



REPORTING ON HEALTH

A Roadmap for Investors, Companies,
and Reporting Platforms

ABOUT VITALITY

The Vitality Group is a member of Discovery Ltd., a global financial services organization offering an incentive-based health and well-being program to employers as part of their benefits program. With a foundation based on actuarial science and behavioral economic theory, Vitality encourages changes in lifestyle that reduce health care costs, both in the short run and long term, by rewarding members for addressing their specific health issues. Vitality well-being programs serve companies in a wide range of sizes and industries, improving individuals' health and well-being as well as employers' bottom lines.

For more information, visit www.thevitalitygroup.com

The Vitality Institute is an evidence-driven, action-oriented research organization dedicated to building a culture of well-being by promoting health and preventing chronic diseases. The Institute aims to unite leaders in the public and private sectors to transform evidence into action and build a culture of health. The Institute was founded in 2013 by the South African insurer Discovery Ltd. as part of its commitment to health promotion and well-being programs that advance social good.

**For more information, visit
www.thevitalityinstitute.org/healthreporting**

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GLOSSARY

Definitions of Key Terms and Abbreviations

10-K form: The annual report on Form 10-K provides a comprehensive overview of the company's business and financial condition and includes audited financial statements in the United States (<http://www.sec.gov/answers/form10k.htm>). The annual report on Form 10-K is distinct from the "annual report to shareholders," which a company must send to its shareholders when it holds an annual meeting to elect directors. See p. 41 for more information.

ACA: The US Patient Protection and Affordable Care Act, commonly called the Affordable Care Act (<http://www.hhs.gov/healthcare/facts-and-features/key-features-of-aca/index.html>).

CSR: Corporate social responsibility, also often referred to as corporate responsibility, describes the responsibility that corporations have towards broader society as opposed to their responsibility towards shareholders. Often associated with traditional philanthropic approaches rather than a more strategic business approach.

CSV: Creating shared value, a concept currently associated with the work of Michael Porter and Mark Kramer. Shared value is described as corporate policies and practices that enhance the competitive advantage and profitability of the company while advancing social and economic conditions in the communities in which it sells and operates (<http://www.isc.hbs.edu/creating-shared-value/Pages/default.aspx>).

DJSI: The Dow Jones Sustainability Indices are a family of benchmarks for investors who believe that sustainable business practices may lead to long-term shareholder value and who wish to reflect their sustainability convictions in their investment portfolios (<http://www.sustainability-indices.com>). See p. 39 for more information.

EHS: Environment, health, and safety, the umbrella term often used to describe departments that are responsible for environmental protection and occupational health and safety issues. EHS is sometimes also referred to as HSE. In terms of health, the focus is mostly on prevention of accidents or work-related illnesses.

ESG: Environmental, social, and governance issues are brought together under a single umbrella for socially responsible investing.

GRI: The Global Reporting Initiative is an international independent organization that helps businesses, governments, and other organizations understand and communicate the impact of business on critical sustainability issues such as climate change, human rights, and corruption (www.globalreporting.org). See p. 39 for more information.

Human capital: People's competencies, capabilities, and experience, and their motivation to innovate (www.theiirc.com); the skills the labor force possesses (Oxford English Dictionary).

IIRC: The International Integrated Reporting Council is a global coalition of regulators, investors, companies, standard setters, accountants, and nongovernmental organizations. The coalition is promoting communication about value creation as the next step in the evolution of corporate reporting and provides a framework for integrated reporting based on six capitals (www.theiirc.com). See p. 39 for more information.

Integrated report: A concise communication about how an organization's strategy, governance, performance, and prospects, in the context of its external environment, lead to the creation of value in the short, medium, and long terms (www.theiirc.com).

Integrated reporting: A process founded on integrated thinking that results in a periodic integrated report by an organization about value creation over time and related communications regarding aspects of value creation (www.theiirc.com).

ISO 26000: An International Organization for Standardization standard that provides guidance to all types of organizations, regardless of their size or location, on social responsibility issues. It is not a management system standard and does not lead to certification (www.iso.org).

Materiality: The US Supreme Court defined materiality in 1976 as information that would present "a substantial likelihood that the disclosure of the omitted fact would have been viewed by the reasonable investor as having significantly altered the 'total mix' of information made available."

NCDs: Noncommunicable diseases, also known as chronic diseases, are largely preventable, and are of long duration and slow progression. Examples include various cancers, cardiovascular disease, and diabetes.

OHS: Occupational Health and Safety, also sometimes abbreviated as OSH and used interchangeably with EHS or HSE.

OSHA: Occupational Safety and Health Act in the United States, the primary federal law that governs occupational health and safety in the private sector and the federal government (<https://www.osha.gov>).

Ottawa Charter: In 1986, the first International Conference on Health Promotion was organized by the World Health Organization (WHO) in Ottawa, Canada. The outcome was an international agreement called the Ottawa Charter for Health Promotion, sometimes simply referred to as the Ottawa Charter. Its objective was to galvanize action to achieve Health for All by the year 2000.

Responsible Investing: Also referred to as socially responsible investing (SRI) or sustainable, socially conscious, “green,” or ethical investing, is any investment strategy that seeks to consider both financial return and social good.

SASB: The Sustainability Accounting Standards Board is an independent 501(c)3 nonprofit organization. SASB’s mission is to develop and disseminate sustainability accounting standards that help public corporations disclose material, decision-useful information to investors (www.sasb.org). See p. 40 for more information.

Six Capitals Model: Capitals represent stores of value that are the basis of an organization’s value creation. The IIRC has identified six capitals: financial, manufactured, intellectual, human, social and relationship, and natural (www.theiirc.com). See p. 10 for more information.

Stakeholder: Any person or group that either has an impact on an organization or is impacted by an organization.

Sustainability reporting: A generic term for the reporting practices of any organization that address nonfinancial performance, often described in terms of broad categories such as environmental, social, governance, and economic performance.

Triple Bottom Line: Triple bottom line (abbreviated as TBL or 3BL) is an accounting framework with three parts: social, environmental (or ecological), and financial (or economic). These divisions are also called the three Ps: people, planet, and profit, or the “three pillars of sustainability.”

UNGC: United Nations Global Compact, the world’s largest corporate citizenship initiative (www.unglobalcompact.org). See p. 40 for more information.

FOREWORD

Health has long been recognized as central to sustainable development, as both a beneficiary and a contributor. Within the United Nations' latest Sustainable Development Goals, health is a key indicator of what development seeks to achieve. Health is important as an end in itself and as an integral part of human well-being. Investments in health, particularly the prevention of ill health, enhance a country's economic output through their effect on educational achievement and skills acquisition, labor productivity, and decent employment. What applies to countries applies equally to business.

Business increasingly recognizes this reality yet – with important exceptions – has been slow to embrace the potential for mutual benefit to profitability and to society that could be achieved by companies more explicitly and actively addressing health. There are three ways businesses can lever health gains. First, all employers – large and small – can support efforts to maintain and improve the health of employees and their families; second, many companies straddling diverse sectors can take steps to at least ensure that their core products and services do no harm to health and ideally *enhance* the health of consumers; third, through investments in the health of their communities, carried out in collaboration with public health agencies, companies can support both employee and consumer health.

“This report provides strong evidence for **action to address health through business** as well as reasons for business to be more active that go well beyond philanthropic motivations.”

This report provides strong evidence for action to address health through business as well as reasons for business to be more active that go well beyond philanthropic motivations. Businesses are not automatically granted a license to operate in perpetuity. To achieve this, they must serve their long-term interests by tackling issues that are material to their progress. Health joins environmental factors, good governance, and protection against corruption as hallmarks of a responsible company and one that investors, asset managers, and consumers are most likely to support in myriad mutually beneficial ways. The importance and centrality of measurement as well as investments in innovation and research are highlighted. Before we can improve the health of employees, we need to know their current status and which interventions work best. Better data on the direct and indirect impacts of products and services on health (for good or not) are needed to motivate and develop ways for companies to reduce harm and enhance health.

This report acknowledges the importance of finding innovative ways for sectors to change for the better regardless of how large the negative health burden they currently impose on populations might be. Most of these changes require stepped-up investment in legacy industries not known for their support of innovation.

Better metrics define the opportunity for improvement. Increased innovation creates the products and services to facilitate that change.

The decision to focus on health starts with accepting its intrinsic value and moves rapidly to seeing that health is central to sustainable business. Once this happens, progress will follow.



Derek Yach

Chief Health Officer | Vitality Global

EXECUTIVE SUMMARY

This report provides a roadmap for health as a key element of human capital. It outlines how corporations can measure and report on health in ways that transcend the traditional focus on occupational safety and health issues. Such measurement sparks attention and is the prelude to necessary actions.

This exploration takes place against the background of a paradigm shift around the purpose of business. This shift has been driven by a more sophisticated understanding of the complex risks that modern corporations face, as well as the emerging consensus about the potential benefits of business activities that contribute to society.

The Six Capitals Model proposed by the International Integrated Reporting Council (IIRC) has gained popularity as a means of fostering understanding of the purpose of business. This framework can be viewed as a more nuanced version of the triple bottom line (people, planet, profit) that was coined by John Elkington in the 1990s. The six capitals are financial, manufactured, intellectual, human, social and relationship, and natural. The model has been adopted by the IIRC as part of its framework for integrated reporting.

There is a growing body of empirical evidence that points to a strong positive correlation between employee health and financial performance. The research demonstrates that companies having received awards for their workplace health and well-being programs tend to outperform their peers. Health should therefore receive significantly more attention than it has to date from both governance and management perspectives, from companies themselves and the investment community.

Health metrics should be used at various levels of corporate reporting, and where possible, linked with the company's bottom line. There should be a focus on both health as an input (employee health) and health as an outcome. The latter reflects the broader impact of a company's output, defined as their products and services, on consumer health. Issues such as health data privacy must be factored in and addressed proactively, with a focus on aggregate rather than individual-level data, built-in incentives for companies to improve the health of their employee population rather than hiring healthier employees.

This roadmap proposes employee health metrics that can be incorporated into existing forms of corporate reporting, including the annual report, the sustainability report, the 10-K report, and the integrated report. A focus on material health issues has been mostly absent from these reports and from discussions about corporate sustainability. Two scorecards are proposed to rectify this situation: a core scorecard that could be applied to an integrated reporting environment and a comprehensive one that could be used for sustainability reporting.

In contrast, the work around a company's products and services is still in its fledgling stages. It is intended that the chapter on outputs will serve as a catalyst for further dialogue, research, and action.

This report aims to bridge the gap between those with primary responsibility for corporate operational and financial sustainability, and those with primary responsibility for health. The proposals are aimed at augmenting, not replacing, existing corporate reporting practices and standards as well as existing health and well-being management tools.

There is a need for investors, corporate leaders, and other stakeholders to reflect on the issues presented here, linking health outcomes with corporate performance, and committing to specific actions:

1. Companies should include health metrics – in terms of both inputs and outcomes – as part of their governance, management, and reporting practices
2. Corporate reporting platforms should integrate expanded health metrics into reporting standards
3. Investors should understand, request, and exert pressure on companies to include health metrics as part of reporting, rewarding positive actions and penalizing inaction (or negative actions)
4. Funding agencies should support research intentionally focused on the relationships and causal pathways by which investing in and reporting on workforce health impact corporate performance
5. Researchers should continue to study the relationship between health metrics reporting and business success
6. Regulators should determine and communicate the balance between mandatory and voluntary reporting of metrics related to health

04

INTRODUCTION



Since the beginning of the 21st century, the world has seen many examples of the impact that nonfinancial factors can have on business performance. These include the collapse of Enron, Worldcom, and Lehman Brothers; the environmental disaster of BP's Deepwater Horizon oil rig exploding; and, more recently, Volkswagen's installation of "defeat device" software in some of its diesel vehicles to manipulate test emissions.

There are also examples of corporate leaders generating extraordinary customer loyalty by caring about more than just their bottom line. This has been illustrated by the emergence of Benefit Corporations, also known as BCorps, whereby companies integrate factors such as people and the environment into their fundamental business models (described in more detail at <http://www.bcorporation.net>) as well as recognition for stakeholder-based "Firms of Endearment" and "enduring institutions of our times."^{1,2} The increasing frequency of these examples supports the view that a paradigm shift is taking place with regard to the purpose of business. This shift has been driven by a combination of related factors: a more sophisticated understanding of the evolving and complex risks that modern corporations face and how they impact the bottom line, a more enlightened interpretation of the legal responsibilities to shareholders, and growing recognition that corporate behavior can be subjected to public scrutiny – all with important consequences.

