may not fully align with investors' common information needs, with investors looking for industry-specific information that is not explicitly addressed in the metrics.
82. Our research suggests that investors seek additional industry-specific metrics associated with several topics, some of which are not currently addressed in the SASB Standards. For example, there are no specific metrics on child labour and forced and compulsory labour in the SASB Standards. These topics are currently addressed with broader, risk assessment-focused metrics considering issues such as supplier audits.

⁵ 'Human Capital', SASB, 2023, <https://sasb.ifrs.org/standards/process/projects/human-capital/>

83. Investors' needs could also be more effectively met if a broader range of information on some topics was included in some of the SASB Standards. For example, the only workforce training-related metric measures the average hours of health, safety and emergency training. There are no metrics in SASB Standards related to training and development more broadly or in relation to other skills and capabilities.
84. Our research also suggests that the ISSB may wish to reconsider the categories of workers included in the metrics associated with some topics in certain SASB Standards. For many topics, the SASB Standards focus disclosure only or primarily on employees when our research suggests investors need information on a wider set of workers. These topics are workforce demographics, workplace inclusion, recruitment and retention, worker engagement, workforce composition, child labour and forced and compulsory labour.

Targets (IFRS S1, paragraphs 51–53)

Necessity

85. The research suggests that investors do not need improved disclosure from entities on workforce-related targets. It is likely that entities can provide sufficiently decision-useful information about targets associated with workforce-related risks and opportunities by referring to paragraphs 51–53 of IFRS S1.

Next steps

86. In the coming months, we will use these findings to provide the ISSB with recommendations on whether and how to undertake standard-setting and/or the development of guidance or other materials.

Questions for the ISSB

1. Do ISSB members have any clarifying questions or comments on the key takeaways (paragraphs 4–22) or the assessment of necessity and feasibility (paragraphs 37–85)?

Questions for the ISSB

2. Do ISSB members have questions on next steps proposed by the staff, in particular, the staff's intent to bring recommendations to the ISSB as described in paragraph 86?

Appendix A—Summary of evidence of necessity of standard-setting

Core content area and IFRS S1 paragraph reference		Evidence of necessity	Cross-cutting	Industry-specific
Governance	Workforce-specific governance information (para 26-27)	No clear evidence		
Strategy	Workforce-related risks and opportunities (para 30)	Clear evidence	Yes	
	Business model and value chain (para 32)	Clear evidence	Yes	
	Strategy and decision-making (para 33)	Mixed evidence	Yes	
	Resilience (para 41-42)	Mixed evidence	Yes	
Risk management	Risk assessment information (para 43-44)	Mixed evidence	Yes	Yes
Metrics (specific metrics)	Workforce turnover	Clear evidence	Yes	
	Demographic composition	Clear evidence	Yes	
	Contractual composition	Clear evidence	Yes	
Metrics (topics)	Workforce engagement	Mixed evidence	Yes	
	Pay and benefits	Clear evidence	Yes	
	Workplace inclusion	Clear evidence	Yes	
	Child labour	Clear evidence		Yes
	Forced and compulsory labour	Clear evidence		Yes
	Workers in business relationships	Clear evidence		Yes
	Workforce transitions	Mixed evidence		Yes
	Health and safety	Clear evidence	Yes	Yes
	Training and development	Mixed evidence	Yes	Yes
	Freedom of association and collective bargaining	Mixed evidence	Yes	Yes
Targets	Workforce-specific targets (para 51-53)	No clear evidence		

Appendix B—Topical groupings used in the research

- B1. The following topical groupings were developed for analysis purposes for this research due to a need for a mechanism to categorise and compare findings. They build upon the groupings used in the first phase of research, with minor amendments to reflect the need for more specificity or clearer delineation between different aspects of workforce-related risks and opportunities when assessing necessity and feasibility.
- B2. The groupings do not represent proposed ISSB definitions or focus areas. Any proposed definitions, groupings or categories to be used beyond this research are still to be determined, and there is no assumption that the groupings used here will continue to be used in any potential standard-setting activity.

Topical grouping	Scope of the grouping
Child labour	Includes information on the prevalence of children in the workforce, the nature of the work they carry out and the conditions in which they work.
Contract types	Includes information on the nature and distribution of contract types used by the entity.
Forced and compulsory labour	Includes information on the identification, mitigation and remedy of forced and compulsory labour.
Freedom of association and collective bargaining	Includes information on freedom of association and collective bargaining such as number of employees under collective bargaining agreement, engagement process and violations.
Health and safety	Includes information on occupational health and safety, mental health and wellbeing, and safeguarding.
Pay and benefits	Includes information related to wage levels, pay ratios and pay gaps, as well as financial and non-financial benefits provided to the workforce.
Recruitment and retention	Includes information on turnover, recruitment practices and retention efforts, excluding specific information relating to pay, benefits and employee wellbeing.
Training and development	Includes information on levels of provision of training and development, examples of training, and strategies for workforce development.
Worker engagement	Includes information on employee engagement, worker feedback and grievance mechanisms.
Workers in business relationships	Includes information on how entities engage with value chain actors in relation to workers and working conditions in the value chain, including

	procurement practices, supplier communication and monitoring, and supplier codes of conduct. Information on child and forced labour specifically, where these practices occur in the value chain, are included under the topics of 'child labour' and 'forced and compulsory labour'.
Workforce demographics	Includes information on the demographic composition of the workforce including workers' gender, age, national origin and so on.
Workforce transitions	Includes information on the transition to a lower-carbon economy, and the use of AI and automation where it relates to the workforce.
Workplace inclusion	Includes information on practices that enable workers to feel valued and respected, and provide opportunities to succeed, including information on discrimination and harassment.