



CFO LEADERSHIP
NETWORK

AN IMPLEMENTATION OF THE A4S ESSENTIAL GUIDE TO SOCIAL AND HUMAN CAPITAL ACCOUNTING **WORKED EXAMPLE**

THE CO-OPERATORS GROUP



THE PRINCE OF WALES'S
CHARITABLE FUND



CPA CHARTERED
PROFESSIONAL
ACCOUNTANTS
CANADA

THE CANADIAN CHAPTER OF THE A4S CFO LEADERSHIP NETWORK CFO MEMBERS

The **Prince's Accounting for Sustainability Project (A4S)** was established by HRH The Prince of Wales in 2004 to convene senior leaders in the finance, accounting and investor communities to catalyse a fundamental shift towards resilient business models and a sustainable economy.

In March 2017, the Canadian Chapter of the A4S Chief Financial Officer Leadership Network was launched in partnership with CPA Canada. The A4S CFO Leadership Network is a global network that brings together a group of leading CFOs from large businesses seeking to embed the management of environmental and social issues into business processes and strategy, and is currently the only Network of its kind.

For its first project, the Canadian Chapter members implemented learnings from the A4S Essential Guide to Social and Human Capital Accounting, which was published in May 2017 and is available on the A4S website.

Brian Lawson (co-chair), Managing Partner and Chief Financial Officer, Brookfield Asset Management

Benita Warmbold (co-chair), Former CFO, Canadian Pension Plan Investment Board

Lawrence Davis, Senior Vice President, Finance, BCI

Doug French, Executive Vice President and Chief Financial Officer, Telus

Karen Higgins, Executive Vice President, Finance and Chief Financial Officer, The Co-operators Group

Patrice Impey, Chief Financial Officer and General Manager of Finance, Risk, and Supply Chain Management, City of Vancouver

David McGraw, Chief Financial Officer, Ontario Teachers' Pension Plan

Maarika Paul, Chief Financial Officer, Caisse de depot du placement Quebec

Jocelyn Perry, Executive Vice President and Chief Financial Officer, Fortis Inc.

Robert Siddall, Former Chief Financial Officer, Metrolinx

Jonathan Simmons, Chief Financial Officer, OMERS

Pamela Steer, Chief Financial Officer, Workplace Safety and Insurance Board (WSIB)

Philip Witherington, Chief Financial Officer, Manulife



THE CO-OPERATORS GROUP

I am delighted for The Co-operators Group to have participated in the first Canadian Chapter project under the A4S CFO Leadership Network.

At Co-operators, we have undertaken a mental health initiative to equip our people with the knowledge and tools to manage mental health. We recognize mental health is a key component to maintaining overall health. As finance professionals, we know that we need to measure outputs and outcomes in order to improve the management of our business. Mental health is no different.

This worked example provides a detailed approach and practical steps for finance teams to take to encourage a mentally healthy workforce. It is my belief that any organization can use this worked example to implement a mental health initiative themselves.

As CFO, I understand that our organization is most effective when our workforce is healthy — both physically and mentally.