At the celebration of the United Nations (UN) Global Compact's 15th anniversary in June 2015, Unilever chief executive officer (CEO) Paul Polman said, "Ultimately, we need a system change – the very nature of capitalism: what it means to be a consumer – to be a citizen. And to achieve this change, we must work in coalition. After all, business cannot stay on the sidelines of a system that gives them life in the first place." Polman continued, "We are doing what we can, not what we must."³

With reference to the legal perspective, Lynn Stout, professor of corporate and business law at the Cornell Law School, argues that contrary to the Milton Friedman philosophy, US corporate law does not require corporations to have an exclusive focus on maximizing either share price or shareholder wealth⁴:

Put bluntly, conventional shareholder value thinking is a mistake for most firms – and a big mistake at that. Shareholder value thinking causes corporate managers to focus myopically on short-term earnings reports at the expense of long-term performance; discourages investment and innovation; harms employees, customers, and communities; and causes companies to indulge in reckless, sociopathic, and socially irresponsible behaviors. It threatens the welfare of consumers, employees, communities, and investors alike.

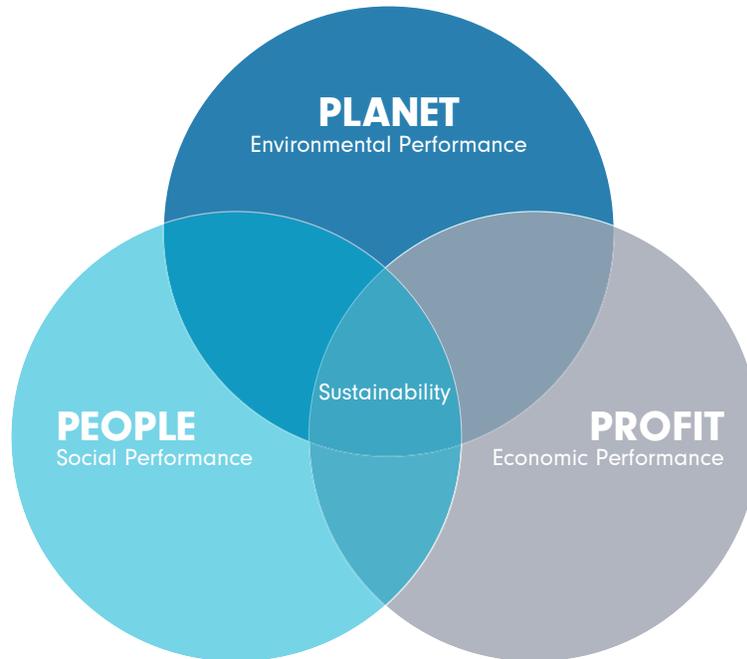
The application of the business judgment rule holds that courts will not second-guess decisions made by boards in the best interests of the company, even if those decisions seem to harm shareholder value.⁴

Attorney Larry D. Thompson has been quoted as saying that corporations and society are mutually dependent on each other. Society provides companies with limited liability, perpetual existence, the right to govern themselves by laws of their own choosing, and resources such as a healthy workforce and a population of consumers. Corporations, in turn, provide society with wealth creation, jobs, and – one would hope – high-quality goods and services. [Remarks to Loyola's "Journalist Law School" program, 2013]

The language used to describe these comprehensive risks, the business and moral imperatives, and how to respond to them includes terms such as the *triple bottom line*, *corporate responsibility*, *environmental, social, and governance issues (ESG)*, *responsible investment (also known as socially responsible investment or impact investing)*, and *inclusive or sustainable capitalism*.

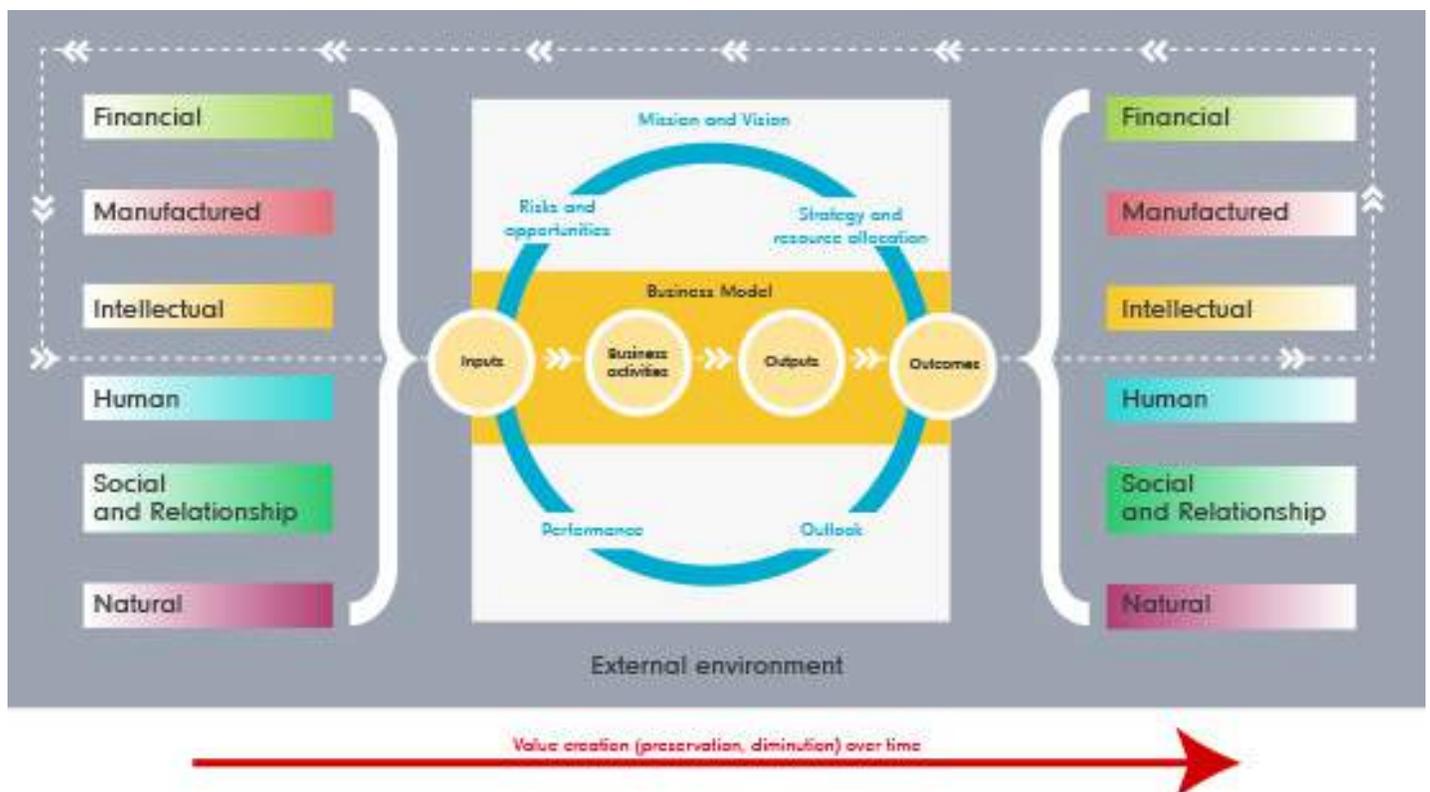
The triple bottom line terminology was coined by John Elkington (also the founder of SustainAbility) in the 1990s to emphasize the need to move away from a narrow focus on the financial bottom line⁵; it probably remains the most widely used of these concepts. It provides a framework to illustrate that true sustainability can only be achieved at the intersection of environmental performance (planet), social performance (people), and economic performance (profit) (Figure 1, p. 10).

FIGURE 1. THE TRIPLE BOTTOM LINE



The triple bottom line has been particularly influential in corporate reporting practices. For a long time, triple bottom line and sustainability have been the preferred terms to refer to the nonfinancial reporting practices of large organizations.

More recently, the Six Capitals model, proposed as part of a framework for integrated reporting by the International Integrated Reporting Council (IIRC),⁶ has gained popularity. This framework can be viewed as a more nuanced version of the triple bottom line. The six capitals are financial, manufactured, intellectual, human, social and relationship, and natural (Figure 2).

FIGURE 2. THE SIX CAPITALS MODEL⁶

Capitals are defined as “stocks of value on which all organizations depend for their success as inputs to their business model, and which are increased, decreased, or transformed through the organization’s business activities and outputs.”⁶ The definitions of the individual capitals are shown in Table 1.

TABLE 1. DEFINITIONS OF THE SIX CAPITALS⁶

CAPITAL	DESCRIPTION
Financial	The pool of funds available to an organization for use in the production of goods or the provision of services, obtained through financing (such as debt, equity, or grants) or generated through operations or investments
Manufactured	Manufactured physical objects (distinct from natural physical objects) available to an organization for use in the production of goods or the provision of services, including buildings, equipment, and infrastructure (e.g., roads, ports, bridges, waste- and water-treatment plants)
Intellectual	Organizational, knowledge-based intangibles, including intellectual property (e.g., patents, copyrights, software, rights, licenses), and “organizational capital” (e.g., tacit knowledge, systems, procedures, protocols)
Human	People’s competencies, capabilities, experience, and motivation to innovate, including alignment with and support for an organization’s governance framework, risk-management approach, and ethical values; ability to understand, develop, and implement an organization’s strategy; loyalties and motivation for improving processes, goods, and services; and ability to lead, manage, and collaborate
Social and relationship	Institutions and relationships within and between communities, groups of stakeholders, and other networks, and the ability to share information to enhance individual and collective well-being. Social and relationship capital includes shared norms; common values and behaviors; key stakeholder relationships; the trust and willingness to engage that an organization has developed and strives to build and protect with external stakeholders; intangibles associated with the brand and reputation that an organization has developed; and an organization’s social license to operate
Natural	All renewable and nonrenewable environmental resources and processes that provide goods or services that support the past, current, or future prosperity of an organization (e.g., air, water, land, minerals, forests, biodiversity, ecosystem health)

“We know that **human capital** is both an input and an output of a company’s performance.

Derek Yach. “Exploring Shared Value in Global Health and Safety.” Institute of Medicine. December 3, 2015.

What is Human Capital?

Human capital has been described as the “skills and capacities that reside in people and that are put to productive use”⁷ and also as “people’s competencies, capabilities and experience, and their motivations to innovate.”⁶ From an organizational viewpoint, these are characteristics that can be acquired. Financial capital is invested to increase human capital – often organizations invest in their people to improve their performance and people invest in themselves to increase their attractiveness on the job market.

Although the concept of human capital was not featured in literature on economic and management science until the 1950s, the concept can be traced back to Adam Smith, who noted in 1776 that the “acquisition of ... talents during ... education, study, or apprenticeship, costs a real expense, which is capital in [a] person. Those talents [are] part of his fortune [and] likewise that of society.”⁸

Human capital is fundamentally dependent on health, as an unhealthy employee cannot use his or her skills and capabilities or operate at optimal productivity.

It could be argued that human capital is the only capital that has a direct impact on all the other capitals. For example:

- Decisions by humans determine whether a company is profitable (financial capital)
- Designs by humans determine whether products are safe (manufactured capital)
- Interactions between humans determine whether society functions effectively (social and relationship capital)
- Human behavior has a direct impact on the environment (natural capital)
- Human knowledge and ideas influence all of the above (intellectual capital)

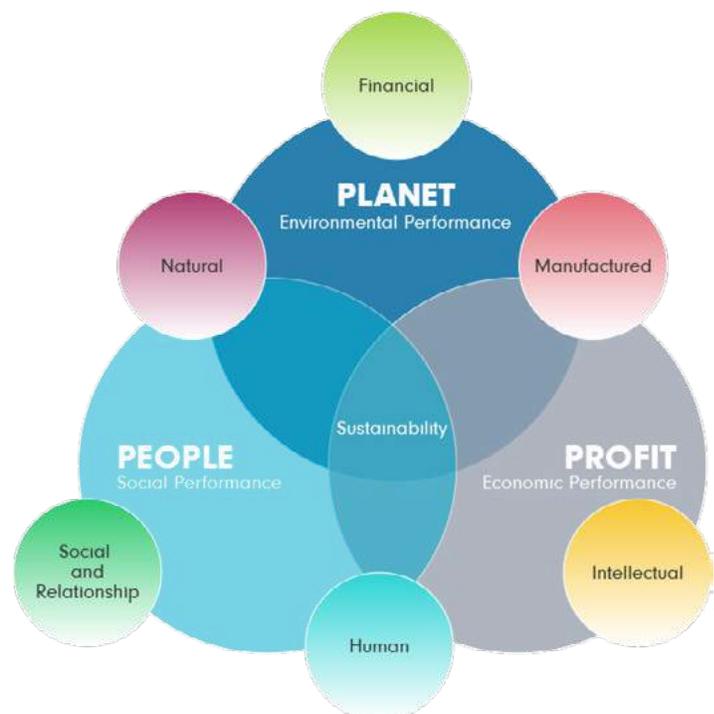
At the same time, the other five capitals have a real impact, in terms of outcomes, on human capital and, more specifically, on health. For example:

- Financial capital enables individuals to take out health insurance
- Manufactured capital can be harmful (tobacco, arms, unhealthy food, poor construction) or beneficial (clothing, public transport, training equipment, healthy food)
- Social and relationship capital can be reduced (through conflict or the provision of poor or harmful services) or increased (through cooperation and the provision of desirable services)
- Natural capital can be destroyed through pollution and climate change, which will have a harmful impact on physical and mental health

- Intellectual capital, through applied research provided by medical and social sciences, among others, can improve both physical and mental health

Figure 3 superimposes the Six Capitals model on the more traditional triple bottom line to illustrate the links.

