

Human Capital: A New Era in Disclosure

December 2020



Today's webcast is co-hosted by The Conference Board's ESG & HC Centers



Rebecca L. Ray, PhD
Executive Vice
President, Human
Capital
***The Conference
Board***



Paul Washington
Executive Director,
ESG Center
***The Conference
Board***



Some of the topics we will be addressing today

- Impact of the new SEC disclosure rules on companies' human capital disclosures
- What companies should be doing to prepare their boards for increased scrutiny of, and disclosure on, human capital
- How companies can navigate the various reporting frameworks on human capital management
- What investors and companies can do to prepare for constructive and productive engagement on human capital



Coming soon! New Research Report

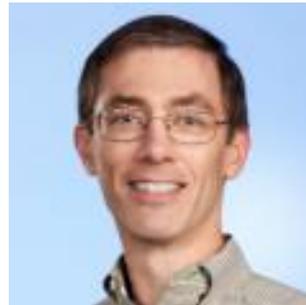
Brave New World: Creating Long-term Value through Human Capital Management and Disclosure



Today's Guests



Aisha Mastagni
Portfolio Manager,
Sustainable
Investment &
Stewardship
Strategies
CalSTRS



William O'Shaughnessy, Jr.
Deputy General Counsel and
Corporate Secretary
Quest Diagnostics, Inc.



SEC has changed one part of human capital disclosure regime

Section	Prior Regime	New Regime
101 (Description of Business)	Number of employees (S-K Item 101(c))	<p>Description of a registrant's human capital resources, including # of employees</p> <p>Any human capital measures or objectives that the registrant focuses on in managing the business</p> <p>Only to the extent such disclosure is material to an understanding of the registrant's business taken as a whole (amended S-K Item 101(c))</p>
303 (MD&A)	Known trends, events demands or uncertainties that are reasonably likely to have material effect on the company's financial condition and/or results of operations (S-K Item 303),	Same
402 (Compensation)	<p>Risks from executive compensation policies or practices that are reasonably likely to result in a material adverse effect (S-K 402(s))</p> <p>CEO pay ratio (S-K Item 402(u))</p>	Same
502 (Risk Factors)	"Significant" risk factors (S-K Item 502(c))	Same



Preparing your board and management

- Define human capital overall
- Determine what human capital topics are key to your business & metrics
- Ideally, engage board
 - ✓ Educate board on importance of HC, key issues, new regulations
 - ✓ Present board with HC strategy tied to business strategy – what are needs, capabilities, gaps, steps to close gaps, and ways to measure progress
 - ✓ Clarify role of board
 - Achieve consensus on level of board engagement
 - Discuss multiple board levers
 - Determine which committee(s) take the lead - update committee charters and governance documents
 - ✓ Develop board reports
 - ✓ Assess board's own capabilities with respect to HC
 - ✓ As desired, update compensation plans for HC metrics



Focus on disclosure

- Review existing disclosure with respect to HCM and where such disclosure is located
- Review context (law, frameworks, investor expectations, other disclosures, TCB report)
- Develop updated HC story
 - ✓ Importance of HC
 - ✓ Key areas
 - ✓ HC strategy: Goals, pans (including gaps), metrics, rewards
 - ✓ Role of board
- Determine where you tell the story
 - ✓ Externally (Form 10-K, proxy statement, CSR Report, website, etc.)
 - ✓ Internally
- Determine when you tell the story – likely to unfold over time
- Develop Form 10-K Disclosure
 - ✓ Draft more tailored HC business, compliance, and risk factor disclosure
 - ✓ Examine disclosure controls and procedures relating to HC
 - ✓ Preview with board and relevant committee



Coming soon! New Research Report

Brave New World: Creating Long-term Value through Human Capital Management and Disclosure





Upcoming Related Webcast Programming from The Conference Board

- [Governance Watch: Outlook for the 2021 Proxy Season](#) **(December 15 @ 12pm ET)**

What should companies be doing now to prepare for the upcoming proxy season to address topics such as human capital management, sustainability reporting, and other trending environmental, social and governance (“ESG”) issues?

- [Human Capital Watch: Taking A Human Centric and Inclusive Approach to Wherever Work Happens](#) **(December 16 @ 11am ET)**

Join this webcast to hear how organizations can help employees navigate new hybrid models while building diverse, equitable, and inclusive workspaces.

[View all of our upcoming webcasts](#)





Human Capital Insights

A new podcast series brought to you
by The Conference Board Human
Capital Center

The Conference Board Insights podcast series helps talent executives address challenges and stay informed about current issues across the entire spectrum of human capital

Click [here](#) for a complete listing of all of our Insights podcasts or check out our entire podcast lineup at www.conference-board.org/podcasts



Feedback? Suggestions? How Can We Help You?

Thanks for being with us; be sure to tell your colleagues about next month's webcast

Do you have suggestions for future topics? Please feel free to contact Rebecca Ray at: Rebecca.Ray@conference-board.org

And remember to [Sign up](#) for 2020 Email Reminders

