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### Human resource management — Requirements and recommendations for human capital reporting and disclosure

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# Contents

	Page
<b>Foreword</b> .....	<b>iv</b>
<b>Introduction</b> .....	<b>v</b>
<b>1 Scope</b> .....	<b>1</b>
<b>2 Normative references</b> .....	<b>1</b>
<b>3 Terms and definitions</b> .....	<b>2</b>
<b>4 Human capital reporting and disclosure process</b> .....	<b>4</b>
4.1 General.....	4
4.2 Guiding principles.....	4
4.3 Target groups and stakeholder relevance.....	5
4.3.1 General.....	5
4.3.2 Internal and external stakeholders.....	5
4.4 HCRD framework, systems and units of workload.....	6
4.4.1 HCRD framework.....	6
4.4.2 Organization systems.....	6
4.4.3 Levels of systems reporting (TML).....	7
4.4.4 Units of workload (full-time equivalents – FTE).....	8
4.5 Tools, procedures and responsibilities for data collection.....	8
4.5.1 Legal and ethical considerations.....	8
4.5.2 HCRD producers and users.....	9
4.5.3 Responsibility for data collection.....	9
4.5.4 Comparability of HCRD.....	9
4.5.5 Consolidated HCRD.....	9
4.5.6 HRIS.....	10
4.5.7 Digital taxonomy.....	10
4.5.8 HCRD ecosystem quality control.....	11
4.5.9 Technologies (AI) and HCRD.....	11
4.6 Reporting disclosure format, frequency and locations.....	12
4.6.1 Disclosure format.....	12
4.6.2 Disclosure frequency.....	13
4.6.3 Disclosure locations.....	14
4.7 Reporting areas.....	14
4.7.1 General.....	14
4.7.2 Categories of HCA metrics.....	15
4.7.3 Harmonization and materiality.....	16
4.7.4 Required metrics for HCRD.....	16
4.7.5 Recommended metrics for HCRD.....	17
<b>Annex A (informative) HCRD metric definitions, calculations and formulae</b> .....	<b>20</b>
<b>Annex B (informative) Business acumen</b> .....	<b>55</b>
<b>Annex C (informative) Recommendations for small and medium-sized enterprises (SMEs)</b> .....	<b>57</b>
<b>Annex D (informative) Examples of human capital metric reports with combination metrics – large organization</b> .....	<b>59</b>
<b>Annex E (informative) Example human capital disclosure report – large organization (first reporting year)</b> .....	<b>63</b>
<b>Bibliography</b> .....	<b>65</b>

## Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular, the different approval criteria needed for the different types of ISO document should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see [www.iso.org/directives](http://www.iso.org/directives)).

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For an explanation of the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT), see [www.iso.org/iso/foreword.html](http://www.iso.org/iso/foreword.html).

This document was prepared by Technical Committee ISO/TC 260, *Human resource management*.

This second edition cancels and replaces the first edition (ISO 30414:2018), which has been technically revised.

The main changes are as follows:

- reallocation of metrics into two categories - requirements and recommendations;
- enhanced alignment with sustainability reporting;
- more explicit consideration of materiality including factors related to AI;
- guidance on productivity and performance disclosures in for-profit, not-for-profit, and non-profit sectors;
- reorganisation of human capital areas (HCAs) to align contexts, prioritize impact and workflow;
- recommended disclosure reporting format [based on Task Force on Climate-Related Financial Disclosures (TCFD) governance, strategy, risk, and opportunities, and metrics framework];
- addition of metrics on human rights, labour relations, productivity, ethics and well-being;
- enhanced guidance on responsibilities regarding data collection, privacy and security;
- updated guidance on business acumen for human capital reporting and disclosure in [Annex B](#);
- enhanced guidance on recommendations for small and medium-sized enterprises in [Annex C](#);
- expanded examples of human capital reports with combination metrics in [Annex D](#);
- added an example of a human capital disclosure report for a large organization in [Annex E](#).

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at [www.iso.org/members.html](http://www.iso.org/members.html).