FIGURE 3. SIX CAPITALS MODEL AND THE TRIPLE BOTTOM LINE



The common themes running through cases such as Enron, BP, and Volkswagen are poor governance and a lack of transparency. The headline consequences for these companies ranged from jail sentences for executives to steep fines, but more importantly they also resulted in decreased investor confidence, lost revenue, fallen stock prices, lower employee retention, and an overall loss of trust in corporations.

In the United States (US), regulators responded to these events with legislation such as the Sarbanes-Oxley and Dodd-Frank acts, the former protecting investors from potential fraudulent accounting by companies and the latter bringing about financial reform to reduce risk in certain areas of the economy.⁹ Company law and corporate governance codes were also updated in many other countries.

Voluntary initiatives such as the UN Global Compact – a fledgling initiative at the time of the Enron scandal but now the largest voluntary citizenship initiative in the world – and the ISO 26000 standard on social responsibility became more mainstream and today inform many discussions about corporate responsibility. The Sustainable Stock Exchanges initiative was launched in 2009. This is a peer-to-peer learning platform for exchanges, in collaboration with investors, regulators, and companies, to explore ways of enhancing corporate transparency – and ultimately performance – on ESG-related issues.

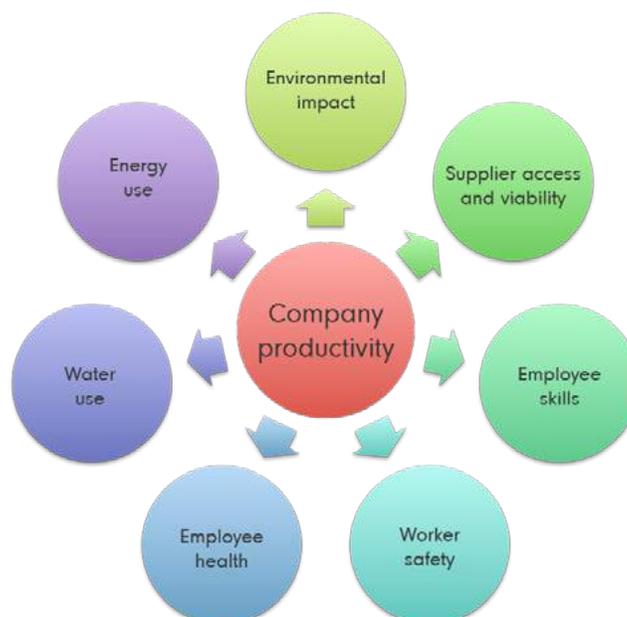
In 2011, Porter and Kramer wrote about creating shared value (CSV), connecting societal and economic progress, for example by reformulating products and markets, and redefining productivity in the value chain¹⁰:

The concept of shared value ... recognizes that societal needs, not just conventional economic needs, define markets. It also recognizes that social harms or weaknesses frequently create internal costs for firms – such as wasted energy or raw materials, costly accidents, and the need for remedial training to compensate for inadequacies in education. And addressing societal harms and constraints does not necessarily raise costs for firms, because they can innovate by using new technologies, operating methods, and management approaches – and as a result, increase their productivity and expand their markets.

Although the origin of the CSV philosophy may predate them (e.g., through the established field of stakeholder theory), there is no doubt that the work of Porter and Kramer has been very influential. CSV has accelerated the adoption of a more strategic approach to corporate responsibility. Figure 4 illustrates the CSV perspective on how company productivity is influenced by various factors. Three of these factors relate to human capital: employee skills, worker safety, and employee health.

The focus of this roadmap is human capital, and more specifically health.

FIGURE 4. CREATING SHARED VALUE¹⁰



05

THE BUSINESS
CASE:
HEALTH AS A
CORNERSTONE
OF GOOD
BUSINESS



Human capital is a complex concept, but one component has often been taken for granted: the health of employees. Even with the most sophisticated skills, capabilities, and experience, people who are not healthy are not productive. The burden of disease in the workplace has been well documented. It is estimated that almost two-thirds of all deaths worldwide are caused by noncommunicable diseases (NCDs) such as cardiovascular diseases, cancers, chronic respiratory diseases, and diabetes.¹¹ The estimated economic loss associated with these deaths between 2010 and 2030 is a staggering US\$63 trillion.¹² At the same time, about half of all business leaders who were surveyed as part of the World Economic Forum's annual Executive Opinion Survey were worried that at least one NCD would hurt their company's bottom line in the next five years.¹³

The World Health Organization (WHO) constitution of 1946 explicitly states that health is a fundamental human right and is defined as "a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity."¹⁴ However, this has traditionally translated to a stronger focus on physical health. Recently, the Director-General of the WHO, Margaret Chan, stated that "efforts to prevent NCDs go against the business interest of powerful economic operators... this is one of the biggest challenges facing health promotion."¹⁵ Dr. Chan's tone reflects an ambivalence towards considering the private sector as a potential partner in shaping the future of health promotion. The potential for health gains that could be made by harnessing market forces has not been extensively explored, as it is the WHO's tone and direction that sets the basis for government policies, nongovernmental organization (NGO) advocacy, and the way "causes and solutions" to NCDs are framed by the media.

In contrast, the private sector increasingly sees opportunities to advance better health and address major global health concerns. While some pharmaceutical companies have found ways to contribute to improved population health in collaboration with the WHO, tobacco, alcohol, and food and beverage companies have historically been deemed to be part of the problem with few, if any, opportunities to become part of the solution.

Addressing the impact of health on business performance – and vice versa – and building the evidence base around it is a more recent phenomenon. Since the introduction of

the triple bottom line and related concepts into business language, health has received a narrow focus that does not do justice to the critical role it plays as a determinant of successful business performance and as an outcome through the impact of products and services. In most cases, the focus has been confined to the important but currently insufficient area of occupational safety and health (OSH).

According to the International Labour Organization (ILO), 6,300 people die every day as a result of occupational accidents or work-related diseases – more than 2.3 million deaths per year.¹⁶ Prevention of such accidents and diseases needs to continue receiving attention, and the ILO has adopted more than 40 conventions and recommendations specifically dealing with OSH issues.

Given the high number of people currently working in a nonmanufacturing environment and the evolution of risks faced by blue collar workers from simple safety to NCDs such as obesity and diabetes, there is a need to have an expanded focus on health within the broader context of human capital. The integration of a culture of health and safety has been demonstrated to achieve measurable benefits, enhancing the overall health and well-being of workers, families, and the community.¹⁷

The areas that have been neglected historically are employee health and the health impact of a company's key products and services.

Recently, these areas have begun receiving more attention. In 2011, the UN hosted a High Level Meeting on NCDs, only the second time in the history of the UN that the General Assembly met on a health issue, the first being HIV/AIDs.¹⁸ The aim of this meeting was for countries to define and adopt an action-oriented outcomes document to shape the global agenda and galvanize action around NCDs. In November 2015, the WHO convened a dialogue in Geneva on how to strengthen international cooperation on the prevention and control of NCDs within the framework of North-South, South-South, and triangular cooperation.

In 2014, the Vitality Institute Commission on Health Promotion and the Prevention of Chronic Disease in Working-Age Americans produced a comprehensive report with far-reaching recommendations for health policies and actions in the United States. These included the need to invest in prevention science, strengthen leadership, create markets for health, integrate health metrics into corporate

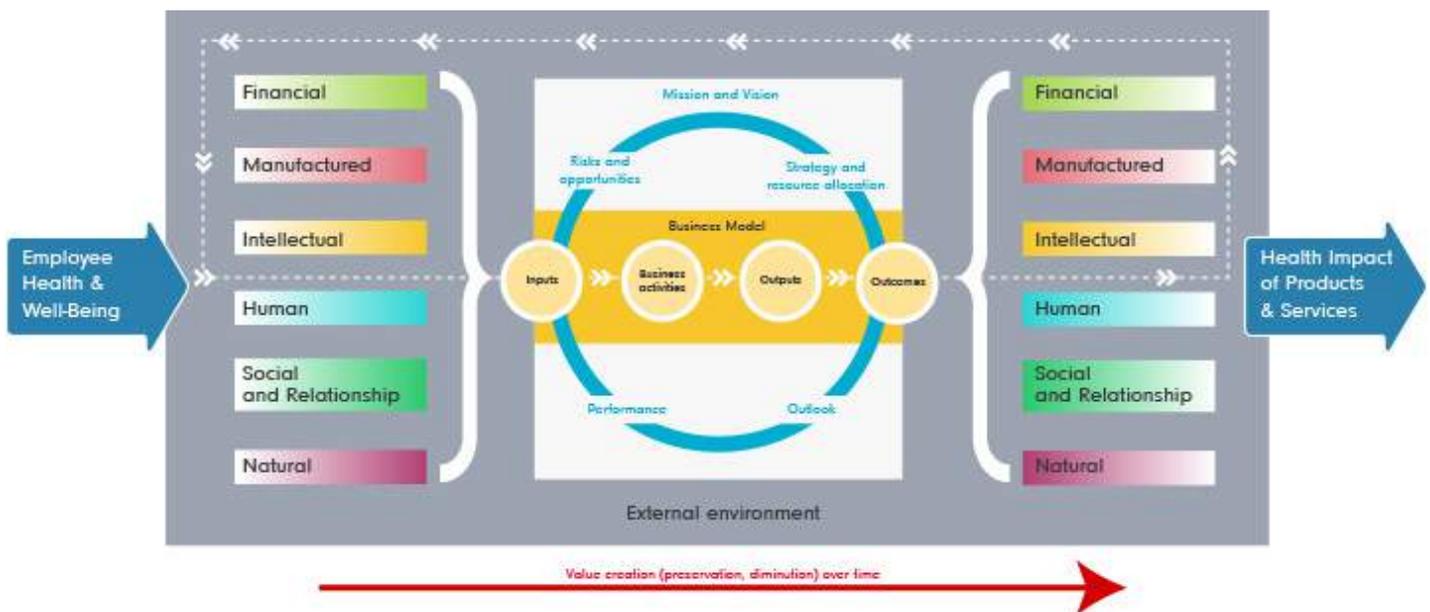
reporting, and promote cross-sector collaboration.¹⁹

The World Economic Forum has also identified the growing importance of health in the economy, listing it as one of the top 10 global trends for 2015.²⁰ That same year, 17 new Sustainable Development Goals (SDGs) were adopted by the UN. Ensuring healthy lives and promoting “well-being for all at all ages” is the third such goal. Specific areas of focus include maternal and newborn mortality, HIV/AIDS, NCD prevention and treatment including health and well-being, substance abuse, road traffic, sexual and reproductive care, universal health coverage and access to medicines, environmental health, tobacco control, vaccinations, the health workforce, and countrywide early warning and risk reduction.²¹

Using the structure of the Six Capitals model, it is useful to conceive employee health as an input – elaborated on in the next section – and the health impact of various outputs (i.e., products and services) leading to outcomes (Figure 5). An output is a unit of production, such as a website created or a car manufactured. An outcome is what an output leads to, so in these examples the outcome could be increased visibility and marketing opportunities in the case of a website and enhanced mobility and status thanks to the car.

The concept of a company’s outputs as represented by the products and services it offers is introduced here (see section on p. 31) but is still in its infancy, requiring significantly more dialogue, research, and action.

FIGURE 5. SIX CAPITALS WITH HEALTH AS AN INPUT AND OUTPUT, ADAPTED FROM IIRC ⁶



06

EMPLOYEE HEALTH AS AN “INPUT”



Evidence shows that employee health and well-being are strong determinants of productivity, morale, and retention. They have a clear impact on business performance – and on the share price in the case of public companies – as well as on the bottom line.²²⁻²⁹ Between 2002 and 2008, Johnson & Johnson experienced a return of \$2.71 for every dollar spent on employee health and well-being programs.³⁰ It is estimated that the return on investment (ROI) in comprehensive, well-run employee health and well-being programs can be as high as 6 to 1.³⁰ There is growing consensus that fundamental improvements in public health will require businesses to play an important role.³¹

There is a time lag between the points at which the financial benefits of environmental changes made by corporations and at which the benefits of most health and well-being interventions are realized. One example is nutrition: base commodity prices, conservative food tastes, and a lack of unified public or NGO messaging aimed at creating demand for healthier options all lead to nutrition changes taking time.³² This is compounded by the pressure CEOs often feel to focus on beating quarterly earnings expectations, sometimes overlooking the critical insight that quarterly earnings do not speak to a company's long-term viability.³³ Larry D. Thompson noted that this is an issue of particular relevance to American companies, as they compete not only against one another but also against companies worldwide that are often better at navigating and avoiding the pressures of "short-termism." [Remarks to Loyola's "Journalist Law School" program, 2013]

Short-termism is also a challenge faced in health as individuals choose what they consider an immediate win in spite of rationally being aware that they will pay for it in the long term. One way to address this at a corporate level is to shift from a return on investment approach to looking at the longer-term "value of investment" in health.

