



HCMI

“Human Capital Reporting is Coming, Are you Ready?”

About the Panel



Jeff Higgins – CEO, HCMI

Jeff Higgins is a global thought leader with 25 years combined workforce planning, analytics and finance experience supporting Fortune™ 500 companies. Jeff has helped organizations around the world quantify the ROI of workforce decisions and realize cost saving opportunities of up to \$1.0 billion USD. Jeff is both a former senior HR executive and former CFO, and a regular speaker at HR events.



Dan Knox – Integrated Business Planning, Red Hat

Dan Knox joined Red Hat in 2016 with over 20 years of experience in operations and planning primarily with high technology global industry leaders. He is currently responsible for Integrated Business Planning which includes long term forecasting of sales revenue, expenses, human capital, and infrastructure in accordance with corporate strategic goals. He is also responsible for monitoring market, industry and geographic factors that may influence the business.



Dr. Michael Moon – Director, People Insights, ADP

Dr. Michael Moon is an Organizational Psychologist and People Analytics expert who specializes in applying analytics and evidenced-based approaches to the management of people. She currently works as the Director of People Insights, part of ADP Professional Services. Dr. Moon has 20 years of experience working in HR and HR Technology.

Human Capital Reporting is Coming Here. Are you Ready?

Top Questions for Discussion:

- How did we get here?
- Is this required?
- What does it mean for HR? For People Analytics? For me?
- What does my organization gain following this standard?
- What are my options?
 - Wait and do nothing
 - ✓ Wait for CEO/CFO/Investor Relations to ask for the metrics
 - Research and prepare the metrics but keep them internal
 - ✓ Be ready for investor/stakeholder workforce questions
 - Prepare and report/disclose the ISO metrics
 - ✓ Craft a Story much like finance does
 - ✓ Take full transparency/ESG/Sustainability credit as an early adopter



Poll Question

Are you ready for the new ISO human capital reporting standards?

- A. This is the first time I heard about this
- B. I saw this on the news and have some basic understanding of the new ISO standards
- C. I'm actively researching this topic
- D. I purchased the ISO guideline and have pretty good knowledge on this
- E. We are planning to comply with the new ISO standards for HR reporting

Investors are Seeking Enhanced Human Capital Reporting

What gets measured gets managed. No wonder human capital is treated as a cost to be minimized