Karen Higgins, Chief Financial Officer, The Co-operators Group



*“We recognize
mental health is
a key component to
maintaining
overall health.”*

Karen Higgins, CFO,
The Co-operators Group

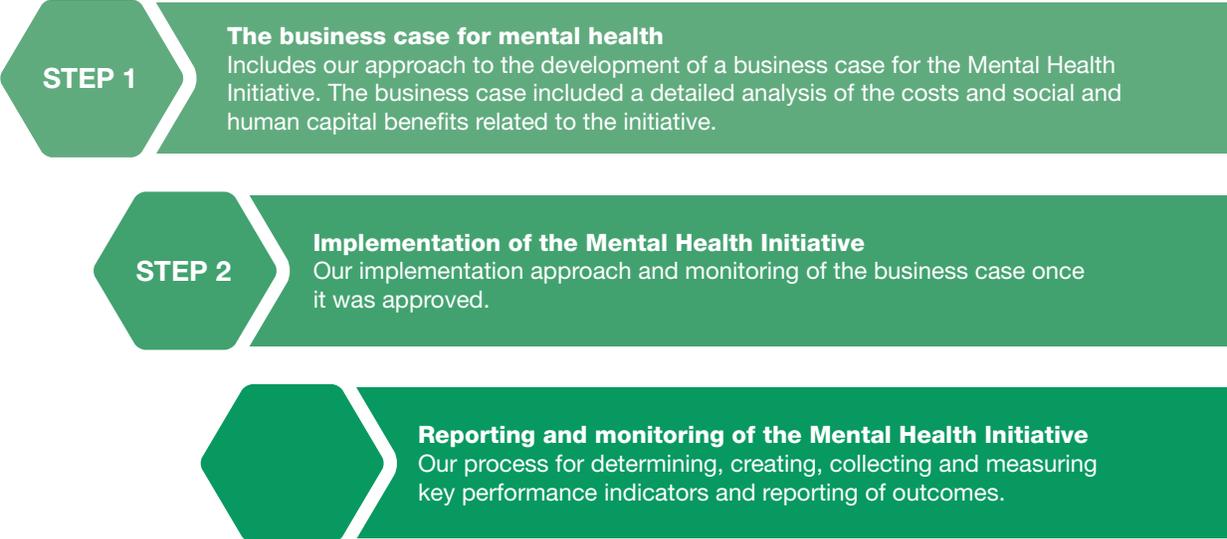
EXECUTIVE SUMMARY

The Co-operators Group Limited is a leading Canadian, diversified, integrated, multi-line insurance and financial services cooperative with more than \$48 billion in assets under administration.

At The Co-operators, we recognize sustainability can have a significant impact on our business and we continually try to integrate sustainable practices throughout our organization. Our Mental Health Initiative is an excellent example of the success we have had.

Launched in 2016, the vision of the Mental Health Initiative is to make the workplace a pathway to positive mental health. Through collaborative internal, client and external work streams, we have employed best practices, formed effective partnerships and developed innovative products and services to promote a workplace that supports mental health and helps people lead productive lives.

To decide whether to invest in a mental health initiative, a cost benefit analysis, which included an assessment of social and human capital benefits, was performed to make the business case to the Executive Management Team.



From a value creation perspective, the intent of the Mental Health Initiative is to add value over the long term in the following key areas:

- Providing value added mental health benefits to our clients, with a specific focus on our Group Benefits line of business (social and financial capital)
- Improving staff wellness and engagement and creating social value for both our staff and our communities (social and human capital)
- Reducing costs and claims related to mental health (financial capital)

The following worked example outlines the journey of our initiative so far, including hurdles we have faced and our trigger for action. It illustrates our initial business case for the initiative within our own organization, how we approached implementing it, and the collection and measurement of metrics and reporting of results. By highlighting some of our learnings and challenges, we hope that our clients as well as other finance and business professionals will be able to implement successfully similar social and human capital initiatives in their own organizations.

BENEFITS



Strengthening license to operate

- Seen as a catalyst for supporting a healthy workplace and healthy communities



Enhancing social capital

- Improved staff wellbeing



Proactively managing and addressing emerging risks

- Initiative provides better metrics for the business
- Initiative provides leading indicator metrics for HR



Addressing the cost of mental illness

- Actual cost to deliver programs to staff and to clients
- Productivity of staff



Enhancing and maintaining reputation

- Improved dialogue with staff, clients and communities
- Supports staff attraction and retention



Identifying and exploring new markets and emerging opportunities

- Program delivery learnings for other products / new products

BACKGROUND AND CONTEXT

ORGANIZATIONAL BACKGROUND

The Co-operators Group Limited is a leading Canadian, diversified, integrated, multi line insurance and financial services cooperative with more than \$48 billion in assets under administration. We operate in three core areas: property and casualty insurance, life insurance and institutional investments. We are supported by 4,992 employees and a dedicated financial advisor network with 2,753 licensed insurance representatives throughout Canada. We also serve approximately 300 credit unions with more than 5.5 million members. Our member organizations include cooperative organizations, credit union centrals and representative farm organizations.¹

In general, our cooperative identity is based on values of self help, self responsibility, democracy, equality, equity and solidarity. Cooperative members tend to believe in the ethical values of honesty, openness, social responsibility and caring for others. This identity is tied to our vision to be a catalyst for a sustainable society, which is reflected in all aspects of our operations including our community investment programs, which support people in need and help build community resiliency. We support and fund the development of community oriented cooperatives and social enterprises, and we work hard to contribute to communities across Canada.

