



Core SDG Indicators for Entity Reporting:
TUTORIAL SESSIONS

Social indicators

3



Social Indicators

Module C

Core SDG Indicators for Entity Reporting Training Manual



Learning Objectives



Learning Objectives

By the end of the module you will:

a) Be able to define and calculate the following core indicators in the social area:

- ✓ Proportion of women in managerial positions;
- ✓ Average hours of training per year per employee;
- ✓ Expenditure on employee training per year per employee;
- ✓ Employee wages and benefits, by employment type and gender;
- ✓ Expenditures on employee health and safety;
- ✓ Frequency/incident rates of occupational injuries;
- ✓ Percentage of employees covered by collective agreements.

b) Be able to critically assess existing potential sources of information to calculate social indicators in your company

c) Understand how to design a system to collect the information that is required to calculate social indicators

d) Refer to examples of companies already using and disclosing social indicators



C.1. Gender equality

C.1.1. Proportion of women in managerial positions



C.1.1. Proportion of women in managerial positions: Definition

This indicator is expressed as the **number of women in managerial positions divided by the total number of employees** in a given reporting period.



C.1.1. Proportion of women in managerial positions: Measurement methodology

In order to calculate this indicator, entities need to:

- ✓ Count the women in managerial positions (head count or full time equivalents - FTEs),
- ✓ Divide the number of female managers by the total number of employees in the company (head count or full time equivalents – FTEs, consistently with the numerator).

This indicator is thus expressed in percentage terms (%) and is calculated in the following way:

$$\frac{\text{Number of female managers}}{\text{Total number of employees}}$$

Both the numerator and the denominator should be calculated by taking into consideration the employee numbers at the end of the reporting period.

Employee numbers may be expressed as head count or Full Time Equivalent (FTE).



C.1.1. Proportion of women in managerial positions: Measurement methodology

Three different steps need to be undertaken to calculate this indicator:

Step 1:

It is necessary to express the total amount of employees of the reporting entity at the end of the reporting period **either in terms of headcount or FTE (denominator of the indicator)**.

*The **FTE** is calculated by summing up all the hours worked in one reporting period by both part-time and full-time employees and dividing this number by the number of hours worked by a full-time employee.*

Usually, on an annual basis, an FTE is considered to be 2,080 hours, which is calculated as:

8 hours per day x 5 work days per week x 52 weeks per year = 2,080 hours per year

It is important to mention that the 2,080 hours do not take into consideration any deductions for holidays, sick time, and so forth. 2,080 hours is considered a theoretical standard, i.e., an amount of hours that can only theoretically be met if someone works through all holidays and takes no sick time.

If the 2,080 figure is not used, i.e., the maximum amount of hours to be considered in the calculation, the exact number of hours for the FTEs calculation may vary by country, since the number of vacation days varies by country.

In any case, the lowest number of hours to be possibly considered in the calculation is 1,680 hours per year.



C.1.1. Proportion of women in managerial positions: Measurement methodology



CALCULATION EXAMPLE

Some examples of *FTE calculations*:

If there are 8 working hours in one day, and the Eris Company staff works 136 hours during that day, the resulting FTEs is:

136 hours DIVIDED BY 8 hours = 17 FTEs.

If there are 2,080 working hours in the year, and the XYZ Company staff works 22,880 hours during the year, the resulting FTEs is:

22,880 hours DIVIDED BY 2,080 = 11 FTEs



C.1.1. Proportion of women in managerial positions: Measurement methodology

Three different steps need to be undertaken to calculate this indicator:

Step 2:

As a second step, it is required to identify all the employees that occupy managerial positions within the entity. In order to do so, it is suggested to use:

- ✓ internal job classifications;
- ✓ if not available, the occupational classification system of major, sub- major, minor and unit groups endorsed by the Meeting of Experts in Labour Statistics (the International Standard Classification of Occupations, 2008 (ISCO)) can be used as a check list. According to this system, jobs can be classified by occupation with respect to the type of work performed, and the criteria used to define the system of major, sub-major, minor and unit groups are the “skill level” and “skill specialization”.



C.1.1. Proportion of women in managerial positions: Measurement methodology

Three different steps need to be undertaken to calculate this indicator:

Step 3:

After having identified the managerial positions occupied by women in the reporting entity, it is necessary to express them in terms of either headcounts or FTEs (numerator of the indicator).

C.1.1. Proportion of women in managerial positions: Measurement methodology



CALCULATION EXAMPLE

Let us assume that an entity has recorded the following data about its employees:

- 4 Marketing employees, of which 1 working part-time (half-time). In total they work 7,280 hours per year
- 60 Sales employees, of which 20 working part-time (half-time). In total they work 104,000 hours per year
- 30 Production employees. In total they work 62,400 hours per year
- 10 Finance employee, working in total 20,800 hours per year
- 2 Innovation and technology employees, of which 1 working part-time (half-time). In total they work 3,120 hours per year

The female managers are the following:

- 1 in Marketing, working in total 2,080 hours per year
- 2 in Sales (1 of which working part-time). In total they work 3,120 hours per year
- 1 in Finance, working in total 2,080 hours per year
- 1 in Innovation and Technology, working part-time, i.e., working in total 1,040 hours per year

First, we need to calculate the number of total employees. As there are several part-time workers is better to express them in terms of FTEs, calculated as:

$$(7,280 + 104,000 + 62,400 + 20,800 + 3,120) \text{ DIVIDED BY } 2,080 = 197,600 \text{ hours DIVIDED BY } 2,080 = 95 \text{ FTEs}$$

Then, we need to calculate the FTEs for female managers, calculated as:

$$(2,080 + 3,120 + 2,080 + 1,040) \text{ DIVIDED BY } 2,080 = 4 \text{ FTEs}$$

So this indicator, i.e., proportion of women in managerial positions, is calculated as:

$$4 \text{ FTEs DIVIDED BY } 95 \text{ FTEs} = 4.21\%$$



C.1.1. Proportion of women in managerial positions: Measurement methodology

In addition, the reporting entity is encouraged to also calculate the breakdown of total workforce according to the following categories:

