Human Capital and Climate Risk Disclosure – Analysis of 2019 Mandatory and Voluntary Reporting

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To discern broad trends in environmental, social and governance (ESG) disclosure and to help guide public companies in preparing their annual reports and proxy statements for the 2020 season, we conducted a survey of certain key 2019 environmental and social disclosures by some of the top U.S. public companies. Specifically, we looked at climate change and human capital management (HCM) disclosure in the latest annual reports on Form 10-K, proxy statements and corporate social responsibility or similar (CSR) reports[1] of the top five companies by market capitalization in the S&P 500 in the following industries:[2]

1. ***Insurance*** *(Fire, Marine & Casualty Insurance 6331)*
2. ***Power Utilities*** *(Electric & Other Services Combined 4931)*
3. ***Health Care*** *(Hospital & Medical Service Plans 6324)*
4. ***Oil & Gas*** *(Crude Petroleum & Natural Gas 1311)*
5. ***Technology*** *(Services - Computer Programming, Data Processing 7370)*
6. ***Banking*** *(National Commercial Banks 6021)*

Our study focuses on climate change and HCM disclosure. Arguably, these are the top ESG issues on which investors, securities regulators and, as a result, issuers, are currently most focused. The six selected industries represent a significant portion of the U.S. economy in terms of contributions to gross domestic product, among other things. Finally, we chose the top companies by market capitalization in each industry based on the reasonable expectation that given their resources, sophistication and/or engagement with investors, they would have more robust disclosures to analyze than smaller issuers.

Executive Summary

At a high level, our findings support the notion that nonfinancial information, which may be important to certain stakeholders but may be immaterial under federal securities laws, is overwhelmingly contained in standalone voluntary ESG reports, while SEC filings tend to contain only disclosures required under current securities laws. In analyzing disclosure both by industry and selected topic, some additional instructive takeaways begin to emerge.

In the case of climate change, disclosure in SEC filings tends to be fairly boilerplate and generally has not changed significantly since the SEC released its 2010 interpretative release on climate change

[1] For purposes of this study and memo, the term "CSR report" includes both standalone reports on ESG issues as well as relevant disclosures posted on company websites.

[2] The companies were selected based on their SEC Standard Industrial Classification (SIC) codes and market capitalizations as of mid-June 2019. Their respective websites were surveyed from mid-June 2019 through to the end of July 2019. Since the data was collected, we are aware that one of the banking companies studied has issued an additional CSR report on HCM in November 2019. This report covers the following broad areas: (i) board oversight of HCM matters; (ii) diversity and inclusion; (iii) pay equity, including data on gender pay differences; (iii) programs to attract, develop and retain talent; and (iv) novel topics that others in the banking industry may want to consider for the upcoming reporting season, such as turnover rates and employee engagement metrics.

disclosure. However, our survey shows that companies have provided a great deal of additional disclosure in separate standalone reports.

In the case of HCM, generally the disclosure in 10-Ks and proxy statements simply covers the currently mandated disclosure of the total number of full-time employees of the company, as well as compensation disclosure required by securities laws, with context as to how compensation relates to attracting, developing and retaining key talent, typically as concerns officers and directors. By contrast, standalone voluntary CSR reports contain a great deal of qualitative detail about benefits and programs for directors, officers and other employees that arguably may not be material as such term is defined by securities laws, but may be of interest to certain investors, employees, communities and other stakeholders.

Climate Change Disclosure

Of the 30 companies and six industries surveyed, in SEC filings, it seems that each industry is disclosing transparent and consistent information, in many instances, applying the SEC's 2010 climate change disclosure guidance. Nearly all of the surveyed companies have also provided some form of CSR report, which contain additional details on each company's specific waste or environmental footprint. The sections that follow describe the key takeaways from our study of climate change disclosure. For a detailed tabular composite summary of all companies studied by industry, please see **Appendix A**.