## Introduction

Human capital (HC) includes the cumulative knowledge, skills and abilities of an organization's people and the impact on an organization's long-term performance, as well as competitive advantage through optimizing organizational outcomes.

The measurement and reporting of human capital facilitate the ability of an organization to manage the risks or opportunities associated with one of its most critical resources, people. Research shows that an organization's intangible assets, of which human capital is the primary driver, can represent over 90 % of an organization's value<sup>[1]</sup>. Research also shows that organizations that do not proactively manage their human capital can damage their organization's capability to generate long-term, sustainable value<sup>[2]</sup>.

The introduction of regulations by major governance agencies requiring organizations to disclose essential workforce metrics has the effect of reclassifying human capital as an intangible asset investment rather than an organizational expense. The effective measurement, management and reporting of these investments have become vital for gauging their material impact on an organization's outcomes and sustainability.

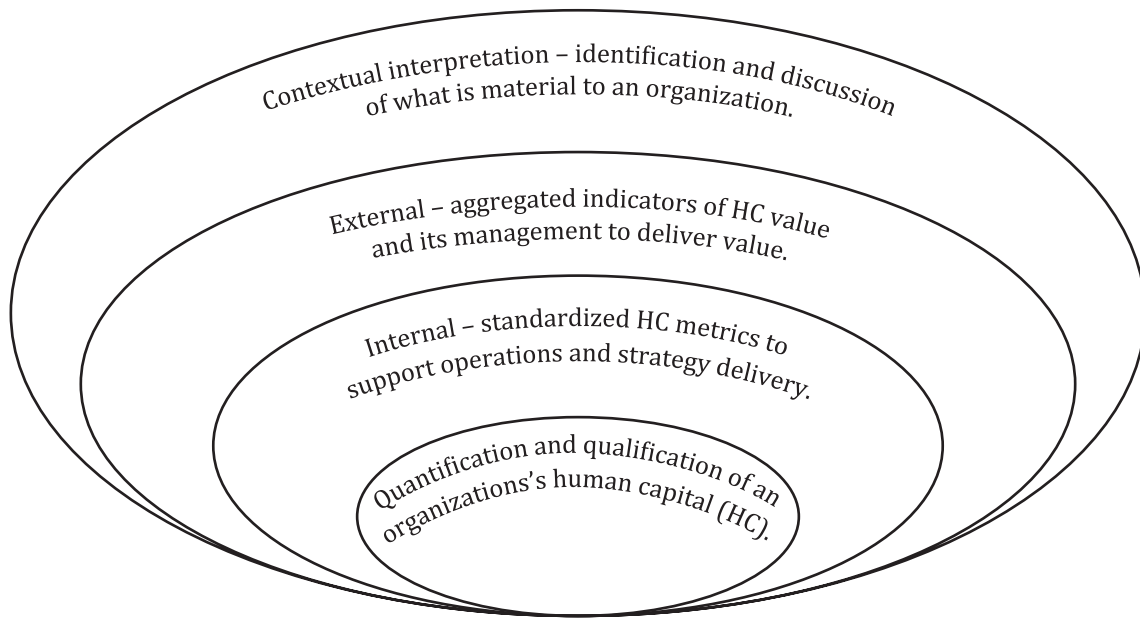
This document is guided by the principles of human rights at work<sup>[3]</sup>, human governance (ISO 30408<sup>[4]</sup>) and materiality, distinguishing between required and recommended metrics. This document also offers guidelines for human capital data privacy, collection, measurement, analysis and consistency in reporting and disclosure.

The metrics and disclosure format outlined in this document consider a wide variety of sources, such as research organizations<sup>[5]</sup>, expert knowledge<sup>[6]</sup>, advisory groups<sup>[7]</sup>, forums<sup>[8]</sup>, industry coalitions<sup>[9]</sup>, and related frameworks or standards [e.g. Global Reporting Initiative (GRI)<sup>[10]</sup>, Integrated Reporting Initiative<sup>[11]</sup>, Sustainability Accounting Standards Board (SASB)<sup>[12]</sup>, European Sustainability Reporting Standard (ESRS) S1<sup>[13]</sup>, International Financial Reporting Standards (IFRS/ISSB) S1<sup>[14]</sup>, Securities and Exchange Commission (SEC)<sup>[15]</sup> and Task Force for Climate-Related Financial Disclosures (TCFD)<sup>[16]</sup>].