- ✓ employees and supervised workers, where the supervised worker is a person who directly supplies work and services to the reporting organization but whose formal contract of employment is with another organization.
- ✓ type of employment contract
 - permanent: indefinite or permanent contract is a permanent contract of employment with an employee for full-time or part-time work for an indeterminate period;
 - temporary: fixed term or temporary contract is a contract of employment as defined above that ends when a specific time period expires, or when a specific task that has a time estimate attached is completed. A temporary contract of employment is of limited duration and terminated by a specific event, including the end of a project or work phase, return of replaced personnel, etc.
- ✓ employment type (full-time or part-time)
- ✓ age group: under 30 years old, 30-50 years old, over 50 years old
- ✓ region

C.1.1. Proportion of women in managerial positions: Measurement methodology



CALCULATION EXAMPLE

So starting from the previous example, let us assume that we do not have any supervised worker and we have the following additional information:

- 1) 4 Marketing employees (in total working 7,280 hours per year)
 - a. 1 male employee is part-time (half-time) and has a temporary contract,
 - b. 3 (two males and one female) are 30-50 years old and 1 (the part-time employees) is under 30 years old,
 - c. All 4 are from Spain
- 2) 60 Sales employees (in total working 104,000 hours per year)
 - a. 20 (of which 1 female) are part-time (half-time), 10 of which (all males) have a temporary contract,
 - b. 40 (one female and thirty-nine males) are 30-50 years old and 20 (all the part-time employees) are over 50 years old,
 - c. 20 (all the part-time employees) are from Spain, 20 from Portugal (1 female and 19 males) and 20 from France (of which 1 is the female employee)
- 3) 30 Production employees (in total working 62,400 hours per year)
 - a. All employees are males and full time, 10 have a temporary contract
 - b. 20 are under 30 years old and 10 are 30-50 years old
 - c. 20 are from Spain and 10 from Portugal
- 4) 10 Finance employee (in total working 20,800 hours per year)
 - a. All employees are full time and have a permanent contract
 - b. All employees are 30-50 years old
 - c. 5 are from Spain (of which one is female) and 5 from France
- 5) 2 Innovation and technology employees (in total working 3,120 hours per year)
 - a. 1 female, working part-time (half-time)
 - b. Both employees have a permanent contract, 1 (the female) is under 30 years old and 1 is 30-50 years old
 - c. They are both from Spain

C.1.1. Proportion of women in managerial positions: Measurement methodology

Marketing (3.5 FTE)										
	Permanent	Temporary	Part-time	Full-time	Under 30	30-50	Over 50	Spain	Portugal	France
Female	1	0	0	1	0	1	0	1	0	0
Male	2	0.5	0.5	2	0.5	2	0	2.5	0	0
FTE		3.5		3.5			3.5			3.5
Sales (50 FTE)										
	Permanent	Temporary	Part-time	Full-time	Under 30	30-50	Over 50	Spain	Portugal	France
Female	1.5	0	0.5	1	0	1	0.5	0.5	1	0
Male	43.5	5	9.5	39	0	39	9.5	9.5	19	20
FTE		50		50			50			50
Production (30 FTE)										
	Permanent	Temporary	Part-time	Full-time	Under 30	30-50	Over 50	Spain	Portugal	France
Female	0	0	0	0	0	0	0	0	0	0
Male	20	10	0	30	20	10	0	20	10	0
FTE		30		30			30			30
Innovation and Technology (1.5 FTE)										
	Permanent	Temporary	Part-time	Full-time	Under 30	30-50	Over 50	Spain	Portugal	France
Female	0.5	0	0.5	0	0.5	0	0	0.5	0	0
Male	1	0	0	1	0	1	0	1	0	0
FTE		1.5		1.5			1.5			1.5
Total (95 FTE)										
	Permanent	Temporary	Part-time	Full-time	Under 30	30-50	Over 50	Spain	Portugal	France
Female	4	0	1	3	0.5	3	0.5	3	1	0
Male	75.5	15.5	10	81	20.5	61	9.5	37	29	25
	79.5	15.5	11	84	21	64	10	40	30	25
FTE		95		95			95			95



**CALCULATION
EXAMPLE**



C.1.1. Proportion of women in managerial positions: Measurement methodology

Starting from the table in the previous slide, the reporting entity can calculate a range of different indicators, as follows:

% of permanent employees (permanent employees FTE /total employees FTE)	83.7%
% of permanent female employees (permanent female employees FTE /total employees FTE)	4.2%
% of part-time employees (part time employees FTE / total employees FTE)	11.6%
% of part-time employees (part time female employees FTE / total employees FTE)	1.1%
% of under 30 employees (under 30 employees FTE /total employees FTE)	22.1%
% of 30-50 employees (30-50 employees FTE /total employees FTE)	67.4%
% of over 50 employees (over 50 employees FTE /total employees FTE)	10.5%
% of under 30 female employees (under 30 female employees FTE /total employees FTE)	0.5%
% of 30-50 female employees (30-50 female employees FTE /total employees FTE)	3.2%
% of over 50 female employees (over 50 female employees FTE /total employees FTE)	0.5%
% employees Spain (Spain employees FTE /total employees FTE)	42.1%
% employees Portugal (Portugal employees FTE /total employees FTE)	31.6%
% employees France (France employees FTE /total employees FTE)	26.3%
% female employees Spain (Spain female employees FTE /total employees FTE)	3.2%
% female employees Portugal (Portugal female employees FTE /total employees FTE)	1.1%
% female employees France (France female employees FTE /total employees FTE)	0.0%



**CALCULATION
EXAMPLE**



C.1.1. Proportion of women in managerial positions: Potential sources of information

- Information to calculate this indicator is typically found in HR information systems (employee records, payroll information available at the national or site level).
- Many entities use specialized software (Human Resource software) for collecting and elaborating information regarding employees, including the other data that are necessary to calculate this indicator. The software and the related information flows are normally managed by the HR function.
- If an equal opportunity committee exists, important information could also be found in the minutes of this committee's meetings.



