



HR Metrics

Human Capital Competitive Index for SECP ESG S-Metrics

Unlocking Sustainable Growth
through Human Capital Analytics



What is HCCI?



What is Human Capital Competitive Index (HCCI)?

- HCCI is a survey-based measurement.
- It informs organizations where they stand on specific metrics compared to peer organizations or relevant industries.
- E.g. What is your company's turnover and median turnover? Additionally, what are your objectives for the year regarding employee retention?

What is HCCI?



What is Context for HCCI?

The Human Capital Compliance Index (HCCI) is a strategic framework that aligns with the Securities and Exchange Commission of Pakistan's (SECP) ESG Guidelines (2023), emphasizing the social ("S") aspect of ESG metrics. It provides a structured approach for organizations—both listed and non-listed—to measure, evaluate, and enhance their human resource practices in accordance with globally recognized sustainability standards. The SECP guidelines outline 14 key HR metrics, including workforce turnover, diversity and inclusion, compensation equity, employee health and safety, and succession planning, all of which are fundamental to fostering a resilient and ethical corporate culture. By leveraging HCCI, companies can set measurable objectives, conduct competitor benchmarking, and demonstrate a commitment to responsible business practices, thereby fostering stakeholder trust and enhancing long-term sustainability. While HCCI is particularly relevant for publicly listed companies, non-listed entities are also encouraged to adopt these best practices to improve their workforce management and overall ESG performance, ensuring they remain competitive in an increasingly responsible and transparent business environment.

What is purpose of HCCI?



Assess Organizational Performance:

Evaluate current social practices against SECP's defined metrics to identify areas of strength and improvement.



Drive Strategic Decisions

Provide data-driven insights for improving social impact, workforce engagement, and corporate responsibility.



Enhance Market Competitiveness

Position the organization as a socially responsible entity, attracting investors, customers, and top talent.



Ensure Regulatory Compliance

Align with SECP's ESG guidelines to mitigate risks and maintain compliance with evolving regulations.

What are benefits of HCCI?

Enhanced Organizational Growth

- Adoption of these metrics positions organizations as socially responsible leaders, attracting sustainable investments and expanding market opportunities.
- Companies that demonstrate their commitment to ESG principles are more likely to secure funding from ESG-focused investors and financial institutions, fostering long-term financial stability and growth.

Employee Welfare and Retention

- Improved workplace policies and equitable practices boost employee satisfaction, engagement, and loyalty.
- A satisfied workforce contributes to lower turnover rates, reducing recruitment costs and ensuring continuity in operations. Enhanced employee morale also leads to higher productivity and innovation.

Competitive Advantage

- Compliance with ESG standards differentiates organizations from competitors, making them more appealing to investors and customers.
- Companies that integrate these metrics into their operations are better positioned to respond to market demands for sustainability, thereby gaining a significant edge in attracting environmentally and socially conscious consumers.



Risk Mitigation

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Long-Term Sustainability

- Integration of these metrics ensures alignment with global standards, fostering resilience and adaptability in a dynamic business environment.
- By adopting these practices, companies can anticipate and adapt to regulatory changes, technological advancements, and societal expectations, ensuring their relevance and success in the long term.

Improved Stakeholder Relationships

- Transparent ESG reporting builds trust and credibility with stakeholders, including employees, customers, investors, and regulatory bodies.
- Demonstrating a commitment to ethical practices and social responsibility enhances the company's image, strengthening stakeholder loyalty and advocacy.

What is Strategic Importance of HCCI?

HCCI is not just the regulatory perspective but also numbers are the **universal language** of business. Organizational leaders prefer to take **decisions** on evidence-based data. Shareholders, board members, CEOs, CFOs all measure results. They are keen to see verifiable connections between human capital investments and leading indicators of organizational sustainability. Human capital analytics and benchmarks have thus become a differentiator between top class and traditional HR department. In the dynamic and competitive business landscape, adherence to the **Securities and Exchange Commission of Pakistan (SECP) ESG Guidelines** is not merely a regulatory requirement but a strategic imperative. By integrating these metrics into their operational and reporting frameworks, organizations can unlock a multitude of benefits, including enhanced transparency, improved employee satisfaction, and increased investor confidence. This proposal provides a detailed roadmap for organizations to implement these metrics effectively, achieve industry benchmarks, and capitalize on the competitive advantages of ESG compliance





14 Core Metrics for HCCI ESG Guidelines

1

Gender Pay Ratio

Report the ratio of median male compensation to median female compensation. This transparency promotes pay equity and enhances organizational reputation.