SEC Filings

At a high level within each industry, disclosure appeared comparable and covered similar topics, the latter potentially being an indication of what might be potentially material in that industry. Across industries, however, the disclosure was quite different. In fact, the disclosure tended to be closely linked to each company's actual business, strategy, litigation, risks and impacts to financial condition, and the topics affecting each of these areas were decidedly different cross-industry. For instance, the oil & gas industry discussed board-level oversight of climate change, whereas the technology industry did not. Rather, the technology companies surveyed discussed supply chain climate risk (i.e., supplier or data center business interruption risk posed by climate change). By contrast, utility companies discussed how they were considering climate change as part of their overall energy offerings, describing increases in renewable energy offerings or the closing of coal-fired power plants.

Voluntary CSR Reports

In contrast to disclosures analyzed in SEC filings, our survey found some common themes in companies' voluntary CSR reports, even across industries. Of note, however, is that companies included topics in their CSR reports that were fairly different from the topics in their 10-Ks and proxy statements. Examples in the CSR reports included information on Leadership in Energy and Environmental Design (LEED) certifications, paper or waste reduction, energy efficiency, land conservation and other information about the company's view on its own carbon footprint. These reports tended to be lengthy and to include qualitative as opposed to quantitative details. When quantitative disclosure was provided, it was unclear whether the disclosure had been or would be easy to third-party verify.

Climate change risk scenario analysis. Only the surveyed companies in the oil & gas, banking and insurance industries provided scenario analysis reporting and such disclosure was solely in CSR reports. Some of the companies discussing scenario analysis appeared to be in the earlier stages of this type of reporting and as such, the reports may not yet be comparable within industries. For instance, one company reported participation in the United Nations Environment Finance Initiative pilot project to implement the Financial Stability Board's Taskforce on Climate-related Financial Disclosures' (TCFD) recommendations through a scenario-based approach, additionally disclosing the results of its own scenario analysis. However, no other surveyed company in the same industry reported similar developments.

HCM Disclosure

The following sections detail the key insights from our analysis of HCM disclosures. For a detailed tabular composite summary of all companies studied by industry, please see **Appendix B**.

SEC Filings

Of the 30 companies and six industries surveyed, in SEC filings, we found that few companies included disclosure beyond the number of employees and executive compensation information. From this, one could conclude that what companies believe to be material on the topic of HCM are executive compensation matters, as the setting of compensation by and large is a driver in attracting, incentivizing and retaining talent and human capital. Some companies, however, included in their proxy statements the following types of human capital disclosure: (i) diversity and inclusion training programs for employees or diversity awards and similar contributions made in its communities; (ii) safety rates and statistics; (iii) risk factors regarding intense competition to attract and retain employees and executives; (iv) information regarding which board committee, often the Compensation Committee or Nominating & Governance Committee, monitors HCM initiatives; (v) a reference that its website includes disclosure regarding its political contributions and public advocacy efforts; and (vi) information on company anti-harassment policies.

Voluntary CSR Reports

In CSR reports, the surveyed companies generally provided a fair amount of HCM information, but the overwhelming majority of this information was qualitative and not quantitative. Each of the disclosures could be reasonably characterized as information that employees, suppliers, communities or stakeholders other than investors might find significant and thus what the companies believe are not material pursuant to securities laws. For instance, human capital disclosure in CSR reports of the surveyed companies included: (i) information regarding employee benefits and healthy workplace amenities; (ii) safety information and metrics and which management committees oversee safety matters; (iii) employee review systems; (iv) information regarding ethics and other compliance training offered; (v) diversity and inclusion awards; (vi) employee leadership training; and (vii) safety as a component of an officer's annual cash bonus opportunity. Notably absent were disclosures discussing turnover rates – a metric that some investors have requested of companies.

