FULL METHODOLOGY:

The Current State of Human Capital Disclosure in Corporate America: Assessing What Data Large U.S. Employers Share

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JUST capital

Full Methodology

JUST Capital's human capital research is largely exploratory, aimed at unpacking both the level of disclosure on key human capital metrics and the degree of standardization in reporting among some of America's largest companies.

We began by reviewing existing literature and new proposals to identify the most common human capital metrics. Disclosure standards such as Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), the World Economic Forum International Business Council's report "Toward Common Metrics and Consistent Reporting of Sustainable Value Creation" (WEF IBC), and the Embankment Project for Inclusive Capital's report (EPIC) and recent conversations in the investor and regulator communities helped narrow our focus to **six key human capital themes:**

- Employment and Labor Type
- Job Stability
- Wages, Compensation, and Benefits
- Workforce Diversity, Equity, and Inclusion
- Occupational Health and Safety
- Training and Education

Under each of these themes, we identified 35 salient metrics for collection. The full list of metrics and their definitions organized by theme can be found below.

Employment and Labor Type

- **Full-Time Employees:** The total raw number of U.S. employees who are employed full-time at the company, as reported publicly.
- **Part-Time Employees:** The total raw number of U.S. employees who are employed part-time at the company, as reported publicly.
- **Salaried Employees:** The total raw number of U.S. employees who are salaried employees at the company, as reported publicly. Salaried employee is defined as a worker who receives a fixed amount each pay period determined by their total annual salary and is not eligible for overtime.
- **Hourly Employees:** The total raw number of U.S. employees who are hourly employees at the company, as reported publicly. Hourly employee is defined as a worker who receives a fixed amount for every hour worked and their total compensation depends on overall hours worked.
- **On-Site Contractors and Vendors:** The total raw number of U.S. employees who are contract or vendor workers at the company, as reported publicly. Contract or contingent workers are employed by vendors or staffing agencies, who "lend" them to businesses to perform a specified task.
- **On-Site Temporary or Seasonal Workers:** The total raw number of U.S. employees who are temporary workers at the company, as disclosed publicly. These are usually workers employed on a part-time basis, hired on-demand to perform a specific task at a company, after which employment is discontinued.

Job Stability

- **New Hires:** An assessment of whether a company has disclosure on new employee hires, as reported publicly.
- **Total Female New Hires:** The total percent of female employees among new hires in the U.S. (preferred) or globally during the reporting period, as reported publicly.
- **Total Male New Hires:** The total percent of male employees among new hires in the U.S. (preferred) or globally during the reporting period, as reported publicly.

- **Total Minority New Hires:** The total percent of non-White employees among new hires in the U.S. during the reporting period, as reported publicly.
- **Turnover:** The rate of employee turnover during the reporting period, as reported publicly. Employee turnover is defined as the number of employees who leave an organization during a specified time period, typically one year. This data point is utilized to record turnover data only when the company does not specify whether it's voluntary or involuntary or does not break down its disclosure by gender or race and ethnicity.
- **Voluntary Turnover:** The rate of voluntary employee turnover during the reporting period, as reported publicly. Voluntary turnover is defined as the willing separation from a position due to resignation, retirement, and acceptance of a new position, among others.
- **Voluntary Turnover by Gender or Race/Ethnicity:** The rate of voluntary employee turnover during the reporting period disaggregated by gender and/or race/ethnicity, as reported publicly. Voluntary turnover is defined as the willing separation from a position due to resignation, retirement, or acceptance of a new position, among others.
- **Involuntary Turnover:** The rate of involuntary employee turnover during the reporting period, as reported publicly. Involuntary turnover is defined as the separation from a position against the employee's will resulting from employment termination.
- **Involuntary Turnover by Gender or Race/Ethnicity:** The rate of involuntary employee turnover during the reporting period disaggregated by gender and/or race/ethnicity, as reported publicly. Involuntary turnover is defined as the separation from a position against the employee's will resulting from employment termination.
- **Retention Rate:** The total percent of employees in the U.S. (preferred) or globally who remain employed with the company over a specific period of time, as reported publicly.
- **Retention Rate by Gender:** The total percent of employees in the U.S. (preferred) or globally disaggregated by gender who remain employed with the company over a specific period of time, as reported publicly.
- **Retention Rate by Ethnicity:** The total percent of employees in the U.S. disaggregated by race/ethnicity who remain employed with the company over a specific period of time, as reported publicly.