2

CEO Pay Ratio

Measure the CEO's total compensation against the median Full-Time Equivalent (FTE) compensation.

3

Year-over-Year Compensation Changes

- Full-Time Employees
- Part-Time Employees
- Contractors/Consultants

4

Employee Turnover

- Percentage of total headcount held by men and women.
- Percentage of entry- and mid-level positions held by men and women.
- Percentage of senior- and executive-level positions held by men and women.

5

Temporary Worker Ratio

- Percentage of total enterprise headcount held by part-time employees.
- Percentage of total enterprise headcount held by contractors/consultants.

6

Sexual Harassment and Non-Discrimination Policies

- Grievance mechanism is in place to address incidents of harassment and violence.

7

Promotions by Gender

Track the percentage of women and men promoted annually.

14 Core Metrics for HCCI ESG Guidelines

8

Occupational Health and Safety

- Adherence to global health and safety policies.
- Injury rates, safety incidents, and lost production hours.
- The percentage of employees covered by health and safety insurance

9

Child and Forced Labor Policies

- Policies prohibiting child and forced labor.
- Policies to suppliers and vendors to ensure ethical sourcing

10

Corporate Social Responsibility (CSR)

- Document CSR activities, including total time and financial resources allocated.

11

Training and Succession Planning

- The number of training sessions held (e.g., skill upgradation, soft skills, health and safety)
- The number of employees trained and the gender breakdown

12

Working Conditions

- Complaints related to working conditions and their resolution.
- The frequency of injury events and safety incidents.

13

Human Rights Policies

- The existence of a corporate human rights policy.
- These policies to suppliers and vendors to promote ethical practices across the value chain.

14

Gender-Sensitive Marketing Policies

The adoption of responsible marketing communication policies with a focus on gender sensitivity.

Expanded HCCI Metrics: Comprehensive Insights Beyond the Core 14

15

EBIT / Revenue / Cost / Profit Per Employee

Evaluate and report financial productivity per employee, ensuring optimal resource allocation

16

Human Capital ROI

Measure returns generated from human capital investments to assess workforce efficiency.

17

Cost per Employee

Analyze total workforce expenditure per employee to ensure cost-effective management

18

HR to Operating Cost Ratio

Track HR expenses against overall operating costs for budgeting and efficiency insights

19

Human Capital Value Added

Measure workforce contributions to overall business profitability and productivity.

20

Total Workforce Costs

Report the total expenditure on employee compensation, benefits, and related costs

21

External Workforce Costs

Evaluate costs associated with contractors and consultants for financial efficiency.

Expanded HCCI Metrics: Comprehensive Insights Beyond the Core 14

22

Total Costs of Employment

Analyze all employment-related expenses, ensuring compliance with financial planning

23

Ratio of the Average Salary and Remuneration

Compare average salaries and remuneration packages for competitive benchmarking.

24

Cost Per Hire

Track the cost incurred per new hire to optimize recruitment spending.

25

Hiring Costs

Report expenses associated with recruitment activities, including advertising and onboarding.

26

Turnover Costs

Assess financial impact due to employee turnover, ensuring workforce stability.

27

Recruitment to HC Cost Ratio

Measure recruitment costs as a percentage of total human capital expenses

28

Unfilled Vacancies Ratio

Report the percentage of job vacancies remaining unfilled to assess hiring efficiency.

Expanded HCCI Metrics: Comprehensive Insights Beyond the Core 14

29

Opportunity Cost of Unfilled Vacancies

Calculate potential revenue loss due to unfilled roles, highlighting operational inefficiencies.