Proposed SEC rulemaking on HCM disclosure. All of the disclosures analyzed in our study predate the SEC's August 2019 proposed rule modernizing Regulation S-K Item 101 (description of business) to replace the requirement to disclose a company's total number of employees with principles-based disclosure requirements for human capital resource matters that, in the eyes of management, are material. Currently it is unclear whether the rule will be finalized in its proposed form, and by when. In light of the proposed rule, companies may very well include enhanced HCM disclosure in their SEC filings, and likely more in CSR reports as a means of preparing for what might be required in the future. Public comments on the proposed rule vary, with some investors or stakeholders requesting that the SEC instead adopt bright-line or prescriptive human capital disclosure requirements, such as disclosure of EEOC-1 reports or compliance with the recently released ISO 30414:2018 on Human Resource Management. In contrast, issuers and issuer groups have requested that the SEC retract the proposed rule, arguing that it is unnecessary in light of existing disclosure requirements as well as the current private ordering resulting in the disclosure of human capital topics in voluntary reports. Additionally, these commenters suggested that the SEC instead consider issuing interpretive guidance similar to guidance the SEC issued in 2010 for climate change or in 2018 for cybersecurity matters, each an ESG issue du jour.

Disclosure of Metrics?

Companies, certain investors and other entities have petitioned for disclosure of standardized and comparable HCM and climate change-related risk metrics. Many companies have been asked to include, and some have included, environmental or safety metrics in executive compensation. With respect to climate change, many more companies are being asked to and are setting explicit short-term compensation metrics based on climate change goals. We expect this trend to continue for both the power utilities and oil & gas industries. With respect to HCM, many companies have already included diversity and inclusion goals within their short-term incentive bonus metric for executives. The definition of these diversity and inclusion metrics appears to be under the discretion of the company with little detail on their definition in public filings, but these metrics may become more refined over time.[3] The key question for investors and issuers to consider when it comes to discussions regarding disclosure of climate change and HCM metrics is: **Which key performance indicators (KPIs), data or metrics are material to a company's business and investors and what information should be disclosed?**

Fueling the debate on metrics and attempting to fill a perceived void, various organizations have issued disclosure frameworks, which issuers may leverage in providing voluntary disclosure. For sustainability disclosure (which includes climate change and HCM data), the Sustainability Accounting Standards Board) is a leading framework which many investors support. For climate change disclosure alone, the recommendations created by the TCFD is the framework that has arguably gained the most traction among investors, regulators and issuers.[4]

While our study shows that companies are generally not disclosing HCM metrics (other than required compensation data and total number of employees) or climate risk data in their SEC filings, more metrics are likely found in their non-SEC reports. For instance, 14 of the 30 companies studied (or just under 50%) have issued either an actual TCFD report or state that their reports were informed by the TCFD core elements. In addition, one of the companies studied has issued a SASB report. In addition, companies in the power utility sector are disclosing a variety of climate and HCM metrics pursuant to the Edison Electric Institute and American Gas Association ESG/Sustainability Reporting Template[5] including greenhouse gas emissions from owned generation, purchased power and non-generation carbon dioxide equivalent emissions, methane emissions, natural gas distribution metrics, as well as human resource data such as total number of employees, total women on board, employee safety metrics, recordable incident rates, lost-time case rate, days away, restricted and transfer (DART) rate and work-related fatalities **in their voluntary climate** risk reports.[6]

Though the SEC has proposed additional required disclosure for HCM only, if there is a change in administration in November 2020, a Democratic-led SEC may be more sympathetic or supportive of

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[3] While this memorandum's scope relates to public companies, there are parallels in the private equity space that may be instructive here. We are aware of some European limited partners (i.e., private equity investors) hinting at wanting to link carried interest paid to the general partner (i.e., the private equity fund manager) to ESG matters.

[4] TCFD is an initiative formed in 2015 at the request of the G20 to develop a set of voluntary and consistent climate-related financial disclosures. In June 2017, TCFD released its **final disclosure recommendations report**. As of September 2019, 898 organizations publicly expressed support for TCFD and, in the United States, the recommendations are included in the pending Climate Risk Disclosure Act of 2019 (sponsored by Senator Warren and Representative Casten), were called as disclosures that ought to be mandatory in a 2018 petition to the SEC for rulemaking on ESG disclosure and have been highlighted as a viable reporting framework in 2019 congressional hearing testimony.