The domain of human capital is not limited to human resources (HR). Historically, HR excels in qualitative workforce relations, while finance excels in quantitative reporting for stakeholders. Yet, for human capital analysis and reporting to be effective, a collaborative, interdisciplinary approach is essential.

The benefits of a standardized approach to human capital reporting and disclosure (HCRD) include:

- quantifying the sustainable drivers of organization value creation using generally accepted metrics in a manner that is both internally and externally comparable and consistent with governance expectations;
- superior insights to workforce management processes that enable positive and constructive workforce relations;
- enhanced transparency of the most impactful human capital drivers of sustainable organization performance;
- superior insight on the correlation between investments in a workforce and sustainability (financial and non-financial) of selected performance indicators;
- enhanced financial performance, organizational culture, workforce well-being and stakeholder value creation.



**Figure 1 — Human capital framework**

[Figure 1](#) illustrates an outcomes-focused view of HCRD's purpose, its layered application and use case relationships. This document does not prescribe a fixed interpretation of materiality, rather it provides guidance to HCRD producers on how to determine human capital materiality based on the report's intended audience, the organization's sustainability objectives and the jurisdiction of application.

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# Human resource management — Requirements and recommendations for human capital reporting and disclosure

## 1 Scope

This document provides requirements and recommendations for human capital reporting and disclosure (HCRD). This document outlines a baseline for global and comprehensive internal and external HCRD applicable across organizations of all sizes and sectors, focusing on measuring factors that are within an organization's control.

This document provides requirement and recommendations on the following core human capital reporting areas (HCAs):

- workforce composition;
- diversity;
- costs;
- productivity;
- health, safety, and well-being;
- leadership, culture and engagement;
- compliance, ethics, and workforce relations;
- recruitment;
- mobility and succession planning;
- workforce turnover;
- skills, capabilities, and development.

## 2 Normative references

The following documents are referred to in the text in such a way that some or all of their content constitutes requirements of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

ISO 30400, *Human resource management — Vocabulary*

ISO/TS 24179, *Human resource management — Occupational health and safety metrics*

ISO 30415, *Human resource management — Diversity and inclusion*

ISO/TS 30425, *Human resource management — Workforce availability metrics cluster*

ISO/TS 30427, *Human resource management — Costs metrics cluster*

ISO/TS 30428, *Human resource management — Skills and capabilities metrics cluster*

ISO/TS 30432, *Human resource management — Workforce productivity metrics cluster*

### 3 Terms and definitions

For the purposes of this document, the terms and definitions given in ISO 30400 and the following apply.

ISO and IEC maintain terminology databases for use in standardization at the following addresses:

- ISO Online browsing platform: available at <https://www.iso.org/obp>
- IEC Electropedia: available at <https://www.electropedia.org/>

#### 3.1

##### **critical position**

job role that has a direct and significant impact on organizational outcomes

Note 1 to entry: A critical position has a material impact on organizational outcomes representing roles that are essential for operational continuity, strategic direction and financial stability. The importance of these positions can vary depending on the sector, size and specific needs of the organization.

Note 2 to entry: A position which is difficult to fill is not inherently critical.

[SOURCE: See ISO 30400:2022, 3.4.17, modified — The original notes to entry have been replaced by 2 new ones.]

#### 3.2

##### **disclosure area**

category (i.e. governance, strategy, risk or opportunity, metrics, targets and narrative) of reporting that represents a complete human capital report.

##### 3.2.1

##### **disclosure topic**

defined area of human capital focus regarding the organization's strategies, policies, activities and outcomes related to the management, development and productive well-being of its workforce.

Note 1 to entry: Disclosure topics are the specific *human capital areas (HCAs)* (3.6) which an organization has assessed and deemed material for the purpose of disclosure.