The Co-operators has always had a health and wellness focus. We recognized mental health is an area in which we could lead and advocate and felt we could use our health and wellness expertise to make a difference.

SUSTAINABILITY AT THE CO-OPERATORS:

To us, sustainability is a future state where individuals, communities and the economy thrive within the cycles of nature and a healthy society.

- The Mental Health Initiative's vision is to make the workplace a pathway to positive mental health.
- Through collaborative internal, client and external work streams, we will employ best practices, effective partnerships and innovative products and services to promote mentally healthy workplaces and help people live productive lives.

¹ Data as at December 31, 2017

ISSUE DESCRIPTION

It is estimated that 7.3 million people in Canada live with a mental health problem.² Mental health issues continue to have a significant impact on society and on our organization. One in five people will experience a mental illness directly.³ Those who do not have a mental health problem will likely have a friend, colleague, or family member who deals with one.

A strong link can be drawn between a mentally unhealthy workplace, work related stress and an unhealthy lifestyle. The cost of doing nothing to fix the problem is far higher than most people imagine. Over time, unhealthy workers and workplace practices take their toll, leading to a host of outcomes, including mental illnesses such as depression.



Keeping staff healthy, productive and engaged is one of the most critical challenges for employers, yet the fact remains: good health leads to good business. Canadian and international studies have shown that a mentally healthy workforce is linked to lower medical costs, lower absenteeism and higher productivity.

“... good health leads to good business.”

The Co-operators is committed to mental health advocacy and taking a leadership role on the issue. To support our strategic focus and help our communities become healthier and more resilient, senior management approved the development of a long term approach that focuses on mental health.

2 Based on the population of Canada 36.7 million [Statistics Canada. “Canada at a Glance 2018.” [Statcan.gc.ca, www150.statcan.gc.ca/n1/pub/12-581-x/2018000/pop-eng.htm](http://www150.statcan.gc.ca/n1/pub/12-581-x/2018000/pop-eng.htm) (accessed September 11, 2018)] multiplied by 20% which is the percentage noted in the footnote below.

3 Canadian Mental Health Association. “Fast Facts About Mental Illness.” [CMHA.ca, http://cmha.ca/about-cmha/fast-facts-about-mental-illness](http://cmha.ca/about-cmha/fast-facts-about-mental-illness) (accessed September 11, 2018)

TRIGGER FOR ACTION

Currently, it is estimated that one in five Canadians live with a mental illness, yet 49%⁴ of those affected do not seek professional help. Mental health continues to be an important factor in workplace performance and overall organizational performance. Below are the key drivers behind why The Co-operators is taking action regarding mental health in the workplace. For more information on how our mental health strategy fits into our corporate strategy, see [Appendix A](#).

<p>Mental health advocacy and catalyst for a mentally healthy society</p>	<p>As a Group Benefits provider and an organization that views its workforce as its most valuable asset, the statistics above illustrate the strong business need for us to be a catalyst and promote a mentally healthy and sustainable workplace and society. We realized our organization could help improve mental health education, reduce the stigma associated with mental illness, improve the mental health and wellbeing of our own employees and strive to reduce the economic burden that results from disability claims associated with mental illness. For example, nearly half of our long term disability claims were related to mental health.</p>
<p>Mental health is an unmet need in Canadian communities</p>	<p>Part of our cooperative identity and mission involves looking for ways to address unmet needs in Canadian communities. Co-operators Life Insurance Company's (CLIC) Executive Management Team was looking for an area of focus that had a strong link to our identity and sustainability that they could champion within the Co-operators group of companies. The Executive Management Team wanted to focus on something they had expertise in and could contribute to, as well as something that had a very clear and close connection to the business of life insurance. When mental health was presented as the recommended area of focus, it seemed like a perfect fit.</p>
<p>Increasing medical leaves have an impact on profitability</p>	<p>Co-operators Life Insurance Company had been seeing a growing number of medical leaves due to mental health issues from our Group Benefits clients, as well as from our own employees. This trend was having a significant impact on the profitability of the Group Benefits line of business, and our own staff benefits plan, which CLIC manages. They decided the fit with Co-operators identity and the relevance to the business made mental health an ideal focus area.</p>