From an investment perspective, the value of healthy employees is becoming increasingly clear. Health is a material issue. According to the Materialitytracker website, a hub for materiality trends and standards:³⁴

Too much information and clutter obscures what is really important, signaling an inability to prioritize. Yet for others the lack of information disclosure on certain issues raises the suspicion of lack of transparency, hiding problem areas and weak understanding of the sustainability context ... In assessing materiality, financial and social auditors are

also challenged to exercise appropriate "judgement" – the contrary of ticking boxes. Though a variety of standard definitions exist, there is limited standard guidance on the application of materiality – in particular materiality thresholds to apply.

To determine materiality, judgment is required about what is really important. In 1976, the US Supreme Court provided a legal definition when it pronounced that a fact is material if there is "a substantial likelihood that the...fact would have been viewed by a reasonable investor as having significantly altered the 'total mix' of information made available."³⁵ This is also the core definition used by the Securities and Exchange Commission (SEC). It is clear that climate change or pervasive corruption will change this total mix of information. In the same way, questions should be asked about health factors.

What Is Materiality?

According to the Financial Accounting Standards Board (FASB), "the omission or misstatement of an item is material in a financial report, if, in light of surrounding circumstances, the magnitude of the item is such that it is probable that the judgment of a reasonable person relying upon the report would have been changed or influenced by the inclusion or correction of an item." The FASB recently announced that it is reconsidering its position and might align with the 1976 US Supreme Court's legal definition that a fact is material if there is "a substantial likelihood that the... fact would have been viewed by a reasonable investor as having significantly altered the 'total mix' of information made available."³⁶

For a detailed discussion on the concept of materiality, visit www.materialitytracker.net.

A 2013 study by Ron Goetzel and colleagues asked the question, "Do workplace health promotion programs work?" Interpreting evidence accumulated over the past 3 decades, the authors argued that well-designed and well-executed programs that are founded on evidence-based principles can achieve positive health and financial outcomes.³⁷

Workplace Health and Well-Being Awards

An increasing number of awards have appeared in the United States over the past 10 years giving recognition to companies' workplace health and well-being programs. Certain awards focus on specific geographies or sectors, and others are national.

Two examples of evidence-based national awards are the C. Everett Koop Award³⁸ and the American College of Occupational and Environmental Medicine Global Leadership in Corporate Health Award.³⁹

In 2015, McKesson Corporation, one of the recipients of the Koop Award, conducted analyses on their data with a researcher at Harvard University, demonstrating that⁴⁰:

- In 3 years, engaged adult participants increased activity levels by 92%
- Employees who were "medium engaged" or "highly engaged" in the workplace health and well-being program spent between \$916 and \$1,238 less on medical expenses per employee in 2014 than did "low engaged" employees in 2012 and 2013. This led to overall savings of \$4.7 million in medical costs for McKesson
- Employees self-reported that their on-the-job performance increased from 81.7% in 2012 to 85.3% in 2014. When this increase is converted into dollars using a conservative salary-conversion method, total savings was nearly \$7 million each in 2013 and 2014

A 2013 US study by Fabius and colleagues concluded that companies engaging in efforts to promote workforce well-being and safety yielded greater value to investors through reduced health care costs, increased productivity, and improved financial performance. The study modelled portfolio performance of a group of US companies that had won a particular evidence-based award for their health and safety programs. Between 1999 and 2012, an investment in this group of share portfolios achieved a rate of return that outperformed the Standard & Poor (S&P) 500 average.²² Figure 6 (p. 20) illustrates how a hypothetical investment of US\$10,000 in healthy companies would have outperformed the S&P 500 average over a period of more than 10 years.

Studies using similar methodologies have been published recently,²⁶⁻²⁸ expanding the pool of healthy companies to winners of other evidence-based workplace wellness awards and top ranks using evidence-based scorecards. This includes the American College of Occupational and Environmental Medicine's Corporate Health Achievement Award, the C. Everett Koop Award, and the HERO self-assessment. In each case, the companies in question outperformed the S&P 500 by 7% to 16% per year.²⁹

The original Fabius study was recently replicated in South Africa, where the share market performance of eligible companies based on Discovery Ltd.'s Healthy Company Index (HCI) was measured. The past performance of a portfolio of healthy companies was tracked under three investment scenarios, and the results were compared with the market performance over the same period, using the Johannesburg Stock Exchange Financial Times Stock Exchange (JSE FTSE) All Share Index (ALSI) as a benchmark for market performance. The portfolio of healthy companies consistently outperformed the market during three different simulations Figure 7 presents the information for the performance of an equal-weighted portfolio measured against the JSE FTSE ALSI over a 10-year period.²³

FIGURE 6. PERFORMANCE OF WEIGHTED PORTFOLIO²²



FIGURE 7. PERFORMANCE OF EQUAL-WEIGHTED PORTFOLIO²³



Healthy Company Index (HCI)

Discovery Ltd. has partnered with the University of Cambridge and RAND Europe to design and implement the HCI to assess the health status of corporate South Africa. The objective of the initiative is to enhance understanding of the burden of disease and the prevalence of risk factors so that these may be reduced with the support of employers.

Any company with 50 or more employees can take part by completing a survey. The top five companies are publicly recognized, whereas others find out confidentially how they did compared with all other participating companies and within their industry. Winners qualify for one of three categories: healthiest employees, healthiest workplace, or healthiest company.

In 2014, 151 companies participated in the survey. The results showed an improvement in physical activity, lower stress levels, and lower smoking rates. However, it was also found that employees continue to eat poorly, consume too much alcohol, and undergo health screenings irregularly.

For more information, visit
<http://healthycompanyindex.co.za>

Britain's Healthiest Company (BHC)

In the United Kingdom, BHC estimates that lost productivity costs the economy £58 billion every year. This initiative is in its third year and seeks to understand the health of the nation's workers. It is led by VitalityHealth in partnership with Mercer and *The Sunday Telegraph*, as well as the same academic partners as those of the HCI.

For more information, visit
<https://www.britainshealthiestcompany.co.uk/>

These studies provide a correlation between health and financial performance. This is not the same as causation, but it does suggest that investing in employee health and well-being aligns with better business. It should therefore be viewed as part of the performance component of corporate governance and should be taken seriously by boards of directors and senior executives.

In a 2015 report on a study of workforce health, the Vitality Institute described how employers can use strategic philanthropy, corporate social responsibility, and shared value as strategies to invest in community health. The study demonstrated the linkage between community and workforce health by proving that major employment sectors with unhealthy workforces are more likely to be located in US counties with poor health.¹⁹

Pronk and colleagues further argued that the business case for intentional and strategic corporate investment in community health occurs along a continuum. Through a series of dialogue sessions with corporate executives, they explored the most important components of a business case for employer leadership in improving community health. They found that these included metrics and measurement, return on investment, communications, shared values, shared vision, shared definitions, and leadership. Identified barriers all point to the need for strong governance. These included lack of understanding, lack of clear strategy, complexity of the problem, lack of trust, lack of resources and leadership, policies and regulations, and leadership philosophy.⁴¹

A specific example of a company investing in community health is the Lubombo antimalaria initiative in Mozambique. Funded by the mining company BHP Billiton, the program led to adult malaria infection rates dropping from more than 80% to less than 10% as well as to a measurable reduction in employee absenteeism. The program has been deemed profitable, with both the company and the community benefiting.^{42,43}

There is a clear business case for a focus on the health of employees and their communities, but the human capital perspective on health requires a focus on more than the input component.

Johannesburg Stock Exchange (JSE) & Mandatory Reporting

The JSE has worked to establish South Africa as a pioneer in corporate reporting. This has been accomplished via two mechanisms – the adoption of the King Code of Governance for South Africa 2009 (commonly referred to as King III) as a listing requirement and the JSE Socially Responsible Investment (SRI) Index.

King III recommended that a company prepare an integrated report every year, conveying adequate information regarding the company's financial and sustainability performance, and focusing on substance over form. It should be noted that this requirement was introduced at a stage when integrated reporting was not a well-known concept, but the philosophy behind integrated reporting has been consistent. According to King III, the integrated report "should describe how the company has made its money."⁴⁴

Since King III was adopted by the JSE as a listing requirement, it made integrated reporting mandatory, even though King III was published on the basis of "apply or explain." The result was that companies started to experiment with integrated reporting almost immediately, and even though the results were mixed in terms of quality, it gave South African companies a head start and partially explains why South Africa is seen as a leader in the field of integrated reporting.

The JSE launched the SRI Index in 2004 with the following objectives:

- Identify companies listed on the JSE that integrate the principles of the triple bottom line and good governance into their business activities
- Provide a tool for a broad holistic assessment of company policies and practices against globally aligned and locally relevant corporate responsibility standards
- Serve as a facilitation vehicle for responsible investment for investors looking for nonfinancial risk variables to include in investment decisions, as such risks have the potential to have significant financial impacts
- Contribute to the development of responsible business practice in South Africa and beyond

The bulk of the SRI Index research was based on the scrutiny of publicly available information. The existence of the Index therefore served as an incentive for corporate reporting. For inclusion in the Index, companies had to meet a required number of indicators in different measurement areas, as shown in Table 2.

For safety and health, core indicators focus on senior responsibility for programs and procedures to mitigate health and safety risks and the provision of quantitative data. Desirable indicators include details of health and safety training provided, risk assessments, coverage of certified systems and crime-related initiatives, and counseling.

The SRI Index was discontinued in 2015 when the JSE announced a new ESG partnership with global index provider FTSE Russell.⁴⁶

TABLE 2. JSE SRI INDEX MEASUREMENT AREAS⁴⁵

ENVIRONMENT
<ul style="list-style-type: none"> - Addressing all key issues - Working towards environmental sustainability
SOCIETY
<ul style="list-style-type: none"> - Training & Development - Employee Relations - Health & Safety - Equal Opportunities - Community Relations - Stakeholder Engagement - Black Economic Empowerment - HIV/AIDS
GOVERNANCE & RELATED SUSTAINABILITY CONCERNS
<ul style="list-style-type: none"> - Board Practice - Ethics - Indirect Impacts - Business Value & Risk Management - Broader Economic Issues
CLIMATE CHANGE
<ul style="list-style-type: none"> - Managing and reporting on efforts to reduce carbon emissions and deal with the anticipated effects of climate change

THE BUSINESS CASE FOR REPORTING

For more than 2 decades, it has been recognized that the impact of a company's activities on the environment can be profound. Energy, water, and land use impact the environment. Environmental pollutants can contaminate the land, water, and air. Historically, such effects were ignored. Today, they are regarded as economic and legal threats or opportunities for sustainable businesses and increasingly are managed accordingly (see Sidebar on Carbon Disclosure Project, p. 24). Conversely, many companies contribute to cleaner water, develop and use renewable energy, and find myriad other market-drive and socially responsible ways to enhance environmental stewardship.

Investors can steer companies that may be major contributors to environmental damage to reduce their footprints and mitigate the harm. They can, for example, use shareholder activism tools such as letters to or direct engagement with the board of directors to flag topics investors want addressed. This encourages the board to address such topics before shareholder meetings so as to avoid discord and make the conversation constructive.

The same concepts apply to human health. As a start, business leaders need to be more aware of the quantitative and qualitative effects their core business activities have and could have on health. There is also a growing consensus that stakeholders, and not only shareholders, have a legitimate interest in obtaining material information about company performance through corporate reporting. This includes ESG information.

Although some corporate leaders recognize the moral imperative to provide this information based on the fundamental governance values of honesty, transparency, and accountability, the main driver for

reporting is the business case. Material information on company performance has to focus on both financial and nonfinancial information. Eccles and colleagues demonstrated that "high sustainability companies" significantly outperform their counterparts over the long term.⁴⁷ Based on a detailed analysis of a sample of 180 companies, they state that sustainable firms generate significantly higher profits and stock returns. In terms of the contributing factors that might provide this competitive advantage, they list a more engaged work-

force, a more secure license to operate, a more loyal and satisfied customer base, better relationships with stakeholders, greater transparency, a more collaborative community, and a better ability to innovate. They also highlight the importance of measurement and disclosure, stating: "Reporting on performance measures to the board, which are often non-financial regarding sustainability topics, is an essential element of corporate governance,

so that the board can form an opinion about whether management is executing the strategy of the organization well."⁴⁷

By engaging in corporate responsibility reporting, companies benefit through improved understanding of their business models and better decision making, increased investor confidence, improved reputation, and greater stakeholder support. Integrated reporting emphasizes the link between management information and external communication as well as the need for integrated thinking.