#### 3.4

##### **executive**

most senior level of employee or manager in an organization

Note 1 to entry: For the purposes of this document, executive is synonymous with a role of leadership and governance; excluding non-executive directors of a board (see 4.4.3).

#### 3.5

##### **formal training**

structured activity designed to develop workers' skills, knowledge or behaviours

Note 1 to entry: Formal training is usually instigated by organizations.

Note 2 to entry: Training is most commonly associated with an activity whereby learning is an outcome.

#### 3.6

##### **human capital area**

##### **HCA**

universal, industry or sector work issue category that enables standardized comparisons of human capital issues across organizations, highlighting the domains of human capital with a significant impact on performance and sustainability

#### 3.7

##### **independent contractor**

self-employed individual or entity contracted and paid to perform work for, or provide services to, another entity as a non-employee or contingent worker

EXAMPLE Consultant, external advisor, self-employed, freelancer, tradesperson, gig-worker.



[SOURCE: ISO 30400:2022, 3.13.3, modified — The original definition has been modified to singular; emphasis enhanced on self-employment and type of contingent worker; examples expanded.]

### 3.8

#### **leadership succession pool**

individuals within an organization who are formally identified as candidates (successors) to fill positions formally identified as roles of leadership

Note 1 to entry: High potentials are people identified as having a propensity for exceptional performance, which can include succession to a role of leadership, but should not be assumed.

### 3.9

#### **materiality**

measure of the significance of an element to an organization's results

Note 1 to entry: The words material and materiality may be used interchangeably depending on the context.

Note 2 to entry: Interpretations and applications of materiality can vary by jurisdiction, regulatory authority, scope and end user. For the purposes of this document, at a minimum, materiality should be interpreted and applied based on considerations relating to the reporting entity's country of domicile, sustainability strategy and intended end user.

Note 3 to entry: Dimensions of materiality can typically be financial, environmental, social, governance, legal and ethical.

[SOURCE: ISO 30400: 2022 3.1.16, modified — Notes to entry have been added.]

### 3.10

#### **own metrics**

metrics created and used by an organization which are not included in this document, not generally used or, by definition, only applicable to the reporting organization itself

### 3.11

#### **protected category**

group of workers who are legally protected from discrimination by laws and regulations (anti-discrimination) in their jurisdiction of work or, extraterritorially, by citizenship

Note 1 to entry: Protected groups have legal rights against discrimination, while underrepresented groups refer to workforce disparities between groups that may not necessarily be covered by law.

### 3.12

#### **small and medium-sized enterprise**

organization of a small or medium size, as defined by the recognized authority within the country or region

Note 1 to entry: Organization size is determined by multiple dimensions including number of employees, budget, revenue or financial turnover, balance sheet assets, organizational resources, size of economy.

Note 2 to entry: In many countries, organizations that employ 250 or fewer individuals are deemed small-to-medium-sized enterprises (SMEs).

Note 3 to entry: Thresholds for organization size, based on budget, revenue or financial turnover, should account for major price changes, such as inflation, to prevent unfairly categorizing SMEs as large organizations due to financial fluctuations alone.

[SOURCE: ISO/IEC Guide 17:2016, 3.1, modified — "micro" has been removed from the term and the definition; "as well as self-employed persons" has been removed; the original note 1 to entry has been replaced by 3 new ones.]

### 3.13

#### **sustainability reporting**

form of organization disclosure which emphasizes non-financial considerations over an extended period of time (i.e. short, medium, and longer term)

Note 1 to entry: Sustainability reporting is often positioned as a complement to traditional financial reporting.

Note 2 to entry: For the purpose of this document, human capital is considered one critical dimension (such as Value Reporting Foundation's 6 capitals of integrated reporting) of the broader notion of sustainability reporting.

## 4 Human capital reporting and disclosure process

### 4.1 General

In the context of an organization's strategy, values, leadership and business or operating model, the following HCRD guidelines should be considered.

- a) Principles. [4.2](#) outlines the qualitative principles which guide the measurement, analysis, and reporting process associated with HCRD.

NOTE See ISO 30408:2016, 6.1.