30

Opportunity Cost of Voluntary Turnover

Evaluate financial losses caused by voluntary employee departures

31

Training to HC Cost Ratio

Compare training expenditures to total workforce costs for development investments

32

Compensation Cost to HC Cost Ratio

Analyze compensation spending in relation to overall human capital costs

33

Salary Cost to Compensation Cost Ratio

Track salaries as a proportion of total compensation packages

34

Benefits Cost to Compensation Cost Ratio

Measure benefits expenditure relative to total compensation

35

Age Diversity Ratio

Measure age distribution across employee segments

Expanded HCCI Metrics: Comprehensive Insights Beyond the Core 14

36

Disability Diversity Ratio

Track the percentage of employees with disabilities, ensuring inclusivity

37

Other Diversity Ratio

Evaluate additional diversity metrics, including ethnicity and socio-economic factors

38

Leadership Team Diversity Ratio)

Assess diversity representation in leadership roles.

39

Employees Age Segment Ratio

Analyze employee distribution across various age brackets

40

Employees Service Segment Ratio

Measure workforce tenure distribution to assess retention and experience levels

41

Number of Qualified Candidates Per Position Advertised

Evaluate the availability of skilled applicants per vacancy.

42

Quality of Hire

Assess new hires based on performance and retention rates.

Expanded HCCI Metrics: Comprehensive Insights Beyond the Core 14

43

Average Length of Time to Fill Vacant Position

Track recruitment efficiency by measuring vacancy duration.

44

Average Length of Time to Fill Vacant Critical Business Position:

Measure hiring speed for key business roles

45

Transition and Future Workforce Capabilities Assessment (Talent Pool):)

Evaluate succession readiness and skill gaps.

46

Percentage of Positions Filled Internally

Track internal mobility and promotions

47

Percentage of Critical Business Positions Filled Internally

Report succession planning effectiveness for key roles

48

Percentage of Critical Business Positions (in relation to other positions):

Measure strategic role allocation

49

Percentage of Vacant Critical Business Positions (in relation to all vacant positions):

Assess business continuity risks due to leadership gaps

Expanded HCCI Metrics: Comprehensive Insights Beyond the Core 14

50

Internal Mobility Rate

Measure employee career progression within the organization

51

Employee Bench Strength

Assess readiness of employees to step into leadership roles

52

Turnover Rate

Report overall employee attrition percentage

53

Voluntary Turnover Rate

Track resignations to understand employee retention

54

Voluntary Critical Turnover Rate:

Measure turnover among key business roles.

55

Turnover Reasons

Analyze employee exit motivations for improvement

56

Gender-Sensitive Marketing Policies

The adoption of responsible marketing communication policies with a focus on gender sensitivity.

Expanded HCCI Metrics: Comprehensive Insights Beyond the Core 14

57

Involuntary Turnover Rate

Report terminations and layoffs

58

Female Turnover Rate

Measure turnover among female employees

59

Female Turnover Rate in Leadership Positions

Assess retention of women in leadership roles.

60

Job Offer Acceptance Ratio

Track success rates of offered positions

61

Unfilled Job Ratio

Measure vacancies as a proportion of total positions

62

New Hire Retention Ratio

Evaluate employee retention post-hiring

63

New Hire Performance Ratio

Track productivity and performance of new employees.

Expanded HCCI Metrics: Comprehensive Insights Beyond the Core 14

64

Recruitment Staff to Total Employees Ratio

Measure HR staffing efficiency in recruitment

65

Training Participation Rate

Measure employee engagement in training programs

66

Average Formalized Training Hours Per Employee)

Track structured learning investments per worker

67

Training Participation Rate by Category

Break down training participation by skill and department

68

Workforce Competency Rate

Evaluate employee skill proficiency levels

69

Training Staff to Total Employee Ratio

Measure training team adequacy

70

Internally Trained Ratio

Report workforce development through internal programs

Expanded HCCI Metrics: Comprehensive Insights Beyond the Core 14

71

Succession Effectiveness Rate (Home Grown Leaders)

Track success of internal leadership development

74

Employees Promotion Ratio

Report promotions as a percentage of workforce

72

Successor Coverage Rate

Assess succession planning readiness

75

Employees Rotation Ratio

Measure lateral career movements

73

Career Growth Ratio

Measure employee career progression opportunities

76

Leadership Trust Ratio

Measure employee confidence in leadership, ensuring effective management and decision-making.