The role of investors is critical. The need for investors to have comparable and standardized data has been a major driver behind reporting standards. In a *Financial Times* article, Michael Bloomberg and Mary Schapiro, respectively the chairman and vice-chairman of the

By engaging in corporate responsibility reporting, companies benefit through improved understanding of their business models and better decision making, increased investor confidence, improved reputation, and greater stakeholder support.

Sustainability Accounting Standards Board (SASB), highlight that: "Standardizing disclosure of sustainability information could bring significant financial benefits for shareholders and potential investors – and help strengthen the global economy's long-term health."⁴⁸

The field of corporate reporting is developing rapidly, which has resulted in conceptual confusion between sustainability, integrated, nonfinancial, and ESG reporting. With a multitude of stakeholders (investors, regulators, civil society) all focusing on different aspects and emphasizing different requirements, it has become a maze for both producers and consumers of corporate responsibility reports. Some of the key reporting platforms are explained in Appendix A.

Case Study: The Carbon Disclosure Project

The Carbon Disclosure Project (CDP), founded in 2000, works to transform the way the world does business, with the aim of preventing dangerous climate change and protecting natural resources. Their vision is a world where capital is allocated efficiently to create long-term prosperity rather than short-term gain at the expense of the environment.

The CDP uses the power of measurement and information disclosure to improve the management of environmental risk. By leveraging market forces, including shareholders, customers, and governments, the organization has incentivized thousands of companies and cities across the world's largest economies to measure and disclose their environmental information. They put this information at the heart of business, investment, and policy decision making.

The CDP holds the world's largest collection of self-reported climate change, water, and forest-risk data. Through their global system companies, investors and cities are better able to mitigate risk, capitalize on opportunities, and make investment decisions that drive action towards a more sustainable world.

Some 75 purchasing organizations such as Dell, PepsiCo, and Walmart use the global CDP system to mitigate environmental risk in their supply chains, and the CDP works with 822 institutional investors holding US\$95 trillion in assets to help reveal risks in their investment portfolios.

Find out more at www.cdp.net

07

EMPLOYEE HEALTH METRICS FOR CORPORATE REPORTING



The challenge for corporations is to incorporate appropriate, evidence-based health metrics in the relevant reporting formats. In broad terms, qualitative – mostly narrative – information is required for integrated reporting, and quantitative information needed for sustainability reporting. There is a third layer of more detailed, technical information that can be provided to health experts, but this will not necessarily be accessible to stakeholders with an appetite for a broad range of sustainability information. These levels are displayed in Figure 8.

Although the conceptual framework of integrated reporting is solid, the details are (intentionally) vague. The health of employees clearly falls under human capital, but the IIRC framework is not intended to provide specific reporting metrics. The Global Reporting Initiative (GRI) provides metrics but currently remains focused on more traditional OSH issues. The Vitality Institute’s health metrics working group (see full list p. 51) has experimented with innovative, evidence-based employee health metrics and has developed both core and comprehensive health metrics scorecards to support corporate reporting on health.

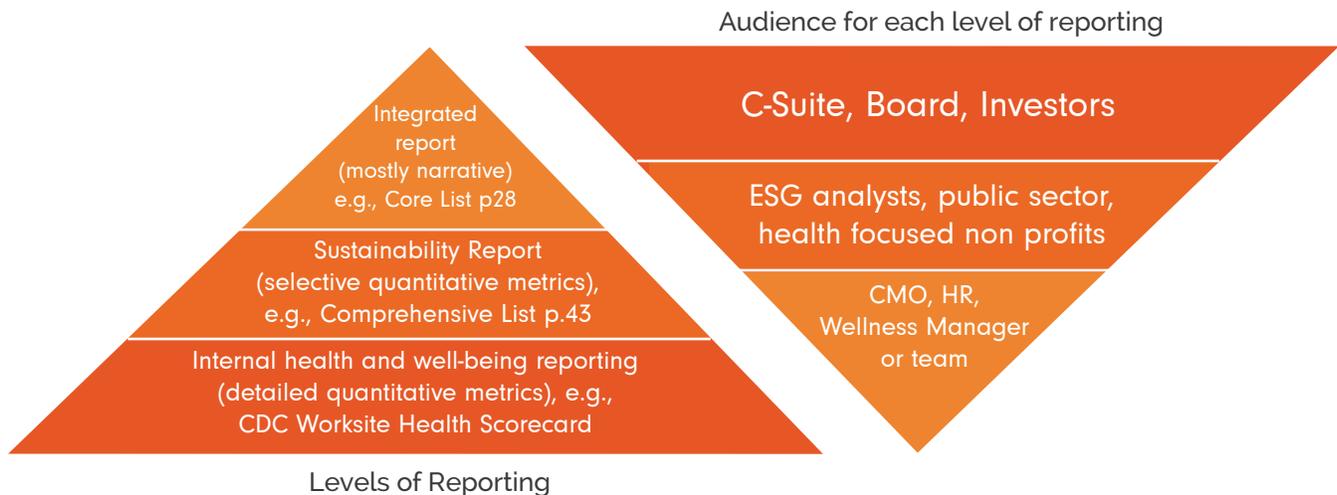
The intention is that reporting frameworks will build on this work – including background papers⁴⁹ and identified metrics – to start having conversations about how best to include evidence-based employee health metrics in existing platforms, and that pioneer companies will voluntarily report on these indicators.

Using the metrics most relevant to them can be a starting point for their journey to reporting on the culture of health in their organizations. It will also be necessary for investors and boards to start asking about health. This will serve as a top-down incentive for companies to start reporting on health more broadly.

The business case is particularly important from an investor point of view, but fortunately many investors also support the moral case. This trend is increasing, with a growing number of millennials participating proactively in investments and rejecting trade-offs and false dichotomies whereby a choice supposedly has to be made, for example between health and profits. Philanthropist and investor Nicolas Berggruen stated [personal communication, 2015]:

There is the simple moral side. A business is, after all, really a community. So you want the community to be healthy and, from a moral standpoint, everybody who is in the community should be taken care of. If you offer a lot of ‘soft goods’ to your employees which include healthy environments in terms of maybe food and physical facilities, lighting, etc., you are going to have happier employees and healthier employees, which means you are most likely going to have more productivity and, very importantly, you are going to be able to attract better people and, not only better people, but you will have more of a choice as to whom you can hire.

FIGURE 8. LEVELS OF REPORTING AND AUDIENCES



OVERVIEW OF THE VITALITY INSTITUTE PROJECT

At the Clinton Global Initiative Annual Meeting in September 2013, Discovery Ltd. CEO Adrian Gore issued a call to action, asking that companies start reporting on employee health and well-being. The following year, the Vitality Institute Commission for Health Promotion and the Prevention of Chronic Disease in Working-Age Americans issued the report “Investing in Prevention: A National Imperative,” which featured five key recommendations, one of which was to “integrate health metrics into corporate reporting.”¹⁹

A working group of health experts and corporate leaders (see full list, p. 51) came together under Vitality leadership in Fall 2014 around the vision that “by 2020, workforce health metrics will be an integral indicator of overall organizational performance within the broader corporate accountability framework. They will be core to existing corporate social responsibility, sustainability and integrated reporting, and critical for consideration by all shareholders as well as potential investors.”¹⁹

The objective was to devise evidence-based employee health and well-being metrics, tested within companies to ensure that the indicators both reflected the science and leveraged existing internal data-collection mechanisms. In other words, the proposals were aimed at augmenting, not replacing, existing corporate reporting practices and standards. They also were aimed at augmenting, not replacing, existing health and well-being management tools (a list of such tools and additional resources can be found in Appendix B). The companies that actively participated in piloting and improving these indicators were Allegacy Federal Credit Union, Discovery Ltd. HealthPartners, Humana, IBM, Johnson & Johnson, Merck, Pfizer, and the United Auto Workers Union.

“The health of a company’s employees is a **vital dimension** of human capital management and disclosure.”

Paul Druckman, Chief Executive Officer, IIRC

Our approach considered data and privacy issues. For companies that are collecting and analyzing health data, we encourage the highest respect of privacy by using aggregate-level data and by reporting changes over time to ensure that the reporting itself does not unintentionally translate into an incentive for companies to hire healthier employees. Furthermore, our list of metrics do not include biometrics.

The result of the Vitality-led work is two lists of metrics: a core of 10 high-level indicators and a more comprehensive list of approximately 40 questions. These two scorecards, explained in greater detail in the next section, are available online in the form of an automated Excel spreadsheet to allow for the calculation of an overall score. To access them, visit www.thevitalityinstitute.org/healthreporting.

Though these scorecards were primarily developed with and for larger multinationals, small and medium enterprises (SMEs) are also encouraged to use them as tools to improve the health and well-being of their employees as well as their overall performance (see Case Study on Allegacy as an example, p. 30).

Larger corporations can also work with companies in their supply chain to encourage and support them to integrate health metrics reporting into their operations.

Whereas many companies are already investing in improving the health and well-being of their employees, a majority are likely focusing on specific areas rather than addressing all the elements reflected in our scorecards. The scorecards are also intended as an aspirational model and a pathway to building a culture of health, and should be used in the most adequate and appropriate way given each company’s specific context.

THE HEALTH METRICS SCORECARDS

The employee health and well-being metrics identified by Vitality broadly fall into three equally weighted categories:

- Governance, based on leadership style, that sets the tone for corporate culture
- Management, reflective of the culture through programs, policies, and practices
- Evidence of success, looking to specific metrics measuring the impact of the aforementioned policies and practices on health risks and outcomes

The Core Scorecard (Table 3) includes 10 high-level questions that reflect the longer comprehensive list of metrics. These are intended as the indicators to be shared with leadership such as the C-Suite and the Board of Directors, and included in the integrated report. They may also serve as conversation starters with potential investors or shareholders interested in the health of employees as a company asset or material risk. Although they are all formulated so the answers Yes/No/Not Applicable can be used, the intent is for qualitative information, often referred to as “the narrative,” to provide a fuller picture of how these questions reflect the health and well-being of employees and, therefore, of the company.

TABLE 3. CORE SCORECARD

GOVERNANCE – LEADERSHIP AND CULTURE	
1	Has your company conducted a confidential survey, audit, or other assessment within the present reporting period that measures the degree to which the workplace culture and environment support health and well-being? Examples: employees are asked to rate the corporate culture in some way; employees are asked if they feel their manager supports them when they take time to go to the gym at lunch
2	Are health, well-being, chronic disease prevention, or health promotion topics mentioned in - the annual report? - Form 10-K? - any other format reported to the board of directors at least once a year?
3	Is there a person responsible for employee health and well-being in your company?
MANAGEMENT – PROGRAMS, POLICIES, AND PRACTICES	
4	Does your company have an annual budget or receive dedicated funding for personalized health promotion and disease prevention programs? Examples: a dedicated budget in the department responsible for the implementation of the health and well-being program (e.g., the human resources department); a central health and well-being budget allocated by senior executives on an annual basis
5	Does your company have a program to address mental well-being, dealing with matters such as depression and stress management?
6	Does your company have an occupational safety and health (OSH) policy?
7	Does your company provide medical benefits for full-time workers, including recommended national preventive services (e.g., the Affordable Care Act in the United States) such as tobacco cessation, screenings, and vaccinations?
8	Does your company maintain a smoke-free workplace?
EVIDENCE OF SUCCESS – HEALTH RISKS AND HEALTH OUTCOMES	
9	Has your company conducted a confidential survey, audit, or other assessment within the present reporting period that measures the health status of employees?
10	What is the per-employee average absenteeism due to sick leave for the reporting period (unplanned leave or sick days)?

COMPREHENSIVE SCORECARD FOR SUSTAINABILITY REPORTING

The Comprehensive Scorecard goes into more detail than the core questions and is expected to feed into the Sustainability Report (Figure 9). The main audience is likely to comprise ESG analysts but will also include other stakeholders, such as public sector health authorities, nonprofit organizations that focus on health, and employees. It selectively builds on existing evidence-based health and well-being program management tools such as the Centers for Disease Control and Prevention (CDC) Worksite Health questionnaire and is not intended to replace them. The detailed Comprehensive Scorecard can be found in Appendix C.

We propose these metrics as a starting point. For companies operating within a particular context or environment, specific metrics adapted to their sector or geography may be necessary additions to the list. For example, South African companies may be remiss not to include a metric around the prevalence of HIV/AIDS, and construction companies may want to call out musculoskeletal disorders.