- b) Stakeholder relevance. [4.3](#) identifies relevant interested parties, with an emphasis on differentiating between internal and external stakeholders.
- c) HCRD framework, systems, and unit of workload. [4.4](#) outlines a high-level HCRD framework demonstrating the relationship between organizational objectives, quantitative and qualitative measures, internal and external materiality, organizational systems, levels, and the recommended unit of workload.
- d) Data collection tools and procedures. [4.5](#) outlines legal and ethical considerations, roles of producers and users, data collection responsibilities, comparability, consolidated reporting considerations, human resource information system (HRIS), digital taxonomy, quality control, and the intersection of artificial intelligence (AI) and HCRD.
- e) Disclosure format, frequency, and location. [Table 1](#) provides a recommended disclosure format for documenting and communicating HCRD areas using a governance, strategy, risks or opportunities, and metrics framework.
- f) Disclosure topics. [Table 2](#) provides a list HCAs including examples for assessing the materiality of the risks or opportunities associated with each disclosure area.
- g) Metric categories and names. [Table 3](#) outlines HCAs and required metrics including associated references. [Table 4](#) outlines HCAs and recommended metrics including guidance for reporting by organization size (large or SME) and internal or external application. Explanations for each metric's formulation and application are provided in [Annex A](#).

### 4.2 Guiding principles

Collectively, the following principles are fundamental to implementing this document. HCRD areas, metrics and disclosures should be:

- a) strategic – prioritizing human capital issues aligned with organizational strategy and values;
- b) ethical – showing commitment to fairness, transparency and equal opportunities through cooperative, participative trust-building among workers, stakeholders, social partners and the broader society such as the UN Sustainable Development Goals (UNSDGs);
- c) evidence-based – using valid, impactful, data-driven metrics coupled with due diligence to align the objectives of the organization with stakeholder values;
- d) material – using metrics in HCRD relevant to the extent that their omission would impact the quality of decisions made by the HCRD's intended audience of decision-makers;
- e) quantified – using numerical values for metrics to ensure objectivity and comparability;
- f) qualified – articulating risks or opportunities for stakeholders based on context and materiality (see [4.6](#));

## ISO/FDIS 30414:2025(en)

- g) aligned – ensuring approaches used are consistent with the organization’s operating model and external context, including proportionality (cost-benefit) and, where appropriate, situational analysis;
- h) practical – approaching HCRD based on realistic expectations for sustainability activities, strategies, and reporting;
- i) proportional – acknowledging, internally and externally, SMEs’ resource limitations for reporting relative to large organizations;
- j) comparable – facilitating comparability of metrics through common benchmarks, trends and synchronized time-based analysis;
- k) transparent – ensuring clear and objective reporting of human capital risks or opportunities;
- l) compliant – prioritizing data protection and human rights when collecting, utilizing or disclosing workers' information.

It is useful and advisable to uphold established good practices in information exchange, communication and consultation between management and workforce representatives during HCRD and any related changes.

NOTE Additional guidance on involvement of employee representatives is given in ISO 45001:2018, 5.4.

### 4.3 Target groups and stakeholder relevance

#### 4.3.1 General

HCRD has value to a multitude of stakeholders including the following.

- Organizations. Human capital is typically a major expense and a unique intangible asset that contributes to an organization’s competitive advantage.
- Workers. Well-managed human capital leads to a sustainable workforce characterized by purpose, collaboration, wellness and well-being, engagement, productivity, longevity and performance.
- Investors. Comparable human capital metrics offer insights into governance, strategy, and risk and opportunities, highlighting the value and contribution of this intangible asset<sup>[19][20]</sup>.
- Governments and regulators. Standardized HCRD enhances sustainability reporting and promotes social responsibility, in compliance with disclosure requirements.
- Communities. Effective workforce management contributes to sustainable living standards through better social and governance practices<sup>[21][22]</sup>.
- Ratings agencies. Human capital management insights aid third parties (banks, credit agencies) in assessing an organization's sustainability, efficiency, and risk profile.
- Human capital leaders. Globally recognized benchmarks allow leaders to objectively demonstrate their effective management of human capital.