4 Canadian Mental Health Association. "Fast Facts About Mental Illness." [CMHA.ca, http://cmha.ca/about-cmha/fast-facts-about-mental-illness](http://cmha.ca/about-cmha/fast-facts-about-mental-illness) (accessed September 11, 2018)

APPROACH

The Mental Health Initiative started as a CLIC sustainability initiative, but quickly became a focus area across the group of companies in 2016. Resources were dedicated to the development of the organization wide mental health strategy with specific attention paid to both a Workplace stream and a Client Engagement stream. To decide whether to invest in a mental health initiative, a cost benefit analysis, which included an assessment of social and human capital benefits, was performed to make the business case to the Executive Management Team. We believe these three areas of our approach can be useful to other finance and business professionals:

STEP 1

The business case for mental health

Includes our approach to the development of a business case for the Mental Health Initiative. The business case included a detailed analysis of the costs and social and human capital benefits related to the initiative.

STEP 2

Implementation of the Mental Health Initiative

Our implementation approach and monitoring of the business case once it was approved.

STEP 3

Reporting and monitoring of the Mental Health Initiative

Our process for determining, creating, collecting and measuring key performance indicators and reporting of outcomes.

STEP 1 – THE BUSINESS CASE FOR MENTAL HEALTH

Human Resources (HR) worked with members of Finance to develop the business case for approval by the Executive Management Team. Business cases are approved by Finance prior to being submitted for final approval by the organization's Project Portfolio Office, the body responsible for overseeing the execution and budgeting of business projects.

The business case is a living document that follows the full lifecycle of the initiative and includes a combination of qualitative and quantitative information, with key financial information resulting in a Net Present Value (NPV) and payback calculations. The non financial benefits of a potential project also play a key role in the analysis of the business case. Projects are evaluated beyond the bottom line to ensure alignment with the strategic areas of focus for the organization.

