



## Human Governance

### NEWSLETTER: July 2016

#### Human Governance S&P500 research commences

The Maturity Institute's (MI) joint research programme with OMS LLP and Pensions and Capital Stewardship Project at Harvard Law School has commenced with an initial pilot using OMS LLP's OM30+ methodology to assess human governance at a small number of leading S&P500 constituents. This is the first step in a planned research programme which will analyse and provide empirical evidence about the link between higher rated firms, in terms of effective human governance, and material value and risk outcomes. It will also consider materiality of some of the critical drivers of effective human governance such as the nature and clarity of company purpose and the use of knowledge to create innovation and foster business improvement.

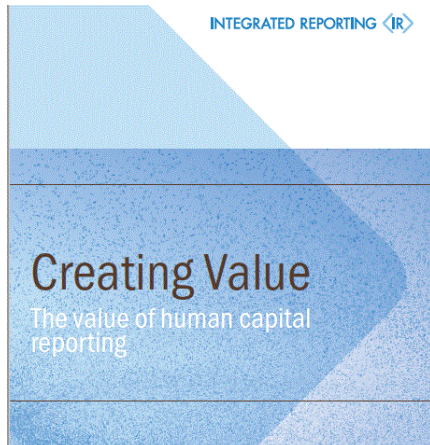
The programme team are currently in discussion with a number of potential funders. If you would like to sponsor this groundbreaking work, participate in the programme, and receive exclusive access to the [OMINDEX](#), please contact [stuart.woollard@omservices.org](mailto:stuart.woollard@omservices.org)



#### University of Bordeaux recognises human governance work and agrees OMINDEX research collaboration

MI's David Collings and Stuart Woollard were delighted to be recognized by the University of Bordeaux at their recent two-day conference on Human Capital, bringing together academics, practitioners and key stakeholders to present and discuss the latest research and developments in the rapidly emerging field of human governance and human capital management. David and Stuart were awarded the best overall submission for their paper: "Towards an understanding of the value of Human Governance" and are pictured here with the University of Bordeaux's Stéphane Trébucq and Anne Goujon Belghit.

MI, Harvard and OMS LLP have also agreed to collaborate with the University of Bordeaux to expand OMINDEX to cover French companies within the SBF120 and conduct research and materiality analysis on all companies covered within the global index.



## **IIRC acknowledge Human Governance**

The International Integrated Reporting Council responsible for developing a global <IR> framework has recognised MI approved, OMS LLP's, work in its latest report on ['The value of human capital reporting'](#) stating: "Much human capital reporting currently focuses on inputs and activities, rather than on the outputs and outcomes. It is rare for companies to explicitly demonstrate how their human capital is contributing to value creation. However, some

experimentation with reporting on outputs and outcomes is taking place.

For example, the OMS Human Capital Reporting Template© identifies "the critical questions that need answering" to reveal "underlying value and risk". The template "follows the principles of whole system thinking; recognizing that all organizational systems are inextricably bound up with human systems, which directly and indirectly influence performance, total value creation and operational risk". The methodology encompasses talent attraction, acquisition, development, performance management and retention and how that integrates with the other financial and management systems. OMS stresses that all human capital data and information must be 'material' in showing "a direct, causal connection to value creation (or loss) and decreased (or increased) organizational risk."

## **Human Governance: overcoming the corporate reporting "impasse"**

MI recently launched its Human Governance Reporting standard (HGR16), which is designed to aid better company reporting and, perhaps more importantly, to open up dialogue with Boards and C-suites on key human governance issues. After initial publication, MI has received an unprecedented response from companies interested in understanding the requirements of the standard's guidance on reporting.

MI has now launched its next phase of HGR16, which is to gather formal support and to encourage utilisation of the standard within the investment community – primarily to help facilitate more effective company engagement. For UN PRI signatories this can be done through the collaboration platform on the [PRI website](#): for others interested in using or supporting this programme, please contact [paul.kearns@omservices.org](mailto:paul.kearns@omservices.org)

## Mission-led Business



MI formally responded to the UK Government's Mission-Led Business Review. MI is pleased to support this initiative and hopes that it will act as a catalyst for spurring the growth of organisations committed to a purpose of societal value creation. [MI's response can be viewed here.](#)

## Human Governance Steering Group

In June, MI brought together various stakeholders (from the investment community, C-suite, accounting & legal professions, professional services, and academia) in a collaboration to help develop and progress an agenda for effective Human Governance. The Chair of the HGSG is MI Council member Stuart Woollard. Its objectives include:

- Building a respected 'lobby group' for driving maximum societal and corporate value through effective Human Governance
- Identifying and highlighting effective HG practice – through investment analysis & corporate exemplars
- Establishing HG as a critical component of corporate reporting: getting beyond simplistic proxy metrics to meaningful whole system insights
- Developing an HG curriculum for board and C-suite members through partners in business schools and academia
- Developing professional HG expertise within investment, corporate and other stakeholder groups

If you are interested in participating or finding out more please email [stuart.woollard@omservices.org](mailto:stuart.woollard@omservices.org) You can watch the video of the inaugural meeting of the HGSG and read the summary meeting notes [here.](#)