A complete version of these metrics, including both Core and Comprehensive Scorecards, is available online at www.thevitalityinstitute.org/healthreporting.

FIGURE 9. DETAILED BREAKDOWN OF THE COMPREHENSIVE SCORECARD



“The reporting process supports **better decision making** by all stakeholders, enabling progress on key issues such as health.

Michael Meehan, Chief Executive Officer, GRI

Case Study: Allegacy Federal Credit Union

Headquartered in Winston-Salem, North Carolina, Allegacy Federal Credit Union has become one of the largest credit unions in the state. Allegacy reports being driven by a dedication to doing the right thing for their members' well-being, and its leaders believe that this begins by doing the right thing for the well-being of their employees. This is evidenced by their investment, since 2009, in building a corporate culture of health.

Allegacy's staff has experienced the value produced by building a culture of health, through changes such as increased employee engagement, up 116% since the inception of the program (employee participation is currently at 94%); increased trust; and improved employee health, with a 50% reduction in risk factors per employee since the program was launched. These experiences led them to put a stake in the ground in 2015 by committing to be one of the first SMEs in America to provide transparency around their efforts to invest in the well-being of their employees. The result was the production of a 2015

Corporate Health Metrics Report in partnership with the Vitality Institute (Figure 10). This report was disseminated to Allegacy employees, presented formally to their board of directors, sent to 123,000 credit union members, and made available for download by the broader community via their website.

Allegacy believes that employers own the solution to the rapid decline of health in the United States. "Forty-eight percent of the US working population is employed by small- and medium-sized enterprises," says Garrick Throckmorton, Assistant Vice President of Organization Development, "therefore one piece of the solution is for SMEs to understand the ability they have to solve health issues through the workplace." Allegacy's leaders are committed to Corporate Health Metrics Reporting moving forward and want businesses of all sizes to join their effort, because employees, business, and community all do better as a result.

For more information, visit <http://www.allegacyfcu.org/>

FIGURE 10. SNAPSHOT OF THE ALLEGACY CORPORATE HEALTH METRICS REPORT 2015⁵⁰

2015 Allegacy Corporate Health Metrics Report

Allegacy has reviewed both objective and subjective indicators of our overall culture of health using the critical categories below identified by the Vitality Institute [in the Metrics 1.0 pilot]. These categories were assessed by Allegacy and rated on a 1 to 5 scale for a total possible score between 0 and 55. The Corporate Health Metrics categories and results for Allegacy are as follows:

- Culture of Health
- Leadership
- Corporate capacity & voice of employee
- Health risk measurement
- Health risk interventions
- Health status
- Job satisfaction
- Strategic communications
- Community relations
- Environment

Allegacy's 2014 corporate health metrics score resulted in 49 out of 55 points, indicating a strong culture of health.



08

PRODUCTS
AND SERVICES
AS "OUTPUTS"
LEADING TO
HEALTH
"OUTCOMES"



Whereas employee health and well-being initiatives can reach millions of employees, the core products and services of businesses can have an even greater impact by reaching billions of consumers. Businesses are in a unique position to reduce the harmful impacts of their products and services on consumers and society as well as to create products and services that promote health. This also applies to services, one example being life insurance made into shared-value life insurance. This requires a focus on outcomes and a sector-specific approach.

An analysis of potential health risks and benefits across a company's value chain can reveal the full health impacts throughout its business, including research and development (R&D), manufacturing, sales, product use, and product disposal.³¹ Through their core products and services as well as their value chains, companies collectively reach billions of people, with the potential for significant impact on population health and to create long-term sustainability.

For example, in the Dow Jones Sustainability Index (DJSI) Leaders Ranking 2015, a representative of Sodexo, a global food services giant, states that the "increasingly health-conscious consumer [base] will force companies to innovate their products and services" to meet growing demand. A representative of Roche Pharmaceuticals noted that "payers are increasingly evaluating clinical efficacy, comparative effectiveness, and cost benefits...to determine pricing,"⁵¹ which translates to increasing access to pharmaceuticals for a larger number of people worldwide. Leaders of Unilever – the company itself being a leader in the consumer goods section – realize that the increasingly health-conscious consumer base has transformed from a niche market to a market norm.

In recent years, consumers have become more aware of lifestyle behaviors that impact longevity and quality of life. The demand for healthier products is increasing thanks to new technologies, demographic aging, and urbanization. Capitalizing on this is critical, as consumers play a significant role in large company business choices, and consumer demand affects company decisions.

The retail, food and beverage, and alcohol industries alone have a consumer reach of nearly two-thirds of the global population, which creates enormous potential for change. Minimal modifications in the salt, sugar, and

saturated fat contents of products consumed by billions, reduced levels of alcohol in popular global beer brands, and shifts to reduced-risk tobacco products (RRPs) could lead to health gains at substantially lower costs than many government-led initiatives.

In 2012, Bank of America and Merrill Lynch published a document entitled "Globesity – the global fight against obesity," whose premise is that obesity is a global sustainability megatrend. Against the background of global obesity rates that have doubled over the last 30 years, it is argued that the direct impacts of obesity, as well as the ripple effect on chronic diseases such as diabetes, should be taken into account by investors. Fifty global stocks are identified that are exposed to opportunities and risks inherent in the obesity theme.⁵²

Retail in particular holds power as a gatekeeper and a leader in defining what is consumed. This applies to food, tobacco, alcohol, and sporting goods, among others. It starts with retailers understanding that selling health-enhancing products will benefit their bottom line in the long term. This is as true with regard to young families of consumers as it is in terms of older populations. The Bank of America-Merrill Lynch report citing longevity as a major opportunity for business growth in areas related to health makes this point in no uncertain terms.⁵³

To illustrate this, Table 4 (p. 33) presents some of the highest revenue-earning Fortune 500 companies from a few key sectors alongside their employee population and their consumer reach. This illustrates the impact these companies could have by intervening to make their employee populations healthier and the potential impact that could be achieved if they leveraged their consumer reach to improve population health.

TABLE 4. HOW CORE PRODUCTS AND SERVICES FROM DIFFERENT SECTORS INFLUENCE HEALTH

SECTOR	COMPANY	REVENUE (\$ millions)	EMPLOYEE POPULATION	CONSUMER REACH
Retail	Tesco	101,580	500,000	More than 80 million shopping trips weekly
	Walmart	485,651	2,200,000	260 million customers weekly
Food & Beverage	Nestle	100,116	339,000	Maggi alone is in 1 of 3 households globally
	PepsiCo	66,683	271,000	3 billion consumers
Alcohol*	AB InBev	47,603	154,026	459 million hectoliters in 2014
	Heineken	25,668	76,163	138 million hectoliters of beer sold in 2014
Tobacco*	BAT	42,506	57,000	667 billion cigarettes sold in 2014
	PMI	29,767	82,500	120 million smokers
Motor Vehicles	Volkswagen	268,567	583,423	10.21 million cars sold in 2014
	Toyota	247,703	338,875	10.23 million cars sold in 2014
Social Media	Facebook	1,550	9,199	1.55 billion active users monthly
	LinkedIn	300	6,000	87 million unique visitors in 2014
Pharmaceuticals*	Johnson & Johnson	74,331	126,500	More than 1 billion lives touched daily
	Novartis	59,593	133,413	More than 1 billion people reached in 2014
Electronics/Technology*	Samsung	195,845	498,000	307 million smartphones sold in 2014
	Apple	192,795	115,000	800 million iOS devices sold by mid-2014
Insurance	AXA Advisors	161,173	96,279	103 million clients in 59 countries (AXA Group)
	Allianz	136,846	147,000	86 million clients in 70+ countries
Sports*	Nike	27,000	62,600	900 million units moved annually
	Adidas	19,200	53,731	660 million units produced per year

*Denotes a sector dependent on retail to get their product to consumers.

Some companies are already building on these principles. PepsiCo embedded financial and nonfinancial goals into a common framework, Performance with Purpose. Specific objectives include health and nutrition issues such as reducing salt, sugar, and saturated fats, and increasing the proportion of healthier products based on oats and other grains, fruits, vegetables, and, in some areas, dairy. Health and environmental goals are reported on through the company’s annual Sustainability Report.⁵⁴ Other examples are presented in Table 5 (p. 34); these were all included in the December 2015 issue of the Cornerstone Journal of Sustainable Finance and Banking, which looked at investment opportunities through a health lens.⁵⁵

What many of these corporations have in common is that they address the critical need for a shift in demand for healthier products. This reflects the aim of the Ottawa Charter for Health Promotion, to make the healthier choice the easier choice,⁵⁶ and is a complementary approach to the ongoing work of many corporations in improving the transparency and management of the supply side.

TABLE 5. EXAMPLES OF HOW SOME COMPANIES FROM ACROSS SECTORS ARE EMBRACING SHARED VALUE FOR HEALTH⁵⁵

TITLE OF ARTICLE	COMPANY	SECTOR	SUMMARY
Placement Power: How Tesco Is Helping Curb Customers’ Sweet Tooth	Tesco	Retail	Tesco has removed billions of calories from its products via a reformulation program and has encouraged customers to make healthier choices through promotions, layout changes (e.g., removing confectionery from checkouts), and improved labeling
Rethinking the Challenge of Diabetes	Novo Nordisk	Pharma	Novo Nordisk is the largest private investor in diabetes research. In partnership with a university and five cities, they launched a project called “Cities Changing Diabetes” to explain how urbanization links to diabetes
A Vision for Innovative Health Care Delivery	Abraaj Group	Finance	The Abraaj Group proposes broad-based partnerships between industry, governments, and NGOs, leveraging complementary strengths to deliver cost-effective health care systems. There is a specific focus on low- and middle-income groups, predominantly in sub-Saharan Africa and South Asia
How Life Insurers Can Support Healthy Living	John Hancock	Insurance	The John Hancock Vitality solution rewards people for living healthy lives. Significant premium savings, brand-name rewards, and discounts are awarded for healthy lifestyles, resulting in a profitable solution that has a positive impact on customers
Healthy Heart Africa: A Business Plan for Tackling Non-Communicable Diseases	AstraZeneca	Pharma	AstraZeneca launched the Healthy Heart Africa program in October 2014 to support the governments of Africa in their effort to reduce the burden of heart disease, specifically hypertension. It is not a donation program but a collaboration with other stakeholders that forms part of the company’s business strategy
Health, Happiness, Performance: A Formula for Success	Unilever	Consumer Goods	Unilever enhances health for its own employees and through its product range. The Lamplighter well-being program offers employees a combination of physiological and nutritional support to promote optimal health, well-being, and performance. The Unilever Sustainable Living Plan is a total-value chain approach that takes co-responsibility for everything that is linked to the brand
Doing Right, While Doing Well: The SDG Opportunity	Anheuser-Busch InBev	Alcohol	Anheuser-Busch InBev has committed more than US\$1 billion over the next ten years to achieve new Global Smart Drinking Goals, which aim to reduce the harmful use of alcohol globally, including binge drinking, underage drinking, and drunk driving
A Model for Collaboration	McDonald’s Corporation	Food and Beverage	McDonald’s and the Alliance for a Healthier Generation formed a partnership on a Clinton Global Initiative Commitment to Action to increase families’ access to fruits, vegetables, and low-fat dairy products. Measureable goals include healthy food and beverage options as well as changes in advertising and packaging
Transforming Tobacco	Philip Morris International	Tobacco	Philip Morris International has developed “Reduced Risk Products.” (RRPs). These alternative tobacco and nicotine products have the potential to reduce risks for smokers and are offered to adult smokers
“Wellness”: More than Healthcare Dollars Saved	KKR	Finance	KKR has partnered with the American Heart Association and the University of Pennsylvania to research the factors that are most important to creating value – for employers and employees – when it comes to wellness initiatives
American Voices on Health & Wellness	JUST Capital Foundation	Nonprofit	JUST Capital Foundation surveyed more than 43,000 Americans on the role of the corporation in society. The survey covered what it meant to be just, fair, balanced, and right. Corporations’ role in protecting their employees’ health emerged as a key issue. Examples include health insurance, paid sick days, follow-through on retiree health care, family benefits, and employees not being forced into part-time schedules as well as exercise, health screening, and crisis support programs

Companies that successfully transform and embrace new technologies, opportunities, or challenges do so on a solid base of investments in R&D. Companies with histories based on products and services that were immune for decades to serious pressures to change, including food, alcohol, tobacco, and insurance, have often ignored R&D investments.

An assessment of whether a company can and will change starts with a review of their commitment and recent increased investment in R&D. The primary intent of the research should not be just to meet consumers’ taste preferences (in the case of food) but to improve the health qualities of their products and services. Although details of R&D priorities are rarely provided by companies, investors, asset managers, and consumer groups would benefit from such data because it can help distinguish between companies that talk about the need to transform

and those that are serious about investing in change. A metric that precedes any discussion about specific sectors and industries, therefore, is an investment in R&D and innovation.