[5] The latest reporting template is available **here**.

[6] The U.S. Chamber of Commerce recently **commended** this framework as an effective industry-created voluntary framework that helps electric and natural gas companies report on ESG matters in a standardized and data-driven manner.

additional climate change disclosure, in either the form of additional mandatory requirements, or perhaps an endorsement of the TCFD or other voluntary standards.

We are also aware of emerging credit facilities that adjust their costs (i.e., interest rates) depending on a borrower's attainment of sustainability goals based on climate change or other ESG KPIs. For instance, some European banks are launching ESG-like subscription capital call facilities where the interest rate is directly connected to the performance of the borrowers on certain ESG metrics. Moody's is also launching or already has started to provide ESG ratings of borrowers akin to their credit ratings for public companies. This is further reason for public companies to watch closely what metrics and KPIs are adopted in these commercial areas and in particular which third-party service providers are used to verify these metrics and targets.

What's To Come?

UN Sustainable Development Goals (UN SDGs). Companies worldwide in public and private equity are currently exploring whether to, and if so how to, align their ESG programs around the UN SDGs. The UN SDGs are 17 goals that cover topics such as climate risk, international health, poverty, access to reliable energy – topics that vary in relevance to companies, but some of which on the surface go to the heart of certain businesses. While we are aware of some publicly traded European companies[7] and some private equity companies that are currently mapping their businesses and strategies against the UN SDGs, this is a fairly new concept in the United States. To date only one company surveyed (in the banking sector) included disclosure regarding the UN SDGs in its SEC filings.

The impact of private ordering that has resulted in the proliferation of voluntary ESG disclosures cannot be discounted, wherein certain investors may be using direct engagement, shareholder proposals or other methods to elicit voluntary disclosures outside of SEC filings. In light of the SEC Staff's August 2019 updated policy on its review of shareholder proposals, companies are likely to continue to agree to provide additional reports or disclosures to achieve a withdrawal of environmental and social shareholder proposals. ESG raters that score companies based on their disclosures as compared to their "peers" act as another private ordering force.[8] Companies will likely continue in this 2020 proxy season to enhance their human capital and climate change risk disclosures to achieve or maintain similar levels of disclosure as their "peers".[9]

Liability Considerations Based on ESG Disclosures

While companies face increasing pressure to provide more ESG-related disclosures, companies must be mindful of the potential legal risks and litigation costs that may be associated with making the disclosures. Although the federal securities laws generally do not require the disclosure of ESG data except in limited instances, potential liability may arise from making ESG-related disclosures that are materially misleading or false. In addition, the anti-fraud provisions under the federal securities laws apply not only to SEC filings, but also extend to less formal communications such as CSRs, press releases and websites. Generally, under the securities laws, heightened liability potentially exists for material misstatements or omissions contained in SEC filings. Lastly, in addition to potential liability stemming from federal

[7] For example, certain CEOs of certain European banks noted efforts to align ESG, CSR or general strategies with the UN SDGs in **public statements** regarding becoming founding signatories of the UN-sponsored Principles of Responsible Banking.

[8] Each rater has a different definition of peer than other raters and often a different definition than the company itself.

[9] For instance, we are aware of one rater that compares companies to peers selected from their GICS group regardless of market capitalization. This means that a small cap company's disclosure may be compared to the disclosure of a mega-cap company in the same industry and generally, its score may necessarily drop off as a result.

securities laws, potential liability could arise from other statutes and regulations, such as federal and state consumer protection laws.