C.2. Human capital

- C.2.1. Average hours of training per year per employee
- C.2.2. Expenditure on employee training per year per employee
- C.2.3. Employee wages and benefits as a proportion of revenue,
by employment type and gender



C.2. Human capital

C.2.1. Average hours of training per year per employee

C.2.2. Expenditure on employee training per year per employee

C.2.3. Employee wages and benefits as a proportion of revenue,
by employment type and gender



C.2.1. Average hours of training per year per employee: Definition

This indicator suggests the **scale of an entity's investment in employee training** (i.e., in human capital) and the degree to which this investment is made across the entire employee base, **in terms of hours of training.**

C.2.1. Average hours of training per year per employee: Measurement methodology

The indicator is calculated in the following way:

$$\frac{\text{Total number of training hours provided to employees}}{\text{Total number of employees}}$$

Both the numerator and the denominator should be calculated by taking into consideration the employee numbers at the end of the reporting period.



C.2.1. Average hours of training per year per employee: Measurement methodology

The **first step** is to calculate the numerator, i.e., the number of hours of training, by identifying all the training programs undertaken by an entity in a reporting period so that the related hours can be cumulated.

These may include:

- ✓ internal training courses;
- ✓ external training or education (supported by the entity);
- ✓ the provision of sabbatical periods with guaranteed return to employment (supported by the entity, e.g. paid educational leave provided by the reporting entity for its employees);
- ✓ training on specific topics such as health and safety.



C.2.1. Average hours of training per year per employee: Measurement methodology

The **second step** is to calculate the denominator, which should be expressed as either headcount or FTE, and apply the approach consistently in the period, and between periods.

The data should be presented with breakdown by employment category and possibly by gender. On these points, refer to what has been already described for indicator C.1.1.

C.2.1. Average hours of training per year per employee: Measurement methodology



CALCULATION EXAMPLE

To calculate the numerator, i.e., the number of training hours, the following steps are suggested:

a) Look up the employees' participation in training courses and workshops over a given time frame, i.e., the reporting period.

Let us assume that an entity has 8 employees:

- o 1 participated in two half-day internal seminars,
- o 2 in one-week course at a business school.
- o 1 took a sabbatical month
- o 4 did nothing.

b) As explained with reference to indicator C.1.1, in most cases, a working day is 8 hours, and the hours of training can represent any fraction thereof. For example, a three-day seminar counts for 24 working hours, while a half-day lecture counts as 4 working hours.

c) Define the total hours of training by calculating the hours underlying the different training initiatives and multiplying those by the number of employees who participated in each training initiatives. In the example:

Total number of training hours provided to employees = 1 X (2 seminars X 4 hours per seminar) + 2 X (1 course X 40 hours per course) + 1 X (1 sabbatical month X 160 hours)

Total number of training hours provided to employees = 8 hours + 80 hours + 160 hours

Total number of training hours provided to employees = 248 hours

d) Divide the total hours by the total number of employees. In the example:

Total number of training hours provided to employees DIVIDED BY total number of employees = $248 / 8 = 31$ hours per employee

The average hours of training per year per employee in this entity is thus equal to 31



C.2.1. Average hours of training per year per employee: Potential sources of information

- ❑ Information to calculate these indicators is typically found in HR information systems (employee records available at the national or site level). Many entities use specialized software (Human Resource software) for collecting and elaborating information regarding employees, including the other data that are necessary to calculate this indicator. The software and the related information flows are normally managed by the HR function that is also usually in charge of defining a training budget.
- ❑ Management accounting systems/internal management reports can be also used for the hour specific, category specific and country-specific data (if an entity has a balanced scorecard these indicators are often included as key performance indicators in the Learning and growth perspective).



C.2. Human capital

C.2.1. Average hours of training per year per employee

C.2.2. Expenditure on employee training per year per employee

C.2.3. Employee wages and benefits as a proportion of revenue,
by employment type and gender



C.2.2. Expenditure on employee training per year per employee: Definition

This indicator suggests the **scale of an entity's investment in employee training** (i.e., in human capital) and the degree to which this investment is made across the entire employee base, **in terms of expenditures.**



C.2.2. Expenditure on employee training per year per employee: Measurement methodology

The indicator is calculated in the following way:

$$\frac{\text{Total amount of training expenses}}{\text{Total number of employees}}$$

Both the numerator and the denominator should be calculated by taking into consideration the employee numbers at the end of the reporting period.



C.2.2. Expenditure on employee training per year per employee: Measurement methodology

The **first step** is to calculate the numerator, i.e., the total amount of training expenses, by identifying all the training programs undertaken by an entity in a reporting period so that the related costs can be cumulated.

It is suggested to consider direct and indirect costs of training, such as:

- ✓ training needs assessment fees (e.g., in case of assessment by external consultants),
- ✓ course fees,
- ✓ trainers' fees,
- ✓ training facilities rental costs,
- ✓ training materials development and equipment costs,
- ✓ related travel costs and/or living costs (e.g., meals and accommodation).



C.2.2. Expenditure on employee training per year per employee: Measurement methodology

The **second step** is to calculate the denominator, which should be expressed as either headcount or FTE, and apply the approach consistently in the period, and between periods. The data should be presented with breakdown by employment category and possibly by gender. On these points, refer to what already described for indicator C.1.1.

C.2.2. Expenditure on employee training per year per employee: Measurement methodology



CALCULATION EXAMPLE

Assume that an entity has incurred the following costs over a certain reporting period:

- tuition reimbursement for Executive Master = 30,000 € (for 2 managers)
- course fees = 4,000 € per participant (12 employees participated in the training course)
- travel expenses = 500 € per participant (12 employees participated in the training course)
- meals and accommodation = 1,000 € per participant (12 employees participated in the training course)
- consultants' costs for training assessment and development = 5,000 €
- materials development for internal training = 3,000 €
- rental cost for training facility = 500 €
- rental cost for PCs for business game = 1,500 €

The total amount of training expenses of the period is thus calculated as follows:

$$(30,000 \text{ €} \times 2) + (4,000 \text{ €} \times 12) + (500 \text{ €} \times 12) + (1,000 \text{ €} \times 12) + 5,000 \text{ €} + 3,000 \text{ €} + 500 \text{ €} + 1,500 \text{ €} + = 60,000 \text{ €} + 48,000 \text{ €} + 6,000 \text{ €} + 12,000 \text{ €} + 5,000 \text{ €} + 3,000 \text{ €} + 500 \text{ €} + 1,500 \text{ €} + = 136,000 \text{ €}$$

Let us also assume that the company, at the end of the period, has 800 employees.