#### 4.3.2 Internal and external stakeholders

Risks or opportunities vary depending on different stakeholder groups. Insights from human capital metrics and reports are enhanced when the distinction is made between internal and external stakeholders.

- a) Internal stakeholders include the workforce, their representatives, and governance bodies (such as top management, supervisory boards, board members). Internal HCRD provides an overview of key human capital aspects to an organization’s people, management and, where applicable, workforce representation (such as unions or work councils).
- b) External stakeholders include job seekers, the organization's local and supply chain communities, customers, potential financiers, investors, governments, regulators, and ratings agencies. Investors

are especially keen to know strategic human capital metrics to assess the impact of human capital investments on the organization's financial and non-financial success.

Required HCRD metrics (Table 3) are universally applicable across all organizations, irrespective of sector or size. Recommended HCRD metrics (Table 4) are categorized by size of organization and whether the metrics are intended for internal use or external reporting and disclosure. Internal use does not imply that these metrics should be communicated or disclosed to the workforce or other stakeholders, rather that internal metrics provide deeper insights into an organization's commitment to its workforce, the sustainability of its value proposition, strategic growth, and coherence amongst governance, strategy and risk management.

#### 4.4 HCRD framework, systems and units of workload

##### 4.4.1 HCRD framework

An HCRD framework illustrates how an organization's workforce contributes to sustainable value creation, using valid, impact-based metrics to reveal risks or opportunities undervalued in traditional financial reporting. Figure 2 illustrates an outcomes-focused view of HCRD's purpose and use case relationships using a plan, do, check, act methodology.

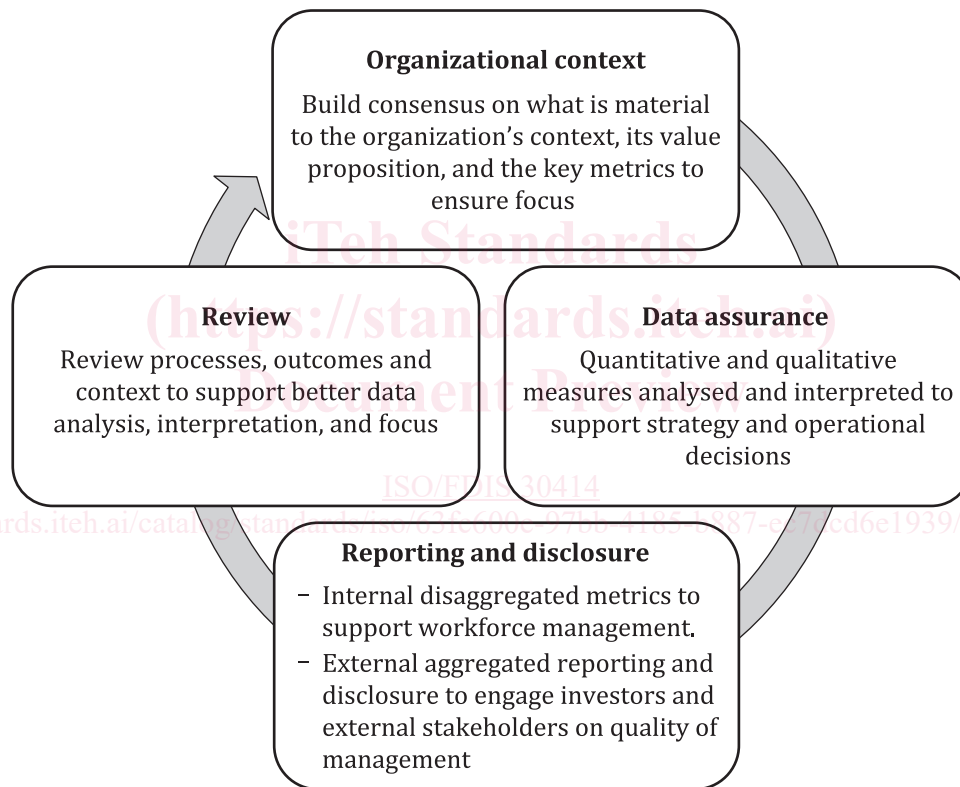
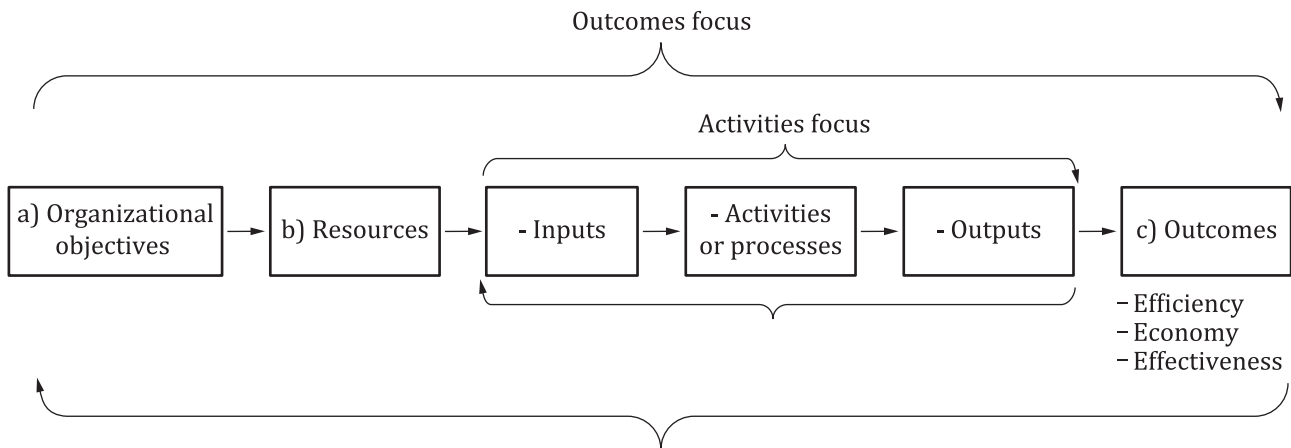


