WELCOME

Human Capital Project Workshop

Center for Safety and Health Sustainability
March 31st, 2017

@CenterSHS
#humancapital
Agenda

- Welcome
- ESG Data - RobecoSAM & the DJSI
- Human Capital - Harvard Research
- Expert Panel Reaction
- Luncheon Keynote - Nasdaq
- Breakout Sessions
- Report Out
- Closing Remarks
Welcome

- Kathy A. Seabrook, CSP, CFIOSH (UK), EurOSSHM
- Chair, CSHS Board of Directors
Advisory Council

John Howard
NIOSH

Mike Wallace
BrownFlynn

John Henshaw

Deb Martin
Dupont

Dr. Jukka Takala
Workplace S & H
Institute, Singapore

Richard Jones
IOSH UK

Zack Mansdorf
Chair, AC

Derran Williams
European Bank for
Reconstruction &
Development

Peter Sturm
Director, Canadian
Society of Safety
Engineering

Fay Feeney
CEO, Risk for
Good

Karl Jacobson
Vice Chair,
Advisory
Council

Dr. Darryl Hill
Abbott
Laboratories

Steve Newell
ORC Strategies
LLC

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Corporate Sustainability Assessment

RobecoSAM | Robert Dornau
Chicago, 30 March 2017
RobecoSAM at a Glance

- **Investment specialist** focused exclusively on Sustainability Investing since 1995
- Powering the **Dow Jones Sustainability Indices since 1999**
- Today broad family of global, regional and country DJSI benchmarks and **many other indices** (e.g. S&P 500 ESG)
- Publication of over 3000 company rankings on **Bloomberg since 2016**
- Approximately **110 employees headquartered in Zurich, Switzerland**
- Part of Dutch Robeco Holding – over **220 billion Euros of AuM across the globe**
What is Corporate Sustainability?

A company’s capacity to prosper in a competitive and changing global business environment

by

Anticipating and managing current and future economic, environmental and social opportunities and risks

and

Focusing on quality, innovation and productivity to create competitive advantage and long-term value
Introduction to the RobecoSAM Corporate Sustainability Assessment (CSA)

- 3’500 of the largest companies globally invited. Over 1000 from US
- Integrated assessment of economic, environmental and social criteria with a strong focus on long-term shareholder value.
- Focusing on the link between sustainability and business performance
- Rules-based methodology and use of primary research and Media and Stakeholder Analysis.
- Industry-specific questionnaires for 60 industries
- Web-based assessment process
- Annually reviewed and updated
- Third party assurance of the assessment process by Deloitte.
RobecoSAM Corporate Sustainability Assessment

60 industry specific questionnaires – Few general criteria

**Environmental Dimension**
- Environmental reporting
- Operational eco-efficiency
- Env. policy & mgmt. system
- Climate strategy

**Economic Dimension**
- Corporate Governance
- Codes of Business Conduct
- Risk & Crisis Management
- Materiality

**Social Dimension**
- Talent Attraction & Retention
- Human Capital Development
- Occupational Health & Safety
- Human Rights
RobecoSAM CSA: Industry Specific Methodology

### Mining (Dimension weights in %)
- Economic: 30.0%
- Environmental: 47.0%
- Social: 23.0%

### Pharmaceuticals (Dimension weights in %)
- Economic: 40.0%
- Environmental: 50.0%
- Social: 10.0%

**Industry specific criteria examples**

**Mining**
- Payment transparency
- Impact measurement and valuation
- Mineral waste mgmt
- Water related risks
- Biodiversity
- Asset closure mgmt
- Community impact
- Stakeholder

**Pharmaceuticals**
- Product Quality and Recall Management
- Innovation
- Addressing cost burden
- Health outcome contr.

*Source: RobecoSAM*
RobecoSAM’s Corporate Sustainability Assessment uses a **consistent, rule based methodology** to convert an average of **600 data points** per industry into one **overall score**.