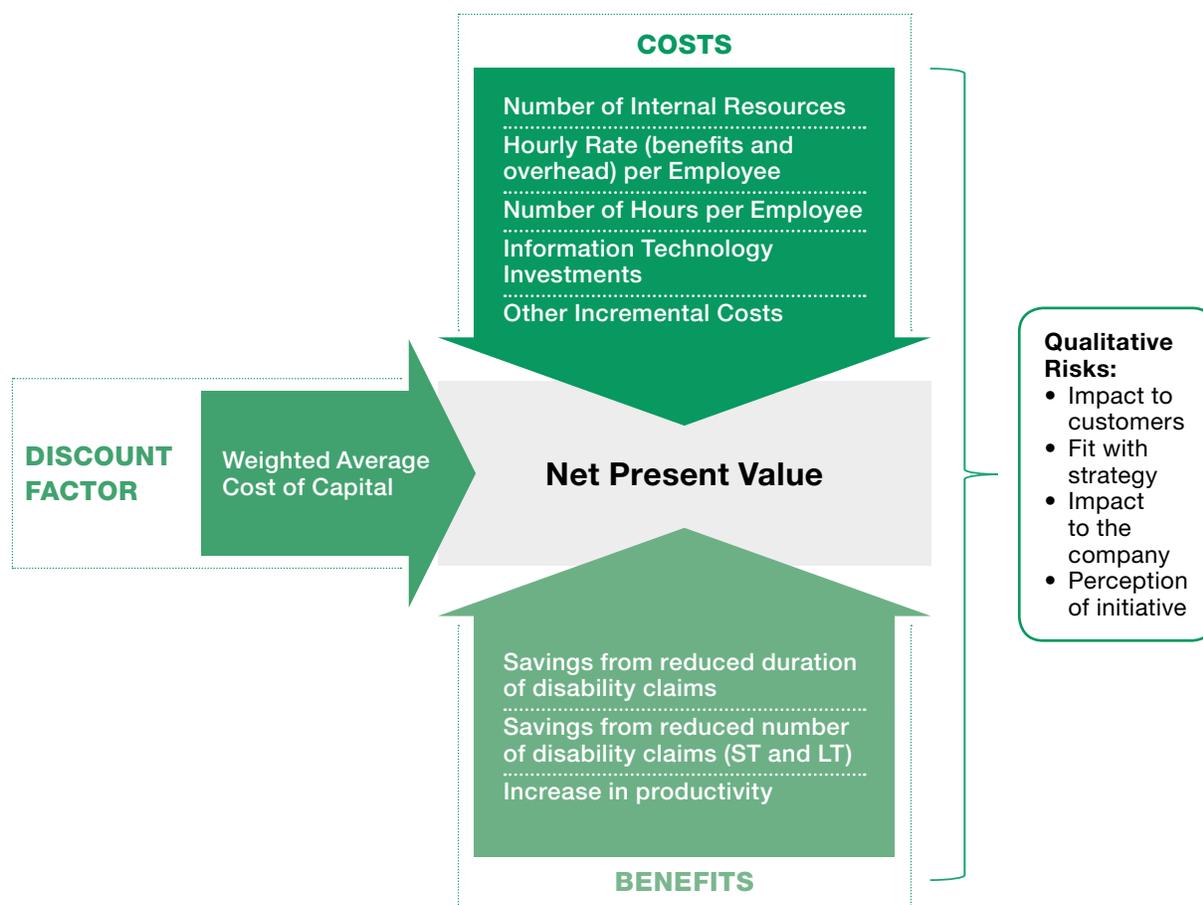
COST BENEFIT ANALYSIS

To determine the yearly resource cost for the initiative, HR and Finance worked together to identify the number of internal resources and the amount of time required. An hourly rate per employee was determined using benefits and overhead. Other costs such as information technology investments and other ongoing expenses integral to the project were included to incorporate all potential costs in the decision making process. This information was used to populate the business case's cash flow summary.

The non financial benefits detailed in the business case represented the positive outcomes of our Mental Health Initiative from a social and human capital perspective. The process of quantifying non financial benefits was challenging and required extensive research, both within and outside the organization.

Ultimately, improved mental health outcomes should translate indirectly to financially related benefits, and we attempted to quantify this. The focus was on cost reduction and cost avoidance through the reduction of claims for short term and long term disability. By providing enhanced support and services to staff and clients, we felt we could improve prevention measures and reduce the occurrence of short term and long term disability claims caused by mental health issues.

The business case also analyzed risks to the enterprise and impacts from the initiative such as: How will it affect customers? Does it fit with our strategy? How many different parts of the organization are impacted? A significant risk we identified was the project being seen as a cost cutting exercise rather than an undertaking to help employees and clients living with mental health issues. A proper communication plan was determined to be an important part of the initiative's roll out.



QUANTIFICATION METHODOLOGY FOR SOCIAL AND HUMAN CAPITAL BENEFITS

PRODUCTIVITY BENEFITS

Finance worked with HR to quantify the non financial benefits of the business case. Based on research and literature reviews, the organization was able to find information that estimated the productivity decrease of an employee that suffers from mental health issues.

Through research and discussion, we determined we would use an estimate of 80% workday productivity for a healthy employee, and 42.5% workday productivity for an employee with mental health issues. Based on this, we accounted for a decrease of 46.9% in the productivity level of an employee due to mental illness from the healthy baseline.

Other estimates ranged from simple items such as the average number of vacation and personal days for the employee group, and the average annual cost of an employee. More difficult estimates included things like the percentage of employees who suffer from mental health issues, as well as those who do not and productivity lost from a sick day.

To obtain these estimates, we used a combination of internal sources and, where data was not available internally, benchmarking studies from similar industries. Finance concluded that best practice was to use real data, and when estimates were needed they would be derived from group discussions with others involved in the initiative and research available from similar industries.

These numbers filtered into a calculation for an estimate of the productivity increase resulting from an improvement in presenteeism: If we had a 5% improvement in productivity for staff with mental health issues, we estimated this could result in improved productivity worth a certain monetary value by putting the inputs through the established formula.

$$\text{Productivity Benefits from Improved Presenteeism} = \frac{\left[\text{Productivity Healthy} \right] - \left[\text{Productivity Mental Health Issues} \right]}{\left[\text{Productivity Healthy} \right]}$$

REDUCTION IN DISABILITY CLAIMS

The business case also looked at estimates for potential savings from reduced incidence and duration of mental health disability claims. To complete this calculation, we had to estimate: the percent by which short term disability and long term disability incidence rates could be decreased; the average duration of short term and long term disability; the average weekly benefits received by an employee when on short term or long term disability; and average employee salary.