The indicator is calculated as:

Average training expenditures per employee = Total amount of training expenses DIVIDED BY Total number of employees

136,000 € DIVIDED BY 800 employees = 170 € per employee



C.2.2. Expenditure on employee training per year per employee: Measurement methodology

When possible, these indicators should be broken down by category in the following way:

Average training expenditures per employee category = total amount of training expenses for each category of employees/total number of employees in category

C.2.2. Expenditure on employee training per year per employee: Measurement methodology



**CALCULATION
EXAMPLE**

So, starting from the example above, let us assume the following additional information:

- Of 800 employees
 - 500 have a permanent contract, of which 100 are females (300 temporary, of which 200 are females)
 - 700 are full-time, of which 200 are females (100 part-time, all females)
 - 200 are under 30 years old (of which 100 are females), 550 are 30-50 years old (of which 200 are females), and 50 are over 50 years old
- The 2 managers (1 female and 1 male) who attended the executive master (training expenses as calculated above = $(30,000 \text{ €} \times 2) = 60,000 \text{ €}$) have a permanent contract, work full-time and are 30-50 years old.
- The 12 employees (2 females and 10 male) who attended the training course (training expenses as calculated above = $48,000 \text{ €} + 6,000 \text{ €} + 12,000 \text{ €} = 66,000 \text{ €}$) have a permanent contract, work full-time and are all under 30 years old.
- The internal course (training expenses as calculated above = $5,000 \text{ €} + 3,000 \text{ €} + 500 \text{ €} + 1,500 \text{ €} = 10,000 \text{ €}$) was attended by 20 employees (all males), with a temporary contract, working part-time, of which 10 under 30 years old and 10 30-50 years old.

These additional data can be summarized in a table (-> **SEE NEXT SLIDE**)

C.2.2. Expenditure on employee training per year per employee: Measurement methodology

Total number of employees							
	Permanent	Temporary	Part-time	Full-time	Under 30	30-50	Over 50
Female	100	200	100	200	100	200	0
Male	400	100	0	500	100	350	50
total number		800		800			800
Employees who participated in training							
	Permanent	Temporary	Part-time	Full-time	Under 30	30-50	Over 50
Female	3			3	2	1	
Male	11	20	20	11	20	11	
total number		34		34			34
Training expenses							
	Permanent	Temporary	Part-time	Full-time	Under 30	30-50	Over 50
executive master	60000			60000		60000	
training course	66000			66000	66000		
internal training		10000	10000		5000	5000	
Total amount	126000	10000	10000	126000	71000	65000	0



**CALCULATION
EXAMPLE**

C.2.2. Expenditure on employee training per year per employee: Measurement methodology

Starting from the table in the previous slide, the reporting entity can calculate a range of different indicators, as follows:

Average training expenditures for female employees	13.666,67
Average training expenditures for female employees	2.097,74
Average training expenditures for permanent employees	9.000,00
Average training expenditures for temporary employees	500,00
Average training expenditures for part-time employees	500,00
Average training expenditures for full-time employees	9.000,00
Average training expenditures for under 30 employees	3.227,27
Average training expenditures for 30-50 employees	5.416,67
Average training expenditures for over 50 employees	-



**CALCULATION
EXAMPLE**



C.2.2. Expenditure on employee training per year per employee: Potential sources of information

- ❑ Training expenses can be found in the P&L as a specific line item part of the operating costs (general expenses). Companies usually employ a specific account to record training costs that can be called Employee Training Expenses (in the accounts payable).
- ❑ Information to calculate this indicator is typically derived from HR information systems (employee records available at the national or site level). Many companies use specialized software (Human Resource software) for collecting and elaborating information regarding employees, including the other data that are necessary to calculate this indicator. The software and the related information flows are normally managed by the HR function that is also usually in charge of defining a training budget.
- ❑ Management accounting systems/internal management reports can be also used for the hour specific, category specific and country-specific data (if a company has a balanced scorecard these indicators are often included as key performance indicators in the Learning and growth perspective).



C.2. Human capital

C.2.1. Average hours of training per year per employee

C.2.2. Expenditure on employee training per year per employee

C.2.3. Employee wages and benefits as a proportion of revenue,
by employment type and gender



C.2.3. Employee wages and benefits as a proportion of revenue, by employment type and gender: Definition

This indicator should reflect the **total costs of the employee workforce for the entity in the reporting period, segmented by employee type and gender, as a proportion of the total revenue.**

C.2.3. Employee wages and benefits as a proportion of revenue, by employment type and gender: Measurement methodology

The indicator is calculated in the following way:

$$\frac{\text{Total costs of the employee workforce}}{\text{Total revenue}}$$



C.2.3. Employee wages and benefits as a proportion of revenue, by employment type and gender: Measurement methodology

In order to calculate the numerator of this indicator, it is necessary to refer to total payroll.

This is the sum of:

- employee salaries and amounts paid to government institutions on behalf of employees
- total benefits (excluding training, costs of protective equipment, or other cost items directly related to the employee's job function)
- ✓ For both salaried and hourly employees, the calculation is based on an agreed-upon amount that should be in writing and signed by both the employee and the employer entity before the employee begins working. Depending on the country, for hourly employees, the pay rate might be negotiated by a union contract.

C.2.3. Employee wages and benefits as a proportion of revenue, by employment type and gender: Measurement methodology



CALCULATION EXAMPLE

For example:

For salaried employees, the amounts included in the calculation are the agree annual pays, e.g., salary of \$37,000 a year. Any other payments that the employee received in the form of benefits should also be added.

If the salaried employee receives an annual salary of \$37,000 and a yearly bonus of \$ 5,000, and a health insurance paid by the employer of \$1,500, the total amount to be included is \$ 43,500.

For hourly employees, it is the amount of hours worked during the reporting period multiplied by the agreed hourly pay rate. If an entity has hourly employees, then, it needs to keep track of the hours they work. Wages are calculated by multiplying an hourly rate times the number of hours worked.

An employee who worked 35 hours in a week at \$10 per hour earned \$350 for the week. If she/he worked for 30 weeks during the period, the total amount is \$ 350 multiplied by 30, i.e., \$ 10,500.

The calculated amount includes regular hourly or salaried pay and also includes any overtime paid to the employee during the pay period. So, if an employee is paid at multiple hourly rates, it is necessary to keep a list of the number of hours at each hourly rate and to multiply the different amounts of hours at each rate by the applicable hourly rate and then add the amounts together.

For example, if an employee worked 24 hours at \$10 per hour and another 16 hours at \$11 per hour due to a night shift pay differential, he/she earned \$ 416 for the week. Assuming that she/he did so for 22 weeks during the reporting period, the total amount is \$ 416 multiplied by 22, i.e., \$ 9,152.



C.2.3. Employee wages and benefits as a proportion of revenue, by employment type and gender: Measurement methodology

The total amount of employee wages and benefits needs to be broken down according to the following categories:

- Employees and supervised workers ,
- Type of employment contract (permanent or temporary),
- Employment type (full-time or part-time),
- Age group: under 30 years old , 30-50 years old, over 50 years old
- Region
- Gender

So to break down the total amount of employee wages and benefits, it is necessary to refer to the employee database, where all the information, both on the type of contract and personal, are registered.

C.2.3. Employee wages and benefits as a proportion of revenue, by employment type and gender: Measurement methodology



CALCULATION EXAMPLE

So, let us assume that you have the following employees (and no supervised worker), all working in the same region:

- Lucy, 29, permanent contract, full-time, annual salary plus benefits = \$ 34,000
- Igor, 40, temporary contract, part-time, annual salary plus benefits = \$ 17,000
- Molly, 55, permanent contract, full-time, hourly employee working 48 weeks, 35 hours in a week at \$10 per hour = $48 \times 35 \times 10 = \$ 16,800$

Luke, 35, temporary contract, full-time, hourly employee working 48 weeks, 35 hours in a week at \$10 per hour, plus 20 night shifts over the period of 4 hours at \$ 11 per hour = $(48 \times 35 \times 10) + (20 \times 4 \times 11) = \$ 16,800 + \$ 880 = \$ 17,680$

Tony, 60, permanent contract, part-time, annual salary plus benefits = \$ 19,000

The total cost of the employee workforce for the entity is the sum of what it is paid to the above workers, i.e.:

$$34,000 + 17,000 + 16,800 + 17,680 + 19,000 = \$ 104,480$$

C.2.3. Employee wages and benefits as a proportion of revenue, by employment type and gender: Measurement methodology



**CALCULATION
EXAMPLE**

We can then breakdown this amount (\$ **104,480**) by the various categories mentioned above, in the following way:

- Type of employment contract:
 - Permanent = 34,000 + 16,800 + 19,000 = \$ 69,000
 - Temporary = 17,000 + 17,680 = \$34,680
- Employment type
 - Full-time = 34,000 + 16,800 + 17,680 = \$ 68,480
 - Part-time = 17,000 + 19,000 = \$ 36,000
- Age group
 - under 30 years old = \$ 34,000
 - 30-50 years old = 17,000 + 17,680 = \$34,680
 - over 50 years old = 16,800 + 19,000 = \$ 35,800
- Gender
 - Female = 34,000 + 16,800 = \$ 50,800
 - Male = 17,000 + 17,680 + 19,000 = \$ 53,680

To calculate the denominator, i.e., revenues, refer to what already explained for indicator A.1.1.

C.2.3. Employee wages and benefits as a proportion of revenue, by employment type and gender: Measurement methodology



CALCULATION EXAMPLE

In the end, an entity should calculate as many different indicators as the different employee categories

So if we assume that the revenues for the entity whose employees are listed above are equal to \$ 100,000, we are going to have the following indicators:

- Total costs of permanent employees divided by total revenues = \$ 69,000 / \$ 100,000 = 69%
- Total costs of temporary employees divided by total revenues = \$34,680 / \$ 100,000 = 34.68%
- Total costs of full-time employees divided by total revenues = \$ 68,480 / \$ 100,000 = 68.48%
- Total costs of part-time employees divided by total revenues = \$36,000 / \$ 100,000 = 36%
- Total costs of employees under 30 years old divided by total revenues = \$34,000 / \$ 100,000 = 34%
- Total costs of employees 30-50 years old divided by total revenues = \$34,680 / \$ 100,000 = 34.68%
- Total costs of employees over 50 years old divided by total revenues = \$35,800 / \$ 100,000 = 35.8%
- Total costs of female employees divided by total revenues = \$50,800 / \$ 100,000 = 50.8%
- Total costs of male employees divided by total revenues = \$53,680 / \$ 100,000 = 53.68%



C.2.3. Employee wages and benefits as a proportion of revenue, by employment type and gender: Potential sources of information

- Information to calculate these indicators is typically found in HR information systems (employee records available at the national or site level). Many entities use specialized software (Human Resource software) for collecting and elaborating information regarding employees, including the other data that are necessary to calculate this indicator. The software and the related information flows on wages and benefits are normally managed by the HR function in a specific module that is usually labelled Payroll accounting. Many firms also have a payroll accounting specialist in the accounting department who is the owner of this information.
- If an entity does not prepare its own payroll in house, it is possible to use a professional payroll service to do the job.
- The total revenue to calculate the denominator can be obtained from the P&L statement.



C.3. Employee health and safety

C.3.1. Expenditures on employee health and safety as a proportion of revenue

C.3.2. Frequency/incident rates of occupational injuries



C.3. Employee health and safety

C.3.1. Expenditures on employee health and safety as a proportion of revenue

C.3.2. Frequency/incident rates of occupational injuries



C.3.1. Expenditures on employee health and safety as a proportion of revenue: Definition

This indicator refers to the **total expenses incurred by an entity to guarantee employees' health and safety as a proportion of total revenue.**

It is related to an important aspect of corporate responsibility as occupational accidents not only lower productivity and divert management attention, but also undermine human capital development, and could be indicative of poor management quality and practice.



C.3.1. Expenditures on employee health and safety as a proportion of revenue: Measurement methodology

This indicator is expressed as a percentage (%) and is calculated in the following way:

$$\frac{\text{Expenses on employee health and safety}}{\text{Total revenue}}$$

The numerator is calculated by adding up all the expenses for occupational safety and health-related insurance programmes, for health care activities financed directly by the entity, and all expenses sustained for working environment issues related to occupational safety and health incurred during a reporting period. Given the increasing importance of the services sectors and its intrinsic characteristics, this indicator should also reflect reporting on mental health and stress.