74

Career Path Ratio

Track structured career development paths

Expanded HCCI Metrics: Comprehensive Insights Beyond the Core 14

77

Span of Control Ratio

Evaluate the number of direct reports per manager to optimize organizational structure

78

Leadership Development Ratio

Track the percentage of leadership positions filled by trained internal candidates

79

Engagement/Satisfaction/Commitment Ratio

Measure employee morale and commitment to the organization

80

Retention Rate (Stability Index)

Assess the organization's ability to retain employees over time

81

Number and Type of Grievances Filed

Track reported workplace concerns to ensure fair resolution processes.

82

Number and Type of Concluded Disciplinary Actions

Measure effectiveness of disciplinary procedures and compliance enforcement

83

Percentage of Employees Who Have Completed Training on Compliance and Ethics

Ensure organizational adherence to ethical and regulatory standards

Expanded HCCI Metrics: Comprehensive Insights Beyond the Core 14

84

Disputes Referred to External Parties

Track unresolved workplace disputes requiring third-party intervention

85

Number, Type, and Source of External Audit Findings and Actions Taken

Assess compliance issues identified during external audits and implemented corrective actions

86

Grievance Resolution Ratio

Measure the percentage of grievances successfully resolved within a given timeframe

87

Total Time to Handle Grievance

Track the efficiency of grievance resolution processes

88

Lost Time for Injury (LTI):

Report lost work hours due to workplace injuries, ensuring safety compliance

89

Number of Occupational Accidents (Accident Rate):

Measure workplace safety by tracking the number of reported incidents.

90

Number of People Killed During Work (Fatality, Death, or Mortality Rate)

Assess fatal workplace accidents and implement safety improvements

Expanded HCCI Metrics: Comprehensive Insights Beyond the Core 14

91

Percentage of Employees Who Participated in Training

Measure workforce engagement in professional development programs

95

Contingent Workforce: Independent Contractors

Track the percentage of independent contractors in the workforce

92

Near Miss Incidents

Track workplace incidents that could have resulted in injury or damage to prevent future risks

96

Contingent Workforce: Temporary Workforce

Measure the reliance on temporary staff for business operations

93

Number of Employees

Report total workforce size for resource planning and analysis

97

Absenteeism (Unplanned Leave):