More research needs to be conducted on the health impact of a company’s outputs – its products and services – and how to develop appropriate metrics in this area. A few possible metrics in selected industries are displayed in Table 6.

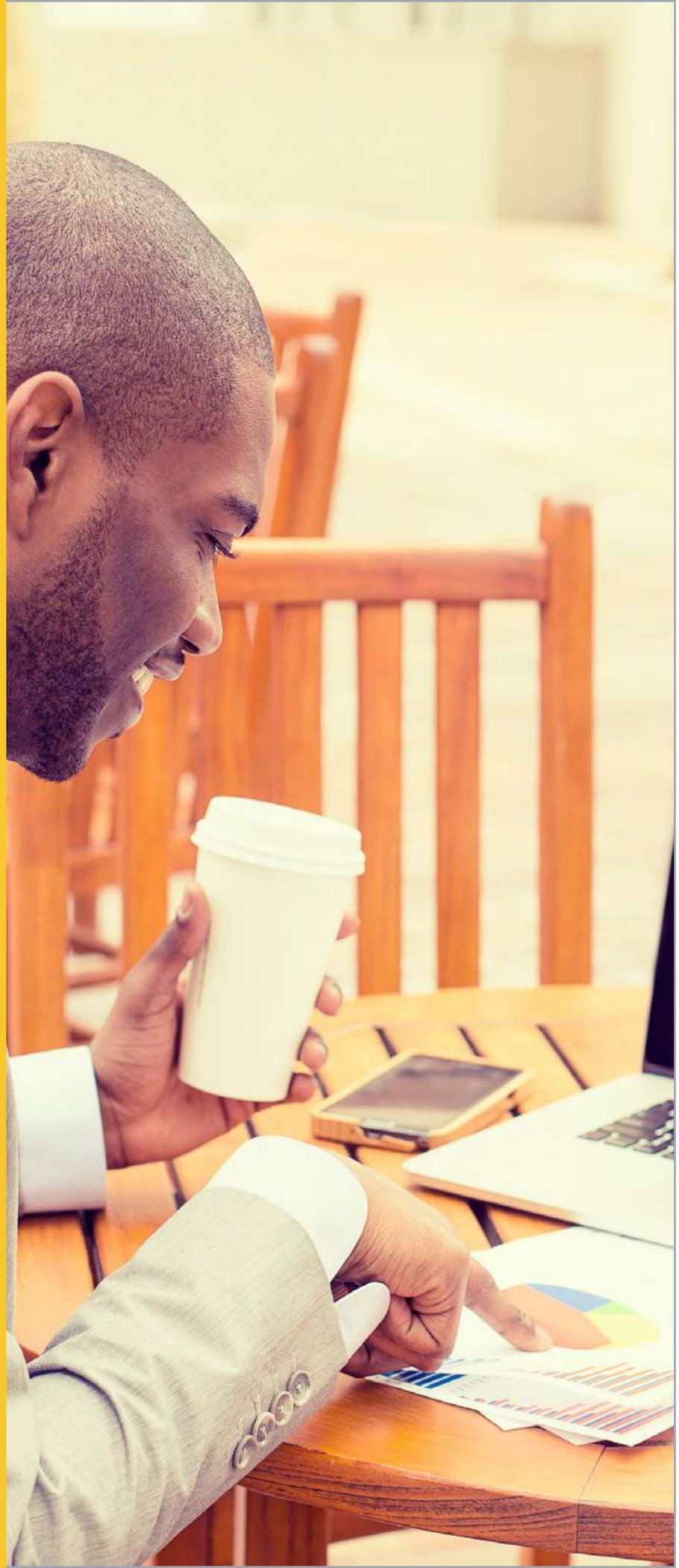
Based on a discussion of the input, output, and outcomes dimensions of health, it is clear that accurate measurement and reporting will be required to demonstrate performance to all stakeholders, including investors.

TABLE 6. POTENTIAL METRICS FOR THE HEALTH IMPACT OF PRODUCTS AND SERVICES

SECTOR	INITIAL IDEAS FOR METRICS
Across ALL sectors	Investment in R&D and innovation
Food & Beverage	<ul style="list-style-type: none"> - Percentage of profits from healthy food - Per capita consumption of healthy versus unhealthy products
Tobacco	<ul style="list-style-type: none"> - Percentage of profits from reduced-risk products (RRPs) - Per capita uptake of RRPs - Decline in traditional categories
Retail	Percentage of profits from and consumption of healthy products as compared to percentage of profits from and consumption of unhealthy products
Pharmaceuticals	Access to and coverage for essential drugs as well as adherence to the medication schedule prescribed to patients
Life and motor vehicle insurance	Impact of insurance products on longevity and on crash/injury rates

09

CONCLUSION: A CALL TO ACTION



There is growing consensus that sound, sustainable, profit-enhancing businesses have a vested interest in acknowledging that they operate in an interconnected world. Good business aligns with a company embracing – and investing in – its strong ties to society. This requires strong corporate governance and a commitment to ethical leadership. Such values will lead to business priorities aligning with triple-bottom-line objectives, generating mission-based investments, and creating shared value for all. Measurement and reporting are the building blocks of the trust required to achieve this end.

Human capital is an important component of business operations, as both an input and an outcome. Health, an important part of human capital, is often reduced to a mere focus on OSH issues; this focus needs to be expanded to include employee health (as an input to good business) and sector-based understanding of products and services (outputs of business) and their health impacts (outcomes).

As there is a growing body of empirical evidence that points to a strong positive correlation between employee health and well-being and financial performance, suggesting that good governance includes a focus on health, there is a need for health metrics to be incorporated into various levels of corporate reporting to facilitate transparency and good governance for health.

Based on these principles, two scorecards have been proposed to fill the existing gaps with regard to employee health and well-being: a core scorecard that could guide the (mostly narrative) reporting included in an integrated report, and a comprehensive scorecard that could guide the expansion of more traditional health and safety reporting practices in the area of sustainability reporting. Further research is needed to develop the metrics related to business outputs and health outcomes.

A productive, ethical, and financially viable future market system requires greater focus on incorporating health into the fabric of corporate enterprises.

Specifically:

- Companies should include health metrics – in terms of both inputs and outcomes – as part of their governance, management, and reporting practices
- Corporate reporting platforms should integrate expanded health metrics into reporting standards
- Investors should understand, request, and exert pressure on companies to include health metrics as part of reporting, rewarding positive actions and penalizing a lack thereof (or negative actions)
- Funding agencies should support research intentionally focused on the relationships and causal pathways by which investing in and reporting on workforce health affect corporate performance
- Researchers should continue to actively study the relationship between health metrics reporting and business success
- Regulators should determine and communicate the balance between mandatory and voluntary reporting of metrics related to health

Change will not happen overnight, so a phased approach may be necessary. Nonetheless, the burden of disease is putting enormous strain on the global economy, and the sooner there can be a more concerted effort by companies to make a positive contribution to health – not only in terms of their employees' health but also in terms of the health impacts of their products and services – the better the chances will be that the tide can be turned and a true culture of health built. In addition, increasing transparency and disclosure will not only help corporate leaders understand and improve their own practices but will also help all stakeholders make a more effective contribution. It is clear that a great deal will depend on early pioneers taking the lead without government intervention.

10

APPENDICES



APPENDIX A: REPORTING PLATFORMS

The standard-setting environment has become increasingly cluttered. In terms of reporting standards, some of the most important and recognized initiatives by companies and the finance community are the IIRC, the GRI, and the UN Global Compact. In the United States, SASB and the requirement for a 10-K report are also relevant. A selection of relevant bodies is presented alphabetically in this section.

Dow Jones Sustainability Indices

The DJSI was launched in 1999 as the first global sustainability benchmark. The DJSI family is offered cooperatively by RobecoSAM and S&P Dow Jones Indices. It tracks the stock performance of the world's leading companies in terms of economic, environmental, and social criteria. The indices serve as benchmarks for investors who integrate sustainability considerations into their portfolios; they provide an effective engagement platform for companies to use in adopting sustainable best practices.

Only the top-ranked companies in terms of corporate sustainability within each industry are selected for inclusion in the DJSI family. No industries are excluded from this process. The DJSI family comprises global, regional, and national benchmarks. S&P Dow Jones Indices and RobecoSAM can create customized versions of the indices to meet investors' specific requirements for their unique investment objectives, including industry and country exclusions.

Dow Jones Sustainability Indices:
<http://www.sustainability-indices.com>

FTSE4Good Index Series

The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong ESG practices in the United Kingdom. Transparent management and clearly defined ESG criteria make FTSE4Good indices suitable tools to be used by a wide variety of market participants when creating or assessing responsible investment products.

FTSE4Good Index Series:
<http://www.ftse.com/products/indices/FTSE4Good>

The Global Reporting Initiative

The GRI is currently the world's most widely used standard for sustainability reporting. Its mission is to develop and disseminate globally applicable sustainability reporting guidelines for voluntary use by organizations reporting on the economic, environmental, and social dimensions of their activities, products, and services. The GRI embraces the principles of transparency, inclusiveness, auditability, completeness, relevance, sustainability context, accuracy, neutrality, comparability, clarity, and timeliness. In May 2013 the GRI published its G4 Reporting Guidelines, describing their aim as "to help reporters prepare sustainability reports that matter – and to make robust and purposeful sustainability reporting standard practice."⁵⁷

Global Reporting Initiative:
www.globalreporting.org

International Integrated Reporting Council

The IIRC's mission is to establish integrated reporting and thinking within mainstream business practice as the norm in the public and private sectors. Its strategy is to align capital allocation and corporate behavior to wider goals of financial stability and sustainable development through the cycle of integrated reporting and thinking. An integrated report is defined as "a concise communication about how an organization's strategy, governance, performance, and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term."⁶ The integrated report should not be confused with integrated reporting, which is defined as "a process founded on integrated thinking that results in a periodic integrated report by an organization about value creation over time and related communications regarding aspects of value creation."⁶ In this regard, the IIRC applies the Six Capitals Model which was discussed earlier and presented in Figure 2. The IIRC provides a framework for integrated reporting but not specific metrics.

International Integrated Reporting Council:
www.theiirc.org

United Nations Global Compact

The UN Global Compact is the world's largest voluntary corporate citizenship initiative and describes itself as "a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption."²¹ It aims to create a sustainable and inclusive global economy by focusing on environmental risks, employees, the value chain, and good governance. These topics are reflected in 10 principles derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention against Corruption.

It is a requirement for signatories to submit an annual Communication on Progress. This requirement is aligned with other reporting standards, specifically with the GRI reporting framework.

United Nations Global Compact:
www.unglobalcompact.org

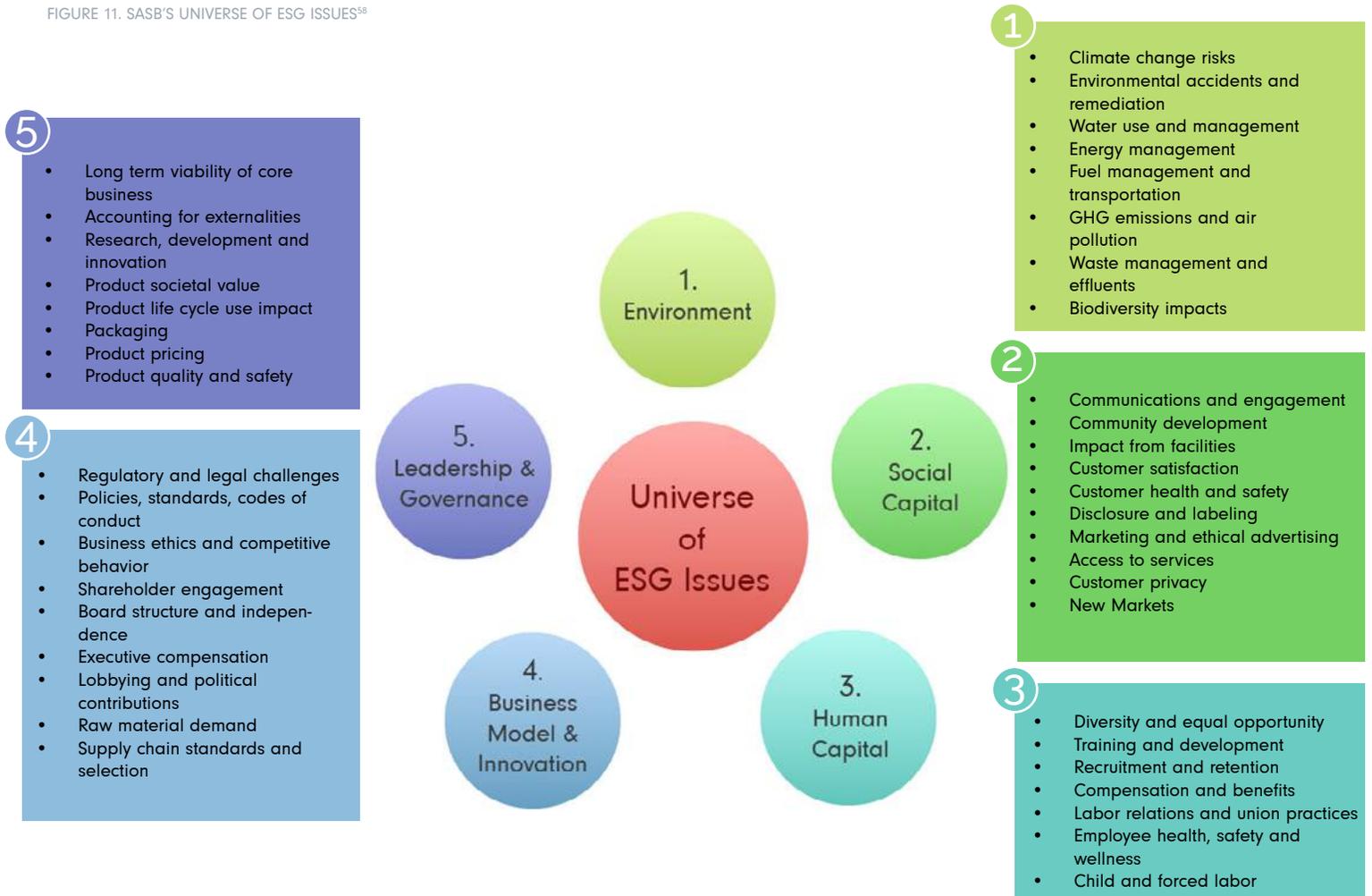
US-specific standards and requirements Sustainability Accounting Standards Board