- **1 Final Score**
- **3 Dimension Scores**
- **20 Criteria Scores**
- **120 Questions**
- **600 Datapoints**

*Source: RobecoSAM*
## Corporate Sustainability Assessment Results

<table>
<thead>
<tr>
<th>Category</th>
<th>Company Score</th>
<th>Percentile Ranking</th>
<th>Industry Average</th>
<th>Industry Best</th>
<th>Average Score of DJSI Members</th>
<th>Weight (%)</th>
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### Minimum Total Sustainability Score for Index Inclusion

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<th>Score</th>
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<td>73</td>
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Explanations: Percentile ranking, industry average and industry best scores are presented for comparison within the industry. Average scores on criterion level are provided for index members within each industry. The minimum lowest score for inclusion in each index is provided at the bottom, excluding the buffer rule and the error margin. For each row, weightings are shown in the last column as a percentage of the total weight of 100. All values are on a scale from 0 to 100. Further information on the assessment methodology can be found on www.sustainability-indices.com.
Steady growth of CSA participation since 1999

Source: RobecoSAM Corporate Sustainability Assessment 1999-2016
Total number of companies assessed and made public by Feb 2017

Companies

Asia Pacific: 756
- Participating 16: 239
- Assessed based on public info Sept 16: 278
- Assessed based on public info Feb 17: 533

Emerging Markets: 716
- Participating 16: 266
- Assessed based on public info Sept 16: 147
- Assessed based on public info Feb 17: 214

Europe: 285
- Participating 16: 165
- Assessed based on public info Sept 16: 172
- Assessed based on public info Feb 17: 214

North America: 193
- Participating 16: 189
- Assessed based on public info Sept 16: 458
- Assessed based on public info Feb 17: 147

...over 2,000,000 datapoints assessed per year for the last 17 years

Source: RobecoSA, numbers for companies assessed by Feb 17 are preliminary estimates.
Better results for transparent companies

Codes of Business Conduct

Score Distribution for Companies Actively Participating in the Assessment (CA)

Score Distribution for Companies Analyzed by RobecoSAM based on Public Data (SA)

Customer Relationship Mgmt

Score Distribution for Companies Actively Participating in the Assessment (CA)

Score Distribution for Companies Analyzed by RobecoSAM based on Public Data (SA)

Source: RobecoSAM
Collaboration with Harvard

• Selection of appropriate parameters
• Sharing of anonymized data
• Supporting analysis and interpretation
Contact me in case of questions

Robert Dornau
Director, Senior Manager Sustainability Services
RobecoSAM

robert.dornau@robecosam.com
+41 44 653 1239
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Harvard Research
Human Capital Project Workshop
Chicago March 31, 2017

Corporate Human Capital Reporting

Larry Beeferman Director
Aaron Bernstein Fellow
Harvard Law School Pensions and Capital Stewardship Project
Definitions

• **Employee development (ED)**
  • Training on OSH, leadership, sales, young talent development

• **Benefits**
  • Impact on firm performance or strategic targets

• **Quantitative**
  • Employee engagement, turnover, efficiency, cost

• **OHS Oversight**
  • Targets, action plans, progress reports

• **OHS Framework**
  • Risk assessments, databases on work-related risks

• **Work Environment**
  • Actions to make it healthy and safe
Overview

![Bar chart showing various metrics such as Training Hours, Training Cost, Return on Training, Employee Development, ED Benefits, ED Quantitative, OHS Oversight, OHS Framework, Lost-time Injuries, and Fatalities. The chart compares their percentage values ranging from 0% to 100%.]
Training Hours per Employee

Regions

Company Size

All Companies

All Cos | US | GB | Europe | AsiaPacific | Large Cos | Medium & Small Cos
Training Hours per Employee

![Bar chart showing training hours per employee across different companies and regions with survey respondents and non-respondents represented in blue and red, respectively.]