Wages, Compensation, and Benefits

- **Minimum Wage Lowest Pay Threshold:** The lowest entry level wage, as publicly disclosed by a company. The company must disclose a concrete number to receive credit for this data point.
- **Minimum Wage to Local Minimum Wage Data:** The proportion of employees in the U.S. that are compensated at the locally applicable minimum wage, as reported publicly.
- **Minimum Wage to Local Minimum Wage Data Ratio:** The ratio of the entry level wage of U.S. employees in significant locations of operation to the local minimum wage, as reported publicly.
- **Total Value of Salaries, Benefits, and Pensions for the Workforce:** The total amount of money that a company spends on salaries, bonuses, and pension benefits for its workforce in a given reporting period, as reported publicly. This data point is to be used when the company discloses a combined value of these expenses.
- **Total value of Salaries and Benefits for the Workforce:** The total amount of money that a company spends on salaries and benefits for its workforce in a given reporting period, as reported publicly. This data point is to be used whenever a company discloses the combined value of these two expenses and excludes pensions.
- **Total value of Pensions for the Workforce:** The total amount of money that a company spends on pensions for its workforce in a given reporting period, as reported publicly. This data point is to be used whenever a company discloses the value of pensions separately from wages and benefits.

Workforce Diversity, Equity, and Inclusion

- **Gender or Racial/Ethnic Workforce Demographic Disclosure:** An assessment of whether the company discloses demographic data on the gender and/or racial/ethnic identity of its workforce. For gender, companies are given scores corresponding to whether they have no disclosure or they disclose the

raw number or percent of employees identifying as women or men. For race/ethnicity, companies are given scores corresponding to whether they have no disclosure; disclose the number or percent of employees identifying as non-White minorities; disclose a detailed breakdown of racial or ethnic identity, including at least the number or percent of employees identifying as Black or Latinx; or disclose intersectional data by race or ethnicity and gender typically available in a consolidated Employer Information Report EEO-1 (EEO-1 Report) submitted to the U.S. Equal Employment Opportunity Commission.*

- **Disclosure of Board Gender or Racial/Ethnic Diversity:** An assessment of whether the company discloses the gender and/or racial/ethnic diversity of its board of directors or director nominees.*
- **Gender or Racial/Ethnic Pay Gap Analysis:** An assessment of whether the company has conducted a gender and/or racial/ethnic or other form of pay gap analysis that does not explicitly state that either gender or race/ethnicity were considered.*
- **Pay Gap Analysis Results:** An assessment of whether the company discloses the results of its most recent gender or race/ethnicity pay gap analysis. Companies disclose either the women-to-men pay ratio based on its most recent gender pay equity analysis, or the non-White-to-White pay ratio based on its most recent race/ethnicity pay equity analysis, or both or the general results of either its gender, or its race/ethnicity pay equity analysis, or both, without specifying the exact pay ratios between different employee groups across the company.*

Occupational Health and Safety

- **Absenteeism Rate:** The rate of unplanned and unauthorized employee absences in a given reporting period, as reported publicly. This includes absences due to sickness, tardiness, family and personal obligations, among others. Planned vacations, personal time off, and parental leave do not count as absenteeism.
- **Total Recordable Incident Rate (TRIR):** The total number of recordable incidents (TRIR) at the company per 200,000 hours worked (equivalent to 100 full-time employees annually). The value presented is for the company's most recently reported year, as of August 2019.*

