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Harvard study identifies human capital metrics measured by global companies

CAMBRIDGE, Massachusetts — Human capital metrics, including occupational safety and health data, frequently are collected by a majority of global companies, yet many of these firms are not publicly reporting the information, according to a study released today by the Harvard Law School Labor and Worklife Program in conjunction with the [Center for Safety and Health Sustainability](#) (CSHS). [Corporate Disclosure of Human Capital Metrics](#) is authored by Aaron Bernstein and Larry Beeferman of the Harvard Law School [Pensions and Capital Stewardship Project](#).

Human capital metrics are of increasing interest to global investors who understand that a sustainable workforce is critical to a company's success, including its bottom line. The study's conclusion draws on data from a 2016 survey conducted by RobecoSAM of nearly 2,000 of the largest companies traded on global exchanges. Survey respondents were far more likely to report human capital metrics than non-respondents, whose data was gathered solely from public reports, suggesting that many respondents collect metrics but don't disclose them.

[The study](#) shows that 96 percent of survey respondents disclosed metrics on employee fatalities while only 17 percent of publicly assessed companies did so. Also, the study indicates that companies typically respond to disclosure requests by citing burdens that would be imposed to collect the data, when in fact a critical mass of global companies already carry out such tasks. The research was funded by the American Society of Safety Engineers (ASSE) and the ASSE Foundation. "Our findings establish a firm basis on which investors can request a comprehensive disclosure of employee safety and health metrics and other human capital data," Beeferman said.

The study discovered that firms in Europe – and Great Britain in particular – generally report human capital metrics far more frequently than companies in the Asia-Pacific region, and those in the United States often lag far behind. Also, larger firms typically disclose information more often than smaller ones.

Occupational safety and health is a foundational element of human capital. Corporate disclosure of human capital metrics has been shown through a large body of empirical work to be associated with better corporate performance and risk mitigation. Effective human capital management is essential to long-term value creation and critical to evaluating a company's future performance, therefore making it important to investors.

"Organizations that disclose occupational safety and health data as part of their reporting practices can effectively benchmark against each other and gain feedback on improving human capital management," said Kathy A. Seabrook, CSHS chair. "New levels of collaboration are needed to greatly reduce workplace injuries and illnesses."

The research was discussed today at a workshop at Harvard Law School that included experts in occupational safety, investor groups, standards-setting bodies and government agencies. The debates focused on the challenges and opportunities in advancing human capital as a key subject to investors. Topics included the policies that matter most to business and society, connections between human capital issues and organizational performance, measurement of human capital achievement, and actions to spur the disclosure of human capital information.

Participants also discussed a petition asking the U.S. Securities and Exchange Commission to require human capital reporting by U.S. companies that was filed in July by an investor group called the Human Capital Management Coalition, several of whose members attended the workshop.

CSHS is committed to advancing the safety and health sustainability of the workplace, with a focus on [human capital initiatives](#). Its member organizations represent over 100,000 safety and health professionals worldwide. Harvard's Pensions and Capital Stewardship Project educates workers, scholars, researchers and practitioners on issues of retirement security, including pension fund governance, management, investment, and related matters.