C.3.1. Expenditures on employee health and safety as a proportion of revenue: Measurement methodology

If an entity does not record these expenses systematically, it is suggested to start from the following check-list (TO BE CONTINUED ON THE NEXT SLIDE):

- ✓ Design, siting, structural features, installation, maintenance, repair and alteration of workplaces and means of access thereto and egress therefrom;
- ✓ Lighting, ventilation, order and cleanliness of workplaces;
- ✓ Temperature, humidity and movement of air in the workplace;
- ✓ Design, construction, use, maintenance, testing and inspection of machinery and equipment liable to present hazards and, as appropriate, their approval and transfer;
- ✓ Prevention of harmful physical or mental stress due to conditions of work;
- ✓ Handling, stacking and storage of loads and materials, manually or mechanically;
- ✓ Use of electricity;
- ✓ Manufacture, packing, labelling, transport, storage and use of dangerous substances and agents, disposal of their wastes and residues, and, as appropriate, their replacement by other substances or agents which are not dangerous, or which are less dangerous;
- ✓ Radiation protection;
- ✓ Prevention and control of, and protection against, occupational hazards due to noise and vibration;
- ✓ Control of the atmosphere and other ambient factors of workplaces;



C.3.1. Expenditures on employee health and safety as a proportion of revenue: Measurement methodology

If an entity does not record these expenses systematically, it is suggested to start from the following check-list (CONTINUED FROM THE PREVIOUS SLIDE):

- ✓ Prevention and control of hazards due to high and low barometric pressures;
- ✓ Prevention of fires and explosions and measures to be taken in case of fire or explosion;
- ✓ Design, manufacture, supply, use, maintenance and testing of personal protective equipment and protective clothing;
- ✓ Sanitary installations, washing facilities, facilities for changing and storing clothes, supply of drinking water, and any other welfare facilities connected with occupational safety and health;
- ✓ First-aid treatment;
- ✓ Establishment of emergency plans;
- ✓ Supervision of the health of workers.

Some of these elements are related to operating costs, e.g., the entity's cost of health care activities financed directly by the entity as such, either through self-insurance or in operating the entity's own health care facilities or any other expense related to the supervision of the health of workers; some other elements are capital expenditures, e.g., investments in radiation protection equipment or in fire prevention kits.



C.3.1. Expenditures on employee health and safety as a proportion of revenue: Measurement methodology



CALCULATION EXAMPLE

For example:

Let us assume that an entity has incurred the following costs during a certain reporting period:

- Costs of OHS certification OHSAS 18001 = £ 15,000
- Expenses to make workplace safe (new fire alarms and fire extinguishers) = £ 30,000
- Plant safety insurance = £ 12,000
- Ventilation maintenance = £ 3,000
- Protective clothing for 100 workers = £ 2,000

The total expenses on employee health and safety is the sum of all the above costs, i.e.:

$$£ 15,000 + £ 30,000 + £ 12,000 + £ 3,000 + £ 2,000 = £ 62,000$$

Assuming that the entity has revenues equal to £ 500,000, the indicator is thus calculated as:

$$£ 62,000 \text{ DIVIDED BY } £ 1,000,000 = 6.2\%$$



C.3.1. Expenditures on employee health and safety as a proportion of revenue: Potential sources of information

- Some entities have occupational safety and health management and reporting system (OSHM&RS) that are used to collect all the relevant information for calculating this indicator. The related information flows are owned by the occupational safety and health manager/program administrator/committee when present. As part of this information system, depending on the specific legislation of the country where the entity operates, entities also keep specific registers, such as the Register of medical visits.
- For those expenses that are material and can thus be capitalized by the entity, it is possible to use capital budgets in order to find the relevant amounts. On the contrary, when the amount spent on health and safety is immediately expensed in the reporting period, the related costs are to be found in the P&L statement as part of the operating costs of an entity (depending on the nature of the expenses they can be found as part of the production overheads or as part of the selling expenses, etc.)
- The revenue (denominator) can be obtained from the P&L statement.
- In larger companies the Occupational Health and Safety department is a staff function manned with a number of specialists and secretaries and functions under numerous policies, rules and regulations. Thus when an accident occurs in larger companies more formal activities are initiated than in smaller companies. There are more people involved, there are more internal administrative processes that have to be complied with and more organizational levels have to be informed.



C.3. Employee health and safety

C.3.1. Expenditures on employee health and safety as a proportion of revenue

C.3.2. Frequency/incident rates of occupational injuries



C.3.2. Frequency/incident rates of occupational injuries: Definition

This indicator is related to the **number of work days lost due to occupational accidents, injuries and diseases during the reporting period** where:

- ✓ occupational accidents and injuries are non-fatal or fatal injuries arising out of or in the course of work;
- ✓ occupational diseases are those arising from the work situation or activity (e.g. stress or regular exposure to harmful chemicals), or from a work-related injury.

This indicator suggests the effectiveness of an entity's employee health and safety policy and its ability to build a healthy, safe and productive work environment.



C.3.2. Frequency/incident rates of occupational injuries: Measurement methodology

Two indicators are proposed:

1) **Frequency rate** calculated as:

$$\frac{\text{Number of new injury cases in the reporting period}}{\text{Total number of hours worked by workers in the reporting period}}$$

2) **Incident rate** calculated as:

$$\frac{\text{Total number of lost days expressed in terms of number of hours}}{\text{Total number of hours worked by workers in the reporting period}}$$



C.3.2. Frequency/incident rates of occupational injuries: Measurement methodology

In order to collect information to calculate the numerator for the the **frequency rate** (i.e., number of new injury cases in the reporting period), the reporting entity would need to have/develop an incident reporting system to facilitate reporting from the operational sites to the corporate offices.

- ✓ The incident reporting system would need to cover all kinds of injuries ranging from a near-miss incident to fatality, and the results of accident investigation in order to prevent repeat of work-related fatalities or injuries.
- ✓ For small entities, with few employees, the number of incidents that need to be recorded each year will be very small. It is thus very important that these entities also keep track of minor injuries or 'near-misses' to have more meaningful information to work with. Number and types of injuries and accidents can be simply tracked on a spreadsheet.

To calculate the denominator (i.e., total number of hours worked by workers in the reporting period), it is possible to use the following equation:

Average hours worked per week X number of weeks in the reporting period X number of workers



C.3.2. Frequency/incident rates of occupational injuries: Measurement methodology



CALCULATION EXAMPLE

So, let us assume that an entity has recorded the following information:

- The average hours worked per week per employee is 40, including also overtime (information from payroll data),
- The number of weeks worked in the given reporting period is 50,
- The number of workers at the end of the reporting period is 50,
- The number of recorded incidents is 5

The calculation of the indicator is then :

5 DIVIDED BY (40 X 50 X 50) = 5 DIVIDED BY 100,000 = 0.00005 injuries per hour worked



C.3.2. Frequency/incident rates of occupational injuries: Measurement methodology

In order to calculate the numerator for the **incident rate** (i.e., total number of lost days expressed in terms of number of hours), lost days should be regarded as time off work by workers affected by occupational accidents, injuries and diseases. In other words, these are days that could not be worked, and are thus lost, as a consequence of workers being unable to perform their usual job because of an occupational accident, injury or disease.

- ✓ When calculating lost days, the entity needs to specify whether “days” means “calendar days” or “scheduled work days” and at what point the “lost days” count begins (for example, the day immediately after the accident or three days after the accident).

To calculate the denominator (i.e., total number of hours worked by workers in the reporting period), it is possible to use the following equation:

Average hours worked per week X number of weeks in the reporting period X number of workers

C.3.2. Frequency/incident rates of occupational injuries: Measurement methodology



CALCULATION EXAMPLE

So, let us assume that the denominator is calculated as in the previous example, i.e.:

$40 \times 50 \times 50 = 100,000$ Total number of hours worked by workers in the reporting period

For the numerator, let us refer to the same amount of incidents as in the previous example, i.e., number of recorded accidents is 5. It is important also to specify that the company counts lost working days (not calendar days) beginning from the day immediately after the accident. In addition, let us include the following assumptions:

- George was involved in the first accident and he had to stay home to recover from his injury for 4 working days,
- Annita was involved in the second accident, and she lost 1 working day to recover,
- Paul was severely injured in the third incident and he had to take 3 weeks off (i.e., 5 working days for each week),
- Richard was involved in the fourth accident but did not need any day off to recover,
- Rosemary was injured in the fifth accident and took 10 working days off.

Taking all this information into consideration, and assuming the ‘standard’ amount of hours (i.e., 8) for each working day, the indicator “incident rate” would be calculated in the following way:

Total number of lost days expressed in terms of number of hours = (4 working days X 8 working hours) + (1 working days X 8 working hours) + (5 working days X 3 working weeks X 8 working hours) + 0 + (10 working days X 8 working hours) = 32 working hours + 8 working hours + 120 working hours + 0 working hours + 80 working hours = 240 working hours

Total number of hours worked by workers in the reporting period (as calculated above) = 100,000

240 DIVIDED BY 100,000 = 0.0024 i.e. 0.24%



C.3.2. Frequency/incident rates of occupational injuries: Potential sources of information

- ❑ Entities need to set up arrangements, in accordance with national laws or regulations, to record occupational accidents, occupational diseases, commuting accidents, dangerous occurrences and incidents, including the identification of a competent person to prepare and keep records of all these occurrences. Organizations should prepare appropriate records for inspection purposes and as information for workers' representatives and health services. These accidents are typically recorded within a Register of accidents, in accordance with national laws or regulations.
- ❑ The records usually contains this information: (a) entity, establishment and employer: (i) name and address of the employer, and his or her telephone and fax numbers (if available); (ii) name and address of the entity; (iii) name and address of the establishment (if different); (iv) economic activity of the establishment; and (v) number of workers (size of the establishment); (b) injured person: (i) name, address, sex and age; (ii) employment status; (iii) occupation; (c) injury: (i) fatal accident; (ii) non-fatal accident; (iii) nature of the injury (e.g. fracture, etc.); (iv) location of the injury (e.g. leg, etc.); (d) accident and its sequence: (i) geographical location of the place of the accident (usual workplace, another workplace within the establishment or outside the establishment); (ii) date and time; (iii) action leading to injury – type of accident (e.g. fall, etc.); (iv) agency related to the accident (e.g. ladder, etc.).



C.3.2. Frequency/incident rates of occupational injuries: Potential sources of information

- ❑ Generally, the information and the operating information system that is used to track and report on health and safety accidents is owned by the HR function, which also owns the payroll data necessary to calculate the amount of hours worked.
- ❑ Many entities use specialized software (Human Resource software) for collecting and elaborating health and safety information and all the other information regarding workers, including the other data that are necessary to calculate this indicator (e.g. hours worked during the reporting period, attendance records). The software and the related information flows are normally managed by the HR function.
- ❑ When health and safety issues are material, entities also have an occupational safety and health manager/program administrator and a specific occupational safety and health reporting system. In this latter case, information to calculate this indicator can be also retrieved from this operating system.



C.4. Coverage of collective agreements

C.4.1. Percentage of employees covered by collective agreements



C.4.1. Percentage of employees covered by collective agreements: Definition

This indicator is the **ratio of employees covered by collective agreements to the total number of employees** of the reporting entity.



C.4.1. Percentage of employees covered by collective agreements: Measurement methodology

This indicator is calculated in this way:

$$\frac{\text{Number of employees covered by collective agreements}}{\text{Total number of employees}}$$

- ✓ Collective bargaining refers to all negotiations which take place between one or more employers or employers' organizations, on the one hand, and one or more workers' organizations (trade unions), on the other, for determining working conditions and terms of employment or for regulating relations between employers and workers. Negotiations can take place at various levels. Collective agreements could comprise agreements at the sectoral, national, regional, organizational or workplace level. This standard is based on the Collective Bargaining Convention 1981 (154) by the International Labour Organization (ILO).
- ✓ This indicator should be calculated by taking into consideration the employee numbers at the end of the reporting period. Employee numbers may be expressed as head count or Full Time Equivalent (FTE) as already suggested for indicator C.1.1.



C.4.1. Percentage of employees covered by collective agreements: Measurement methodology

As a first step, it is necessary to express the total workforce of the reporting entity at the end of the reporting period either in terms of headcount or FTE (denominator of the indicator).

As a second step, it is required to identify those employees who are covered by collective agreements and express them either in terms of headcount or FTE, consistently with the denominator.

C.4.1. Percentage of employees covered by collective agreements: Measurement methodology



CALCULATION EXAMPLE

So, let us say, for example, that the XYZ Company staff works 228,800 hours. Assuming that there are 2,080 working hours in a year (the theoretical standard that is used to calculate FTEs on an annual basis, calculated as: 8 hours per day x 5 work days per week x 52 weeks per year), the FTEs are calculated as follows:

228,800 hours DIVIDED BY 2,080 hours = 110 FTEs

So if this entity employs

- 100 employees working full time and all covered by collective agreements
- 20 employees working part-time (exactly 4 hours per day x 5 work days per week x 52 weeks per year) and only 10 of these employees are covered by collective agreements

The numerator of the indicator is going to be calculated in the following way:

Number of employees covered by collective agreements =

(100 x 8 hours per day x 5 work days per week x 52 weeks per year) + (10 x 4 hours per day x 5 work days per week x 52 weeks per year) =

208,000 hours + 10,400 =

218,400 hours DIVIDED BY 2,080 hours = 105 FTE

Putting everything together:

105 FTE divided by 110 FTE = 95.45%



C.4.1. Percentage of employees covered by collective agreements: Potential sources of information

- Entities need to set up arrangements, in accordance with national laws or regulations, to define collective employment agreements/contracts. These are usually negotiated "collectively" between management (on behalf of the entity) and the union representatives. Information relevant for calculating this indicator can be found in these contracts (number of employees covered by collective agreements).
- Such information can be found also in HR information systems.
- When involved, also the Legal affairs department can be one of the owner of such information.



Self-assessment questions with solutions





1. In order to calculate the indicator “Proportion of women in managerial positions” entities need to count the women in managerial positions (head count or full time equivalents - FTEs) and divide the number of female managers by the total number of employees in the company (head count or full time equivalents - FTEs, consistently with the numerator).

- True
- False



1. In order to calculate the indicator “Proportion of women in managerial positions” entities need to count the women in managerial positions (head count or full time equivalents - FTEs) and divide the number of female managers by the total number of employees in the company (head count or full time equivalents - FTEs, consistently with the numerator).

- True
- False



2. Assuming that a reporting entity has 60 employees at the end of the reporting period and that 30 employees participate in a training symposium lasting four hours each day for three days during the reporting period, the indicator ‘average hours of training per year per employee’ is equal to:

- 4 hours per employee
- 12 hours per employee
- 6 hours per employee
- None of the above



2. Assuming that a reporting entity has 60 employees at the end of the reporting period and that 30 employees participate in a training symposium lasting four hours each day for three days during the reporting period, the indicator ‘average hours of training per year per employee’ is equal to:

- 4 hours per employee
- 12 hours per employee
- 6 hours per employee**
- None of the above

30 employees * 3 days/employee * 4 hours/day = 360 hours DIVIDED BY 60 employees = 6 hours per employee



3. Assume that a small entity spent \$6,000 on training materials and \$2,000 on new laptops for a training course for 4 employees and has in total 8 employees. The indicator 'expenditure on employee training per year per employee' is equal to:

- \$2,000 per employee
- \$1,000 per employee
- \$ 8,000 per employee
- None of the above



3. Assume that a small entity spent \$6,000 on training materials and \$2,000 on new laptops for a training course for 4 employees and has in total 8 employees. The indicator 'expenditure on employee training per year per employee' is equal to:

- \$2,000 per employee
- \$1,000 per employee**
- \$ 8,000 per employee
- None of the above

\$6,000 + \$2,000 DIVIDED BY 8 employees = \$1,000 per employee



4. In order to calculate the numerator of the indicator, it is necessary to sum employee salaries and amounts paid to government institutions on behalf of employees with total benefits.

- True
- False



4. In order to calculate the numerator of the indicator, it is necessary to sum employee salaries and amounts paid to government institutions on behalf of employees with total benefits.

- True
- False



5. Information to calculate the indicator on employee health and safety can be found in the occupational safety and health management and reporting system (OSHM&RS)

- True
- False



5. Information to calculate the indicator on employee health and safety can be found in the occupational safety and health management and reporting system (OSHM&RS)

- True
- False



6. The incident rate of occupational injuries is calculated as number of new injury cases in the reporting period divided by the total number of hours worked by workers in the reporting period

- True
- False



6. The incident rate of occupational injuries is calculated as number of new injury cases in the reporting period divided by the total number of hours worked by workers in the reporting period

- True
- False**



7. After reviewing and compiling safety data, an entity has determined that there were six injuries in the past year and a total of 250,000 hours worked. The frequency rate of occupational injuries is:

- 6 / 250,000
- 6 x 250,000



7. After reviewing and compiling safety data, an entity has determined that there were six injuries in the past year and a total of 250,000 hours worked. The frequency rate of occupational injuries is:

- 6 / 250,000**
- 6 x 250,000



8. If an entity employs 50 employees working full time and all covered by collective agreements and 20 employees working part-time (exactly 4 hours per day x 5 work days per week x 52 weeks per year) and only 5 of these employees are covered by collective agreements, the percentage of employees covered by collective agreements is:

- 100%
- 40%
- 55.5%
- 87.5%



8. If an entity employs 50 employees working full time and all covered by collective agreements and 20 employees working part-time (exactly 4 hours per day x 5 work days per week x 52 weeks per year) and only 5 of these employees are covered by collective agreements, the percentage of employees covered by collective agreements is:

- 100%
- 40%
- 55.5%
- 87.5%

$(50 \times 8 \text{ hours per day} \times 5 \text{ work days per week} \times 52 \text{ weeks per year}) + (5 \times 4 \text{ hours per day} \times 5 \text{ work days per week} \times 52 \text{ weeks per year}) = 104,000 \text{ hours} + 5,200 = 109,200 \text{ hours} = 52,5 \text{ FTE}$

$52,5 \text{ FTE divided by } 60 \text{ FTE} = 87.5\%$