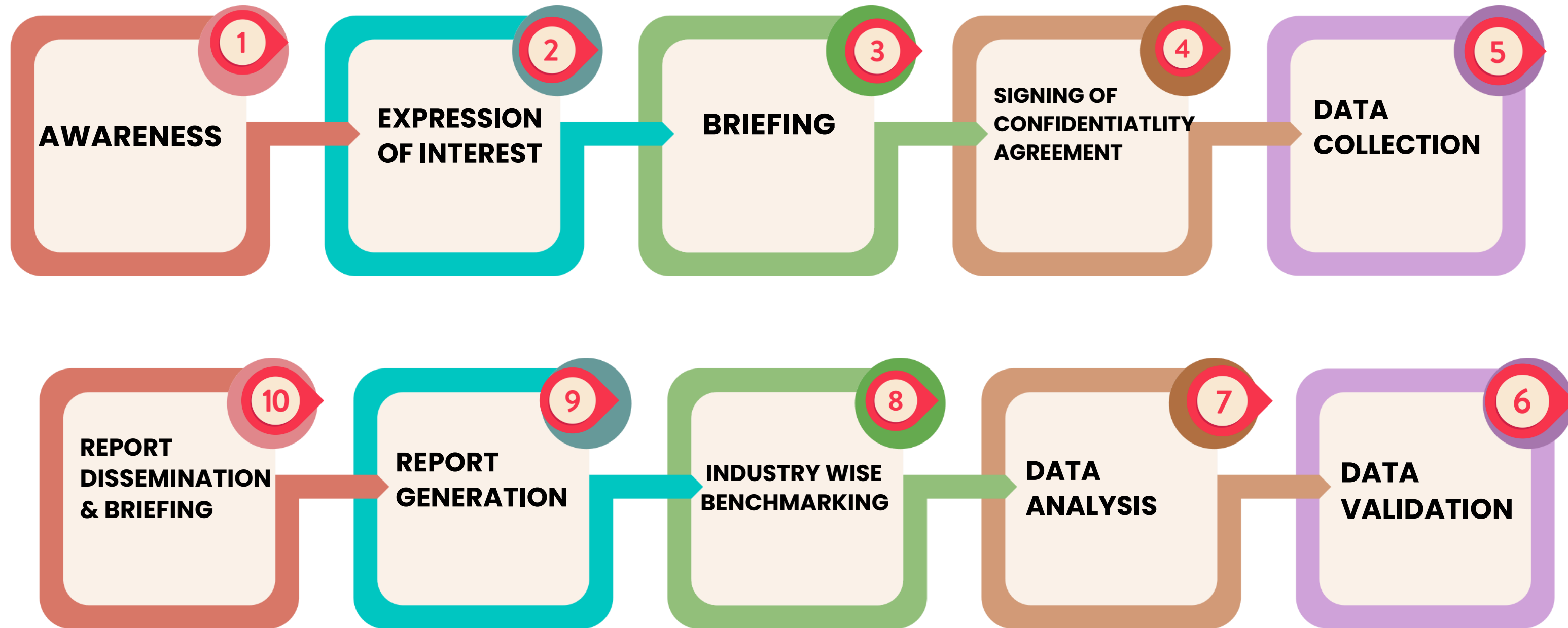
Track employee absenteeism rates and identify trends affecting productivity.

94

Full-Time Equivalents (FTE):

Measure workforce strength in terms of full-time workload equivalents

Industry wise Indexing Process



PROGRAM TIMELINE

Phase	Activities	Timeline
Awareness	Create awareness about the project.	3 Feb-28 Feb
Enrollment	Expression of Interest (EOI)	3 Feb-28 Mar
Industry Segmentation and Signing of Confidentiality Agreement	Sign confidentiality agreements.	1 Apr-14Apr
Data Collection and Validation	Collect relevant data for analysis and Validate collected data for accuracy.	15 Apr-31 May
Data Analysis and Report Generation	Analyze validated data. Draft and finalize the project report	1 Jun-15 Jun
Report Circulation and Briefing	Share the report with stakeholders. Provide a final briefing on the report	16 Jun-30 Jun



Potencial Industries

- **Banking and finance**
- **Construction**
- **Education**
- **Energy**
- **Healthcare**
- **Information Technology**
- **Manufacturing durable**
- **Manufacturing non-durable**
- **Media and Entertainment**
- **Oil & gas**
- **Pharmaceuticals**
- **Professional services**
- **Public**
- **Renewable energy**
- **Retail**
- **Social**
- **Telecommunications**
- **Textile**
- **Transportation & logistics**



Fee for the Core 14 Metrics: Rs 250,000

Fee for up to 50 Metrics: Rs 500,000

Fee for all 99 Metrics: Rs 700,000

Takeaways

- 1. Training on SECP 14 “S” ESG Metrics**
- 2. HCCI Report on Industry Benchmarks**
- 3. Guidance on annual goal setting**
- 4. Guidance on how to write ESG report**





Call to Action

We invite your esteemed organization to embrace SECP's ESG metrics as a cornerstone of your strategic growth plan. By adopting these standards, you will not only achieve compliance but also unlock unparalleled opportunities for innovation, employee engagement, and market leadership. Let us partner in building a sustainable future that benefits your organization, your workforce, and the community at large.

For further details or to initiate your journey toward ESG excellence, please contact us. Together, we can shape a responsible and prosperous tomorrow.



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