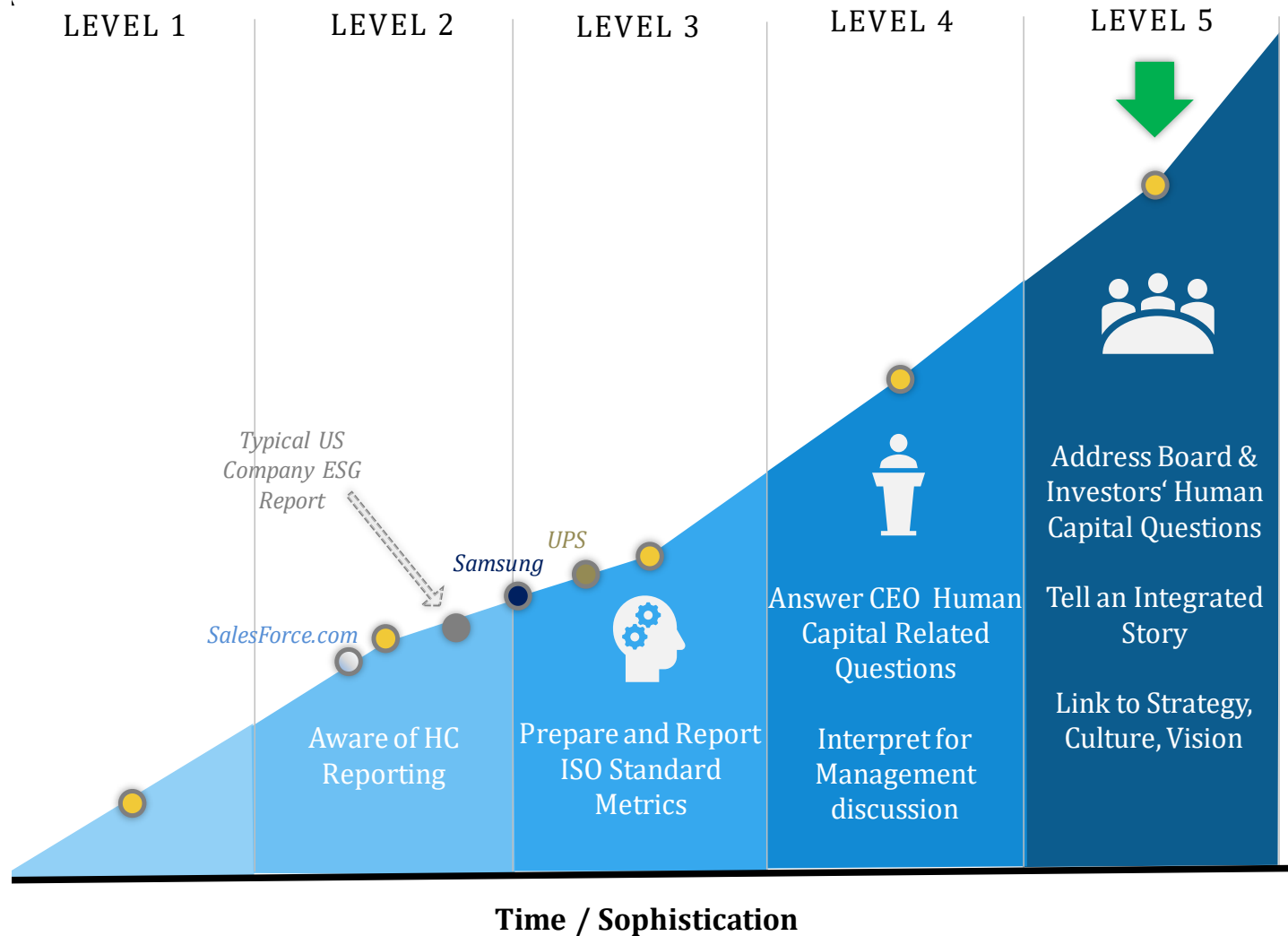
- 2014 Dow Jones Sustainability Index adopted Human Capital ROI Ratio (over 900 companies submitted in 2014)
- 2015 NAPF (now Pensions and Lifetime Savings Association) Issues Where is the Workforce in Corporate Reporting
- July 2017, HCM Coalition SEC petition is accepted, requesting formal human capital disclosure rules for US public listed companies (UNPRI, NAPF, HCM)
<https://www.sec.gov/rules/petitions.shtml> under File No. 4-711
- 2018 per S&P Global, 85% of S&P 500 companies voluntarily provide E.S.G., sustainability, Integrated reporting
- Dec 18th, 2018, release of ISO #30414 Human Capital Reporting Standard, for all public and private listed companies globally

* ESG = Environment, Social and Governance a Type of Reporting that 80% of the Fortune 500™ are Publishing



Dow Jones Sustainability Index (DJSI)