SASB is an independent nonprofit organization whose mission is to develop and disseminate sustainability accounting standards that help public corporations disclose material, decision-useful information to investors. That is accomplished through a rigorous process that includes evidence-based research and broad, balanced stakeholder participation. SASB uses an industry-specific approach and is currently focused primarily on the US market.

The universe of ESG issues, as defined by SASB, is presented in Figure 11.

Sustainability Accounting Standards Board: www.sasb.org

FIGURE 11. SASB'S UNIVERSE OF ESG ISSUES⁵⁸



The 10-K report

In the United States, every listed company is legally required to file a Form 10-K. As explained on the website of the Securities and Exchange Commission (SEC), this is separate from the company's annual report:

The annual report on Form 10-K provides a comprehensive overview of the company's business and financial condition and includes audited financial statements. Although similarly named, the annual report on Form 10-K is distinct from the "annual report to shareholders," which a company must send to its shareholders when it holds an annual meeting to elect directors.⁵⁹

Item 1A on the 10-K report requires companies to disclose the most significant risks that apply to them. For example, various risks were identified at Google and published in their 10-K report. Whereas some of these risks are fairly broad ("Our business and operations are experiencing rapid growth. If we fail to effectively manage our growth, our business and operating results could be harmed"), others are very specific ("If we were to lose the services of Eric, Larry, Sergey, or other members of our senior management team, we may not be able to execute our business strategy").⁶⁰

APPENDIX B: ADDITIONAL RESOURCES FOR COMPANIES

Resources companies can refer to for health and well-being data-collection purposes

General

- Centers for Disease Control and Prevention Worksite Health Scorecard: <http://www.cdc.gov/healthscorecard/index.html>
- Leading By Example: <http://www.prevent.org/initiatives/leading-by-example.aspx>
- WELCOA Surveys & Samples: <https://www.welcoa.org/resource-category/tools-and-surveys/>
- Baldrige Self-Assessment Tool: http://www.nist.gov/baldrige/publications/hc_criteria.cfm
- American Heart Association, Simple 7: <http://mylifecheck.heart.org/Multitab.aspx?NavID=3>
- HealthLead – US Healthiest Workplace Accreditation Program: <http://www.ushealthlead.org/>
- Gallup-Healthways Well-being Index: <http://www.well-beingindex.com/>
- Institute of Medicine Report, “Vital Signs: Core Metrics for Health and Health Care Progress” (2015): <http://www.nap.edu/catalog/19402/vital-signs-core-metrics-for-health-and-health-care-progress>
- Harvard University/Johnson & Johnson-developed “Health And Performance Index” (HAPI) <http://www.chgeharvard.org/topic/shines-commitment-well-being-sustainability>

Specific to health literacy and equity

- Definition of CLAS standards: <https://www.thinkculturalhealth.hhs.gov/content/clas.asp>

National Business Group on Health (NBGH):

- http://www.businessgrouphhealth.org/resources/topics/health_disparities.cfm
- <http://www.businessgrouphhealth.org/resources/topics/publications.cfm?tid=13>
- <http://www.iom.edu/Activities/PublicHealth/HealthLiteracy.aspx>

America’s Health Insurance Plan (AHIP):

- <https://www.ahip.org/Issues/Health-Care-Equity.aspx>
- <http://www.ahip.org/disparities/QIModules/>
- <https://www.ahip.org/Measuring-Quality-Improvements/>
- <http://www.ahipcoverage.com/2013/02/14/health-plans-take-lead-on-reducing-racial-ethnic-disparities-in-access-to-quality-care/>

Centers for Disease Control and Prevention (CDC), as featured on health.gov

- <http://www.health.gov/communication/literacy/quickguide/factsbasic.htm>
- <http://www.cdc.gov/healthliteracy/>
- <http://www.health.gov/communication/literacy/>

National Institutes of Health (NIH):

- <http://www.nih.gov/clearcommunication/healthliteracy.htm>
- <http://www.nih.gov/clearcommunication/culturalcompetency.htm>

APPENDIX C: COMPREHENSIVE HEALTH METRICS SCORECARD

Governance (33%)	Leadership (40%)	Do your company's mission statement or business objectives include references to improving or maintaining employee health other than occupational safety and health?
		Does your company support workforce health and well-being at all levels of leadership? (i.e., executive, middle-management, and front-line leaders are all up to date, are informed, and actively support health and well-being at the workplace)?
		Are health, well-being, prevention, or wellness topics mentioned in the annual report, mentioned in Form 10-K, or reported to the board of directors in any other way at least once a year?
		Is there a person responsible for employee health and well-being in your company?
		Does the company have a health and well-being "champion" network or committee?
	"Corporate Climate" or "Corporate Support for Health" (40%)	Has your company conducted a confidential survey, audit, or other assessment that measures how well-supported employees feel at work in their efforts to be/stay healthy and well?
		If yes, was the survey completed by a representative sample of the employees, i.e., did more than 50% of employees complete the survey or was the sample that completed the survey a sufficiently large, randomly selected group of employees to allow for conclusions to be made about the whole group?
		If yes, what percentage of the respondents provided top results in terms of their perceptions of support for their health and well-being (top results are indicated by 4-5 on a 5-point scale, 7-10 on a 10-point scale, or "very good" or "excellent")?
		Does your company have a process in place to assess issues and care gaps relative to health literacy, health disparities, Culturally and Linguistically Appropriate Services (CLAS) standards, and cultural competence, including work with health benefits vendors to determine how best to address such issues and topics? (For a definition of CLAS standards, see https://www.thinkculturalhealth.hhs.gov/content/clas.asp)
Community Relations (20%)	Does your board of directors regularly discuss the shared value (i.e., the resulting benefits that accrue to both the community and the company) created by actively engaging in community health with other community stakeholders?	
	Does your company partner with community, government, and/or other stakeholders to improve community health?	
	Does your company engage in strategic philanthropy programs, e.g., through a corporate foundation?	
	Does your company extend its corporate health strategy to spouses, dependents, and family networks?	
	Does your company fund local health promotion activities, provide in-kind services for health initiatives, or otherwise play an active role in supporting local community health efforts?	
Management (33%)	Corporate Capacity and Voice of the Employee (30%)	Does your company have an annual budget or receive dedicated funds for health and well-being initiatives?
		Does your company have an active health promotion/wellness committee that is chaired by a senior leader?
		Are organized labor/unions represented on committees that provide input and guidance into the health and well-being program?

Management (33%)		Does your company proactively ask employees about their interests in health and well-being services and resources?
		How many full-time employees have health and well-being as their primary responsibility, and what is the total number of employees at your company?
	Strategic Communications (30%)	Does your company have a branded, planned, strategic approach to promoting and marketing health and well-being programs that is communicated in a regular, frequent, and consistent manner to all employees?
		Does your company tailor some health and well-being programs, educational materials, and communications to the languages, literacy levels, cultural backgrounds, ages, readiness to change, and other demographics of various segments of the workforce?
		Does your company highlight examples of employees role modeling appropriate health behaviors or employee health-related “success stories” in the marketing and communication materials for the health and well-being program?
		Does your company evaluate the impact of the communications plan?
	Health Programs, Policies, Practices, and Population Health (30%)	Does your company analyze population demographics, cultural or language preferences, or other relevant profiles (e.g., age, gender, disability, health care costs, medical care management needs) to segment the population into subpopulations to apply targeted health improvement tactics, resources, and services?
		Does your company have programs, policies, or practices in the following areas? (Asterisks denote mandatory areas that need to be completed to calculate a score in the version of this scorecard that is available online at www.thevitalityinstitute.org/healthreporting)
		<ul style="list-style-type: none"> • Occupational safety and health* • Provision of medical benefits for full-time workers, including recommended national preventive services such as screenings guidelines, vaccinations, etc. (e.g., as per the Affordable Care Act in the United States)* • Smoke-free workplace* • Incentives (including financial) for healthy lifestyle program participation • Physical activity/exercise • Nutrition/diet/healthful eating habits (e.g., access to healthy foods at the workplace) • Reducing alcohol consumption • Tobacco cessation • Mental well-being (e.g., stress management, resiliency programs, depression) • Employee Assistance Program (EAP) access for counseling and intervention for those already at high risk (e.g., stress, depression) • Sleep management • Health coaching • Family-friendly policies, e.g., flexible work schedules or working remotely • Access to healthy office design components based on special needs, e.g., sit-stand desks in case of back pain • Making workplace health and well-being programs available for family members and other dependents
	Physical Environment (10%)	Does your company meet regulatory requirements for worker occupational safety and health?
		Does your company have an active management plan in place to monitor and evaluate any safety hazards or reports of workplace injury?
		Does your company provide opportunities for employees to be supported in or engage in physical activity, e.g., regular chances to stand up and stretch, walking routes on campus or immediate environment, bicycle racks/storage, locker/shower facilities, staircases that are clean/well-lit/properly maintained/easy to access?

		Does your company provide communal spaces where employees can eat, relax, interact with coworkers, or hold private conversations?
		Does your company provide opportunities for healthy eating, e.g., corporate cafeteria services, access to refrigerator and safe food storage for employees, healthy food options in vending machines?
Evidence of Success (33%)	Assessment of Health Risks (34%)	Has your company conducted an assessment of the health and well-being of its employees, such as a health risk assessment (HRA) survey or biometrics screening?
		Does your company offer incentives (financial or other) for employees to complete the health risk assessment survey or biometric screening?
		If the answer to the HRA question is "yes," please... indicate which of the following is included in the health assessment:
		<ul style="list-style-type: none"> • Physical activity/exercise • Nutrition/diet/healthy eating habits • Alcohol consumption • Body mass index (height and weight) or waist circumference • Biometric screening, e.g., blood pressure, blood glucose, blood lipids • Mental well-being, e.g., depression, resilience, stress • Tobacco use • Sleep • Medication adherence
	Health Status (33%)	Has your company conducted an assessment of the self-reported general health status of its employees using a confidential survey or assessment tool?
		If yes, was the survey completed by a representative sample of the employees? That is, did more than 50% of employees complete the survey or was the sample that completed the survey a sufficiently large, randomly selected group to allow for conclusions to be made about the whole group?
		If yes, what percentage of the respondents provided top results in terms of their own health status (top results are indicated by 4-5 on a 5-point scale, 7-10 on a 10-point scale, or "very good" or "excellent")?
	Job Satisfaction and Turnover (33%)	Has your company conducted a confidential survey within the reporting period that measures the job satisfaction of employees?
		If yes, was the survey completed by a representative sample of the employees? That is, did more than 50% of employees complete the survey or was the sample that completed the survey a sufficiently large, randomly selected group to allow for conclusions to be made about the whole group?
		If yes, what percentage of the respondents provided top results in terms of their job satisfaction (top results are indicated by 4-5 on a 5-point scale, 7-10 on a 10-point scale, or "very good" or "excellent")?
What was the voluntary staff turnover for the reporting period and what is the industry average for voluntary turnover?		
What is the average per-employee absenteeism due to sick leave (unplanned leave or sick days) for the reporting period?		

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