If you have any questions regarding the matters covered in this publication, please contact any of the lawyers listed below or your regular Davis Polk contact.[10]

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Summary of Climate Change Disclosure by Industry and Report Type

Industry	10-K/Proxy Statement	CSR Report	TCFD Report
1. Insurance	• Business/Strategy/ Trends ○ How climate change impacts the insurance industry, particularly in terms of pricing and risk modeling assumptions that lead to modeling complexity (nearly all companies surveyed had some form of this disclosure) ○ How the unpredictability of future climate trends could cause underlying modeling data to be less predictive ○ How climate change can result in instability, which impacts a company operating in many countries • Regulation ○ How increased regulation could impact the company's ability to manage property exposures in climate change-vulnerable areas ○ How increased regulation could increase the company's customers' cost of doing business • Governance ○ Details how its Risk Committee's oversees climate change matters	• How the issuer is dealing with its own greenhouse gas ("GHG") emissions • How the issuer is reducing the tonnage of waste it generates • How the issuer is reducing its water use or recycling water • Issuer's green building practices (e.g., Leadership in Energy and Environmental Design ("LEED")) • Paperless insurance policies • Installing energy efficient lighting • Philanthropic endeavors, including land conservation donations	• 2 of 5 companies surveyed have done a Financial Stability Board Task for Climate-Related Financial Disclosures ("TCFD") report • Generally, little quantitative data provided that would enable a quantitative comparison with other companies in the one report released[11]
2. Power Utilities	• Business/Strategy/ Trends ○ Consistent disclosure with details of how climate change is a factor in its energy transition journey ○ One company describes its vision to serve customers with	• Similar to insurance, provides details regarding company's own reduction of water use • Information regarding installing smart meters in its service area • Information about how a company's cogenerated steam results in a reduction of GHG	• None have issued a strictly TCFD-compliant report • Note, however, that we are aware of a few power companies outside of our survey that have issued pilot reports pursuant to

[11] This company, however, also discloses in its 10-K.

Industry	10-K/Proxy Statement	CSR Report	TCFD Report
	zero carbon emission electricity by 2050, noting that its geographic location (which provides ample solar and wind opportunities as well as access to favorable grid options) and renewable tax credit availability facilitate this vision ○ Description of strategy to expand power portfolio to include more wind and solar and retire some coal-fired plants • Proxy ○ One company describes its deployment of renewable energy (e.g., building natural gas plants and shifting from coal to natural gas) and that nuclear energy is a key in its reduction of GHG emissions	emissions as compared to traditional boilers • Information regarding educating consumers in the transition to electric vehicles • Description of demonstration projects that, if viable, could have GHG emissions reductions benefits • Details on water use, an estuary program, paper recycling and wildlife conservation	the Edison Electric Institute's ESG Sustainability framework, a voluntary industry initiative that provides uniform and consistent metrics • Moreover, some companies incorporate TCFD recommendations into mainstream reports
3. Health Care	• Consistently no climate change disclosure, arguably because not material to this industry's business	• Generally all provide some voluntary CSR report • Many touch on reducing energy use and carbon footprints in their own offices, including via LEED and Energy Star certifications, as well as paper reduction initiatives • Many do note that their board, typically the Nominating & Governance (or equivalent) Committee, monitors its sustainability initiative	• No TCFD report issued
4. Oil & Gas	• Consistent comparable disclosure about climate change regulatory and litigation risks (including how climate litigation could increase costs or result in decreased product demand) and board committee responsibilities for climate change risk oversight (e.g., through Health, Safety and Environment (HSE), Reserves or separate GHG subcommittees) • As relevant and material, some discuss physical effects of climate change	• All provide voluntary CSR reports that include information on the company's own GHG emissions data • Many file a CDP climate change response • Some have in these reports climate change scenario analyses, though they are not comparable within the industry ○ One company uses TCFD's recommendations for its scenario analysis, but this issuer also explicitly says that it is still developing a full set of	• None have issued a strictly TCFD-compliant report • Note, however, that some companies incorporate TCFD recommendations into mainstream reports