Human Capital Reporting Evolution

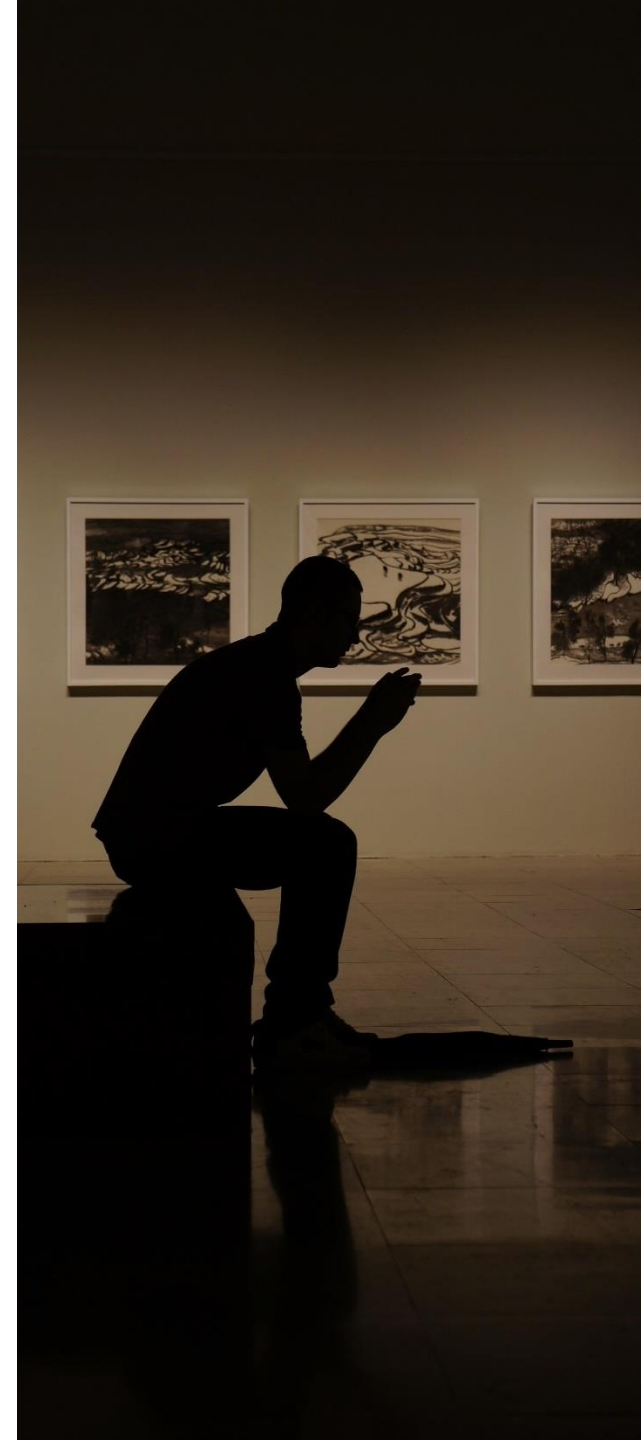


95% of global companies fall short on Human Capital Reporting today, and are unprepared for CEO, Board, and Investor requests on talent risk, ROI, productivity, value...

Investors Need Better Insight to Translate Public Comments into Reality of Sustainable Success

CEO / Annual Report Statements

- ▶ “We have the best talent in the industry”
 - *“We overpay for competitor talent all the time”*
- ▶ “Our workforce productivity continues to grow”
 - *“We use more contingent labor which we don’t count”*
- ▶ “We invest heavily in our employees”
 - *“We pay them enough, training is lost work days”*
- ▶ “Our employee engagement scores are going up”
 - *“Our low scores went up last year”*
- ▶ “We are a fast paced, high growth culture”
 - *“We hire fast & cut even faster” (no time to get best fit but time to redo it over & over)*
- ▶ “Employee turnover is well below industry peers”
 - *“Our turnover is high but others are be worse”*
- ▶ “Our employee focus is customer delight”
 - *“With our churn we always toss fresh faces at customers”*



10 Questions Investors WILL be Asking

1. If you say “We have the best talent” how are you measuring that?
2. What is the employee turnover rate? For managers? For customer facing roles?
3. What workforce % is built internally, hired from outside, or rented-contingent?
4. What % of workforce is highly engaged? of management? of staff?
5. If attracting/retaining talent is key to success, what % of expense goes to training?
6. What is your workforce productivity? Is it improving? Why or why not?
7. What % of positions are filled internally? What % of management roles?
8. Are managers effectively managing talent? What metrics in use measure this?
9. What is your managerial bench strength?
10. What % of new hires leave in the first year?



ISO HC Reporting Standard - Public Disclosure Metrics

- | | |
|-------------------------------------|---|
| 1. Compliance/Ethics | • #Grievances, #/Disciplinary Actions, |
| 2. Workforce Cost | • Total Workforce Cost (Including Contingent Workforce Cost) |
| 3. Workforce Diversity | • Diversity by (Age, Gender, Disability, Ethnicity/Other, Leadership) |
| 4. Leadership/Succession | • Leadership Trust |
| 5. Org. Health & Safety + Wellbeing | • Lost Time Injuries, Accidents, Fatalities |
| 6. Workforce Productivity | • EBIT/Revenue/Profit per Employee/FTE |
| | • Human Capital ROI |
| 7. Recruitment/Mobility/Turnover | • Avg. Time to Fill (in days), |
| | • % Internal Hires, |
| | • Turnover Rate %, |
| | • Critical Role Time to Fill (in days), |
| | • % Critical Job Internal Hires |
| 8. Skills/Capabilities/Training | • Total Training and Development Cost |
| 9. Workforce Availability | • Total # of Employees, Full-Time-Equivalents(FTE) |
| 10. Organization Culture/Engagement | • No public disclosure metrics (Engagement Score) |

ISO HC Reporting Standard Links

- Where to get a copy of ISO 30414:

<https://www.iso.org/standard/69338.html>

- Article on the new ISO standard in CFO magazine:

<http://ww2.cfo.com/people/2018/12/human-capital-reporting-standards-finally-arrive/>

- Website hub for Human Capital Reporting (HCR) Information:

www.humancapitalreporting.org