Figure 2 — Outcomes and improvement cycle for HCRD framework

##### 4.4.2 Organization systems

The guidelines in this document are based on a continual improvement systems framework containing three activities-focused elements embedded in a broader outcomes-based system; both systems connect with feedback loops.<sup>[23]</sup> Figure 3 outlines this system.



**Figure 3 — Human capital systems framework**

Outcomes-based human capital systems focus on the long-term impacts and ultimate value generated by organizational efforts, emphasizing strategic achievements and sustainable performance outcomes.

- a) Organizational objectives are the specific goals and strategic aims that guide an organization's overall direction and decision-making.
- b) Resources are the tangible and intangible assets, including financial, social, natural, intellectual, manufactured, and human (capital) that are allocated to achieve organizational goals.
- c) Outcomes are the long-term effects and impacts of outputs, reflecting the ultimate value and achievements of the human capital system (such as HCROI) on the overall effectiveness and efficiency of either human capital or sustainable impact on enterprise-level performance expectations and indicators, or both.

Activities-based human capital systems concentrate on the inputs, processes, and immediate outputs of human capital investments, highlighting the operational steps and results that enable workforce efficiencies and effectiveness.

- Inputs are the resources used to achieve an outcome and represent the foundational components for achieving value through a workforce of people. This includes all investments in human capital (such as workforce investments or costs).
- Activities or processes involve the methods and actions that transform inputs into outputs and represent the core tasks and processes of human resource management (such as workforce life cycle activities) ensuring people are able to work effectively and produce expected results while embodying personal safety and well-being (such as percent of eligible workers completed mandatory, legal or regulatory training).
- Outputs are the direct results of activities or processes and represent the results of the investments and activities of a human capital system.

#### 4.4.3 Levels of systems reporting (TML)

The guidelines in this document reference three fundamental levels of organizational systems based on impact and accountability.

- a) Leadership and governance: top-level (T) with a strategic focus. This level typically includes the highest decision-making roles in the organization, senior C-level executives such as the CEO, CFO, CHRO, boards of either directors or social partners, or both. In larger organizations this level can also include positions which report directly to the CEO or equivalent role.
- b) Management and supervision: mid-level (M) with a tactical-managerial focus. This level typically includes middle managers such as department heads, branch managers, and supervisors. These roles

can have direct reports and involve work which has more strategic impact than routine administration and support. These roles bridge top-level strategic plans with lower-level operational activities.