Industry	10-K/Proxy Statement	CSR Report	TCFD Report
	• A few reference goals to reduce methane emissions • Many of the proxies explicitly reference the company's CSR report for investors who may wish for that type of detail in such non-filed reports • If material and relevant, a few reference how climate change is factored into certain compensation goals	metrics and targets and is thus still in the early stages	
5. Technology	• Geographic/Supply Chain Risk ○ Very little disclosure in SEC filings other than a few references to how climate could adversely affect companies' businesses by impacting countries where operations or technology suppliers are located	• All provide voluntary CSR reports, but they are not focused on climate risk • Closest disclosure relates to supply chain disruption, and relatedly increasing renewable energy use for its data centers • A few reference LEED certified offices or other company goals for carbon neutrality of their facilities	• No TCFD report issued
6. Banking	• Most include risk factors relating to climate change • Some include risks relating to climate activism	• All provide a voluntary CSR report of some sort • Details include how some banks are deploying money to support low-carbon sustainable business activities through lending, investing and capital	• 2 of 5 companies surveyed have done a TCFD report • 2 of 5 companies are in the process of implementing TCFD disclosures • Generally, little quantitative data provided that would enable a quantitative comparison with other companies

Summary of Human Capital Management Disclosure by Industry and Report Type

Industry	10-K/Proxy Statement	Voluntary CSR Report	Notes
1. Insurance	• 10-K: typically nothing beyond number of employees • Proxy: ○ Typically nothing beyond required compensation and pay ratio information ○ One company describes diversity and inclusion training programs for employees	• Narrative disclosure regarding employee benefits and resources including healthy workplace amenities, healthcare • Metrics. Two companies provide statistics on the percentage of employees by group (e.g., women and minorities)	• There is significant variability in the quantity of disclosure and types of CSR reports the companies within this industry provide, either indicating: ○ A difference in corporate culture and focus and/or philosophy; or ○ A different investor base and/or investor demands
2. Electric Utilities	• 10-K: typically nothing beyond number of employees ○ One company included some narrative disclosure regarding safety • Proxy: ○ One company provides its Occupational Safety and Health Administration ("OSHA") incident rates and some qualitative disclosure on diversity and inclusion ○ One company describes external campaigns it is a part of regarding gender pay gap ○ One company includes references to diversity awards and general contributions it has made to the communities in which it operates	• Safety disclosure is the major theme, such as narrative disclosures about efforts to provide a safe workplace ○ One company describes how its Management Committee oversees safety, corporate responsibility and sustainability • One company qualitatively discusses a program whereby employees can discuss job performance, professional development and how this aligns with company goals and priorities • Narrative disclosure regarding ethics and compliance and other formal training for employees; supplier diversity program • Some provide lists of various diversity awards • Metrics: ○ Some safety and OSHA-related metrics, such as reportable injuries, zero fatalities and lost time injury frequency test ○ One company provides a chart with statistics on minorities and worker employees	• Most companies have details on safety in their CSR reports ○ Some companies saw fit to bring some of this disclosure in their SEC filings • The training information appears immaterial from a securities law perspective, but possibly interesting to individuals thinking of working for the company

Industry	10-K/Proxy Statement	Voluntary CSR Report	Notes
3. Health Care	• 10-K: One company discloses in its risk factors how it faces competition in attracting and retaining employees and how managing executive succession, transition and retention is key to the company's success ○ No metrics or other details provided • Proxy: This industry discloses more in its proxy than the others, but it is nearly all narrative, with no metrics other than compensation information ○ One company notes that its Governance Committee monitors CSR and environmental sustainability initiatives ○ One company notes how it discloses on its website its political contributions and public advocacy efforts[12] ○ Another company notes that it has employee diversity & inclusion groups ○ One company discloses information regarding pay equity and programs to prevent gender pay differences	• Employee health ○ Most include some narrative about employee wellbeing (e.g., stress; wellness facilities offered) • One company notes how it offers individual, career and leadership development opportunities to strengthen skills • This industry discloses a lot of its awards or other accolades including regarding veterans amongst employee base	• Focus on gender pay may be industry specific due to the workforce of hospitals ○ Nurses being typically female and paid less than others in the organization
4. Oil & Gas	• Nothing noteworthy in 10-K or proxies – typical compensation disclosure • Proxy: One company discloses its worldwide	• Qualitative disclosure on health and safety • Metrics: ○ One CSR report mentions that safety and health is a	• This industry discloses more metrics than others in its CSR report, perhaps because it is used to tracking them for safety reasons ○ This industry is also one

[12] Note that this company received shareholder proposals to disclose such matters over several years.