Training and Education

- **Internal Hiring Rate:** The proportion of vacancies at a company that have been filled from current employees, as reported publicly.
- **Internal Hiring Rate by Gender:** An assessment of whether the company discloses the proportion of vacancies that have been filled from current employees disaggregated by gender, as reported publicly.
- **Internal Hiring by Race/Ethnicity:** An assessment of whether the company discloses the proportion of vacancies that have been filled from current employees disaggregated by race and ethnicity, as reported publicly.
- **Tuition Reimbursement:** An assessment of whether the company offers tuition reimbursement to or has an education assistance program for its employees.*
- **Average Hours of Training or Career Development per Employee:** An assessment of the average hours of training or career development per employee at the company in the U.S. (preferred) or globally. The average hours of training or career development per employee can also be calculated as Total Hours of Career Training or Development Overall at the organization/the number of employees at the organization.*

*An asterisk indicates that these metrics were *not* part of the second collection cycle and were excluded from analysis in this report.

All data on these human capital metrics was collected in 2021 by manually recording data available in public disclosure during one of two data collection cycles: (1) Our annual Rankings data collection cycle which took place between March and May or (2) our human capital data collection cycle which occurred throughout July and August. One key difference between the two data collection cycles pertains to the methodological approach which we took: During the second cycle we manually collected more metadata, such as the source type and formatting, which allowed us to conduct more in-depth analyses on this set of

metrics than we would typically be able to with our Rankings-specific data. In a similar vein, metrics collected in the second cycle were designed to capture varying degrees of detail that companies may disclose, so many of our metrics focus on disclosure disaggregated by gender or race and ethnicity. What's more, we collected all data *exactly* as disclosed by companies, recording the value, value type, link, source type, geography, notes, and collection time. Only 28 of the 35 metrics (as noted in the figure above) were collected in this second cycle and have been analyzed officially as part of this report.

Data that we collected came from companies' websites, reports such as Corporate Social Responsibility, Sustainability, ESG, Impact, and Diversity & Inclusion reports among others, company filings and annual reports (10-K), data indices including GRI index, press releases, and other company sources. For this project, we considered data as of or more recent than 2018 with the exception of the Minimum Wage/Lowest Pay Threshold metric, for which in rare instances we took into account company press releases from an earlier year.

Our data collection and analysis focused on the 100 largest employers in America, the same set of companies used in our COVID-19 Corporate Response Tracker and Corporate Racial Equity Tracker. Each corporation's number of U.S. employees is based on the company's total employment count in 2019, if business in the U.S. accounted for more than 95% of revenues or long-term assets. These headcounts are further adjusted for all additions of employees through acquired businesses or subtractions of employees through divested businesses. In cases where the U.S. headcount is not disclosed in company filings or publicly available material, we estimate the total U.S. employment size by multiplying the global employment size by the ratio of U.S. sales and long-term assets to global sales and long-term assets.

Once we collected the human capital metrics for the 100 largest U.S. employers, our analytical approach has included two key phases: first, in this report, we assessed the share of companies out of the 100 largest American employers disclosing on each of the human capital metrics to gain a sense of the state of disclosure and the sources in which disclosure is most common. In a second report, we will explore the variation in standardization and identify a common type of calculations or units used in reporting on the human capital metrics to understand how companies disclose this data and whether a common standard emerges.

ABOUT JUST CAPITAL

JUST Capital, an independent, nonprofit organization, makes it easier for people, companies, and markets to do the right thing by tracking the business behaviors Americans care about most. Our research, rankings, indexes, and data-driven tools help people make more informed decisions about where to invest, work, and buy to direct capital towards companies advancing a more just future. America's Most JUST Companies, including the groundbreaking JUST 100, is published annually in Forbes and on JUSTCapital.com.

JUST Capital was co-founded in 2013 by a group of concerned people from the world of business, finance, and civil society – including Paul Tudor Jones II, Deepak Chopra, Rinaldo Brutoco, Arianna Huffington, Paul Scialla, and others. Our mission is to build a more just marketplace that better reflects the true priorities of the American people. We believe that business, and capitalism, can and must be a positive force for change. We believe that if they have the right information, people will buy from, invest in, work for, and otherwise support companies that align with their values. And we believe that business leaders are searching to win back the trust of the public in ways that go beyond money. By shifting the immense resources and ingenuity of the $15 trillion private sector onto a more balanced – and more just – course, we can help build a better future for everyone.

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