- c) Administration and support: lower-level (L) with an operational focus. This level typically includes front-line, entry-level and support roles that directly deliver the day-to-day, routine activities and operations of the organization. The word 'lower' should not be interpreted to mean less important or diminutive, rather representing relative positioning in a hierarchal structure.

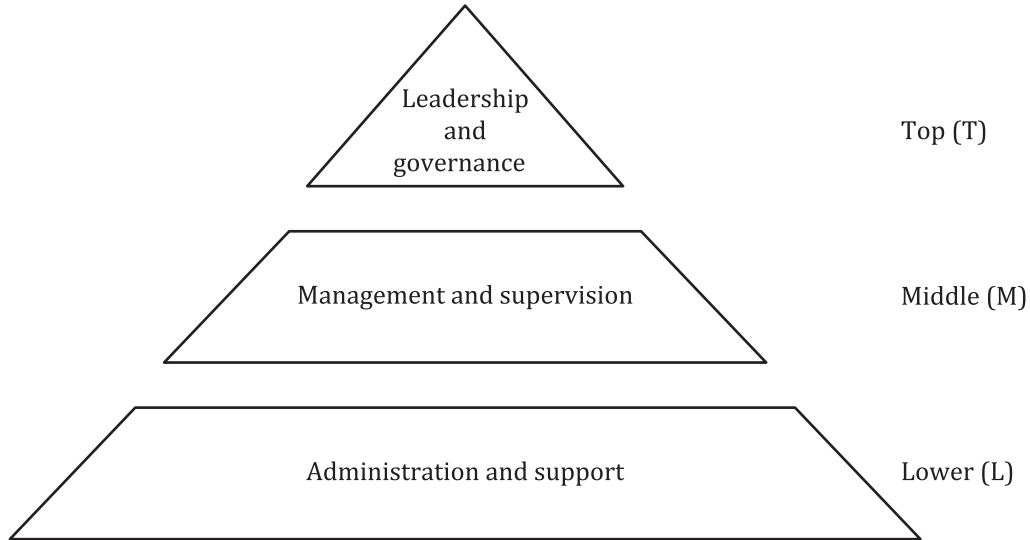


Figure 4 — Levels of organization systems reporting (TML)

Figure 4 outlines a three-tiered TML framework that simplifies an organization's hierarchal structure into three distinct levels of systems' impact and accountability. Disaggregating workforce data using these levels can aid HCRD by more effectively analysing human capital inputs, activities, and outcomes at each level of organizational impact.

In smaller organizations individuals can hold roles that extend into two or all three levels of impact and accountability. Regardless of organizational size (such as headcount, budget, revenue) or sector, all organizations do all three of these systems related activities albeit with different degrees or ratios of prioritization and resources.

#### 4.4.4 Units of workload (full-time equivalents – FTE)

In HCRD, the full-time equivalent (FTE) calculation is recommended over headcount reporting because it provides a more comprehensive view of the organization's total human capital (see 4.7.4). Additionally, the term 'workforce' is recommended over 'employees' when referring to or measuring an organization's complete (material) labour force as it encompasses all types of work relationships that form the organization's baseline measure of human capital. Where an organization uses headcount measures for employees and contingent workers instead of FTE or workforce measures this distinction should be disclosed.

### 4.5 Tools, procedures and responsibilities for data collection

#### 4.5.1 Legal and ethical considerations

It is presupposed that organizations comply with local data management laws, also considering extraterritorial laws that can affect sustainability before collecting workforce data.<sup>[24]</sup> Organizations should also conduct proactive, risk-based due diligence on the ethics and business practices of their supply chain (see ISO 31000).

To build stakeholder trust, organizations should ensure transparency and consistency in data collection purposes, applying HCRD privacy principles such as informed consent and data minimization<sup>[26]</sup> while applying security principles, including robust data security policies, confidentiality awareness and