Industry	10-K/Proxy Statement	Voluntary CSR Report	Notes
	employee injury incident rate[13]	performance metric that its Compensation Committee of the board considers in the discretionary component for annual cash bonus component of officer compensation ○ Same company includes safety performance statistics ○ Another company includes summarized disclosure on education, experience and training of its workforce, including about low voluntary turnover rates, data on diversity (minority and women) and employee age and tenure and workplace safety incident rates	that historically has linked compensation to environmental, health and safety performance given how dangerous aspects of oil & gas operations are to the workforce and thus how central these issues are to the business
5. Technology	• 10-K: Nothing noteworthy other than that two of the companies note training programs they have generally, with one specifying that it has bias and gender equity training • Proxy: One company discloses that it has strong policies prohibiting harassment and takes violations of them seriously ○ This company also notes that its employee compensation program supports its goal of attracting the best talent, as well as offering competitive benefits to promote the health and happiness of its	• One company describes (i) its supplier code of conduct designed to protect the health and safety of its workers; and (ii) a modern slavery statement (to ensure its workers are treated with dignity and respect) • Same company provides disclosure on training of its workforce and a retention initiative including female coaching and career development of rising women leaders[14]	• Given that employee talent and innovation is critical to this industry, companies surveyed do note their training programs • Additionally, given that this industry may have a high percentage of male employees, some tend to describe efforts to build harassment-free and inclusive workplaces ○ One company even talks about smart office design to facilitate creativity

[13] It was less than one recordable injury per 100 employees for 23 years. Therefore, while unlikely to have been material, it appears to be a positive statistic that the company wanted to include in its proxy. This company seemed more inclined than others to include other qualitative information about employee training (e.g., tuition reimbursement offered) and its commitment to diversity and inclusion, which other companies might typically include in their CSR reports.

[14] The company describes programs developed internally and in partnership with other groups to enhance retention and training, particularly for women and underrepresented groups, for example, by offering mentorship and networking opportunities.

Industry	10-K/Proxy Statement	Voluntary CSR Report	Notes
	employees		
6. Banking	• 10-K: Most banks do not have any noteworthy disclosure ○ One company discloses how its ability to attract and retain qualified employees is critical to business success and because competition for qualified personnel is intense it needs to provide market-level compensation to attract and retain qualified personnel • Proxy: Only one bank (and the only company surveyed as part of this research project) discloses the amount of money it has spent to address issues related to sustainable finance and the UN Sustainable Development Goals (e.g., affordable housing, sustainable energy, clean water and sanitation, education and healthcare)[15] • Two companies provide disclosure related to female and military employees	• Nearly all have detailed disclosures regarding employee training, diversity and gender pay equity • Perhaps an offshoot of Community Reinvestment Act applicability, some banks disclose information about the number of people they have educated in financial matters, as well as community development lending and investment initiatives • Note one bank has issued a standalone HCM Report in November 2019 that covers a broad range of topics, including board oversight of HCM matters.	• This industry has arguably the most human capital disclosure of all industries where human talent is critical and increasing the number of female executives seems to be a focus ○ This is particularly the case given that this industry has been subjected to gender pay shareholder proposals and this disclosure may be a result of related engagement ○ Disclosure focuses on gender diversity and hiring of former military personnel

[15] This company appears to be an outlier insofar as its depth of other diversity and inclusion and social disclosure in its proxy is much higher than its peers. Either peer companies do not disclose to this level or the information is contained in the CSR report and not the proxy.