- **All Companies**: 80% for Survey Respondents, 10% for Non-Respondents
- **Regions**: UK: 80% for Survey Respondents, 10% for Non-Respondents
- **Europe**: 90% for Survey Respondents, 10% for Non-Respondents
- **AsiaPacific**: 80% for Survey Respondents, 10% for Non-Respondents
- **Large Cos**: 80% for Survey Respondents, 10% for Non-Respondents
- **Medium & Small Cos**: 80% for Survey Respondents, 10% for Non-Respondents
Training Costs per Employee

Survey Respondents

Non-Respondents

All Companies

Regions

Company Size

All Cos

US

GB

Europe

AsiaPacific

Large Cos

Medium & Small Cos
Return on Training

All Companies

Regions

Company Size

- All Cos
- US
- GB
- Europe
- AsiaPacific
- Large Cos
- Medium & Small Cos
Return on Training

Survey Respondents

Non-Respondents

All Cos
US
GB
Europe
AsiaPacific
Large Cos
Medium & Small Cos

All Companies
Regions
Company Size
Employee Development Business Benefits

Survey Respondents

All Companies | Regions | Company Size

All Cos | US | GB | Europe | AsiaPacific | Large Cos | Medium & Small Cos

Non-Respondents
Employee Development Quantitative Impact

![Bar Chart]

- All Companies
- Regions
- Company Size

- All Cos
- US
- GB
- Europe
- AsiaPacific
- Large Cos
- Medium & Small Cos
Operating Profit per Employee

![Bar Chart]

- **Regions**
  - All Cos
  - US
  - GB
  - Europe
  - AsiaPacific

- **Company Size**
  - Large Cos
  - Medium & Small Cos

Legend:
- All Cos
- US
- GB
- Europe
- AsiaPacific
- Large Cos
- Medium & Small Cos
Operating Profit per Employee

Survey Respondents
Non-Respondents

All Companies
Regions
Company Size

US
GB
Europe
AsiaPacific
Large Cos
Medium & Small Cos

All Cos

0%
10%
20%
30%
40%
50%
60%
70%
80%
90%
100%
OHS Governance Oversight

Regions

Company Size

All Companies

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

All Cos  US  GB  Europe  AsiaPacific  Large Cos  Medium & Small Cos
OHS Governance Oversight

Survey Respondents
Non-Respondents

All Companies
Regions
Company Size

All Cos
US
GB
Europe
AsiaPacific
Large Cos
Medium & Small Cos

Graph showing the percentage of survey respondents and non-respondents across different categories: All Companies, Regions, and Company Size.
OHS Work Environment

Regions

Company Size

All Companies

Company Size

Regions

OHS Work Environment
OHS Work Environment

Survey Respondents
Non-Respondents

All Companies | Regions | Company Size
---|---|---
All Cos | US | GB | Europe | AsiaPacific | Large Cos | Medium & Small Cos
0% | 10% | 20% | 30% | 40% | 50% | 60% | 70% | 80% | 90% | 100%
Lost-time Injuries

Survey Respondents

Non-Respondents
Summary of Preliminary Findings

• We identify 12 HC metrics companies could disclose

• Majorities or large minorities of firms already report many metrics

• Respondents report more than non-respondents

• European and British firms report more than Asia Pacific and US ones

• No great reporting differences by company size
Possible Interpretations

• Majority of firms likely have many metrics, even if not always public

• Respondents: Possible selection bias

• Non-respondents may have data but don't make public

• Law or practice may spur greater disclosure on some metrics

• Company size not a great obstacle to disclosure
Human Capital in Action: Stakeholder Perspectives

- **Cambria Allen**, Corporate Governance Director at UAW Retiree Medical Benefits Trust; Human Capital Management Coalition

- **Luke Hildyard**, Policy Lead: Stewardship and Corporate Governance at the Pensions and Lifetime Savings Association

- **Dennis Hudson**, Executive Director of the American Society of Safety Engineers

- **Susanne Stormer**, Vice President, Corporate Sustainability, Novo Nordisk; Council Member, International Integrated Reporting Council (IIRC)

- **Robert Dornau**, Director, Senior Manager Sustainability Services, RobecoSAM
The Future of Human Capital: Group Breakout

- What are you doing in the human capital area?
- What challenges/opportunities do you face around assessing the value or importance of human capital?
- What solutions or research areas would be helpful to your interests in human capital?
Report Out

- What would you like to see next from the Harvard Team?
- What would you like to see from ESG research firms like RobecoSAM?
- What should investors and investor initiatives do to increase awareness and impact?
- What do you see as the role for CSHS as this field evolves and grows?
Closing Comments

- Next steps - CSHS
- Final launch - Harvard
- Your interest & involvement

Thank You!
Connect With Us!

@CenterSHS
#humancapital

Or look for our group on: