


# My Take: Our People Are Our True Assets

**Community**



As the world continues to adjust to COVID-19’s lingering presence, we have dealt with so much, both at work and at home. This has led to a renewed focus on the well-being of employees. As leaders, we value the contributions of our team members, and want to ensure that they are heard, supported, safe, and afforded opportunities to succeed.

The people who make up our organizations have shown flexibility, dedication, and resolve — adjusting to an environment that is in constant flux. For many of us, our homes are no longer just the place our families gather and shelter. Our homes are also our offices, schoolrooms, and places for quarantine. Others, due to travel restrictions, have been separated from family, friends, and colleagues for more than a year. Although some of us have been able to glimpse a bit of “normal” activity as of late, new strands of the coronavirus are once again forcing many to re-evaluate their plans. The resilience that teams have shown throughout the global pandemic is something to be recognized and celebrated.

While we have been dealing with the impact of COVID-19, we have also heard and responded to outcries against racial intolerance and examined our own commitment to diversity, equity, inclusion, and justice.

Given these threats to public health and personal dignity, there are many questions we must ask ourselves. How are we, during these challenging, changing times, maintaining focus on our employees, and their physical and emotional well-being? How are we integrating support for the individuals we need and rely on to make and deliver our products, provide our services, tally the numbers, and sort out disputes? How do we measure and demonstrate our commitment to employee safety and development? To a diverse and inclusive workforce?

Companies are increasingly being held accountable for the answers to these questions. The Environmental, Social, and Governance (ESG) movement is providing companies with tools and analytical frameworks to take account, and be accountable for, the answers.

> While we have been dealing with the impact of COVID-19, we have also heard and responded to outcries against racial intolerance and examined our own commitment to diversity, equity, inclusion, and justice.

I recently published an article in *Ethisphere Magazine* exploring how to spotlight your organization's commitment to ESG, as well as to your employees, using Human Capital Reporting. The article refers to the Securities and Exchange Commission's (SEC) reporting requirement, announced in August 2020, which now requires public companies to include Human Capital Reporting (HCR) in their annual reports (SEC Form 10-K). I won't go into specifics here (you can also read more on HCR disclosures in this paper by the Harvard Law School Forum on Corporate Governance), but the HCR requirement is an excellent way for organizations to demonstrate their commitment to employees, including training, DEI, and safety, just to name a few.

Human Capital reporting offers a tangible way to effectively paint a picture of your organization's practices. Since the reporting requirement is not prescriptive, but principles-based, each company has the opportunity to develop its own approach.

At II-VI, the first thing we did to prepare for HCR compliance was to assemble a cross-functional team to discuss how to approach this requirement, telling a story that not only reflected company culture, but also showcased our commitment to our people. For example, our report includes summaries of our mission, vision, and values, as well as this statement, "Our people are essential to fulfilling our mission and working toward our vision. As a result, our human capital strategies are core to the long-term success of the Company." II-VI's report also includes metrics on our safety record, our diversity numbers, and employee engagement survey results.

I believe that HCR will continue to be an area of focus for the SEC, because how a company manages one of its most important intangible assets is important to investors. Beyond that, it is important for other stakeholders, including employees. If you are approaching HCR for the first time, I encourage you to be proactive and start early to pull together information — and the people — you will need to produce a meaningful and defensible report. If you have already been through the drill once, as II-VI now has, it will be interesting to keep tabs on how and what other companies are reporting.

Of course, there are other ways we can demonstrate our commitment to employees and to ESG issues, such as doing a monthly update to staff highlighting your ESG activities and successes. What are some of the ways you demonstrate your commitment to ESG, and your promise to do good? What activities are you involved in? What is your company doing to showcase employee value?

I would love to hear your thoughts. Please email me to get the conversation started!

Jo Anne Schwendinger



Chief Legal & Compliance Officer & Secretary

II-VI Incorporated

Jo Anne Schwendinger is the chief legal, compliance officer, and secretary of II-VI Incorporated. She serves as the chair of the ACC Global Board of Directors.