Estimates for average employee salary and weekly benefits when on leave were easy to calculate as hard data exists. To determine estimates for more subjective inputs, such as the percent that disability claims could be decreased by, Finance worked with subject matter experts from the Group Benefits Disability department.

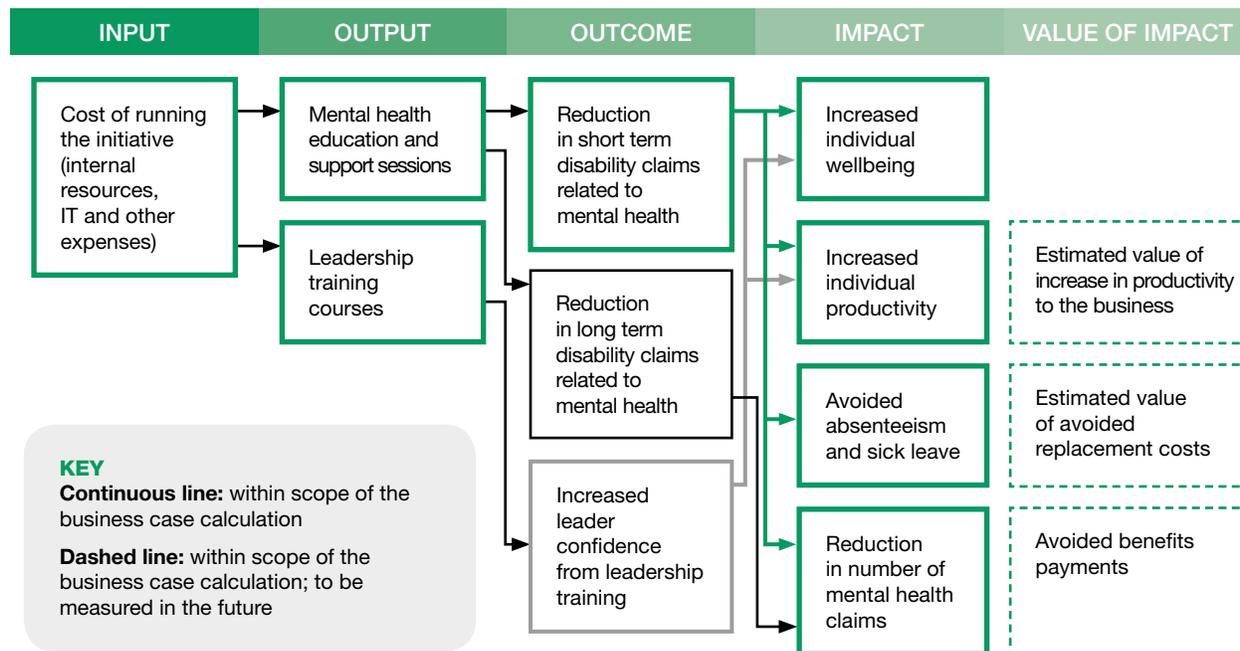
The Finance team also analyzed historical data on closed mental health short term (ST) and long term (LT) disability claims. This information was provided by the Group Benefits Disability area and the Business Intelligence team assisted in trend analysis. Combined with the above estimates, a high level baseline was developed and then a targeted reduction was applied to the numbers.

$$\text{Estimated Reduction in Disability Claims} = \left(\text{Estimated Decrease in ST disability, LT disability (\%)} \right) \times \left(\text{Average Duration of ST disability, LT disability (days)} \right) \times \left(\text{Average Benefits Received (\$)} \right) \times \left(\text{Average Employee Salary (\$)} \right)$$

Please refer to [Appendix B](#) for detailed calculations.

IMPACT PATHWAY

The impact pathway below shows a partial example of how the Mental Health Initiative leads to outcomes and impacts in our organization, society as a whole, and how we have approached the valuation of each impact. For our Business Case we only focused on how these impacts accrue to our own employees, but the impact pathway could also be applicable for understanding benefits for our external customers.

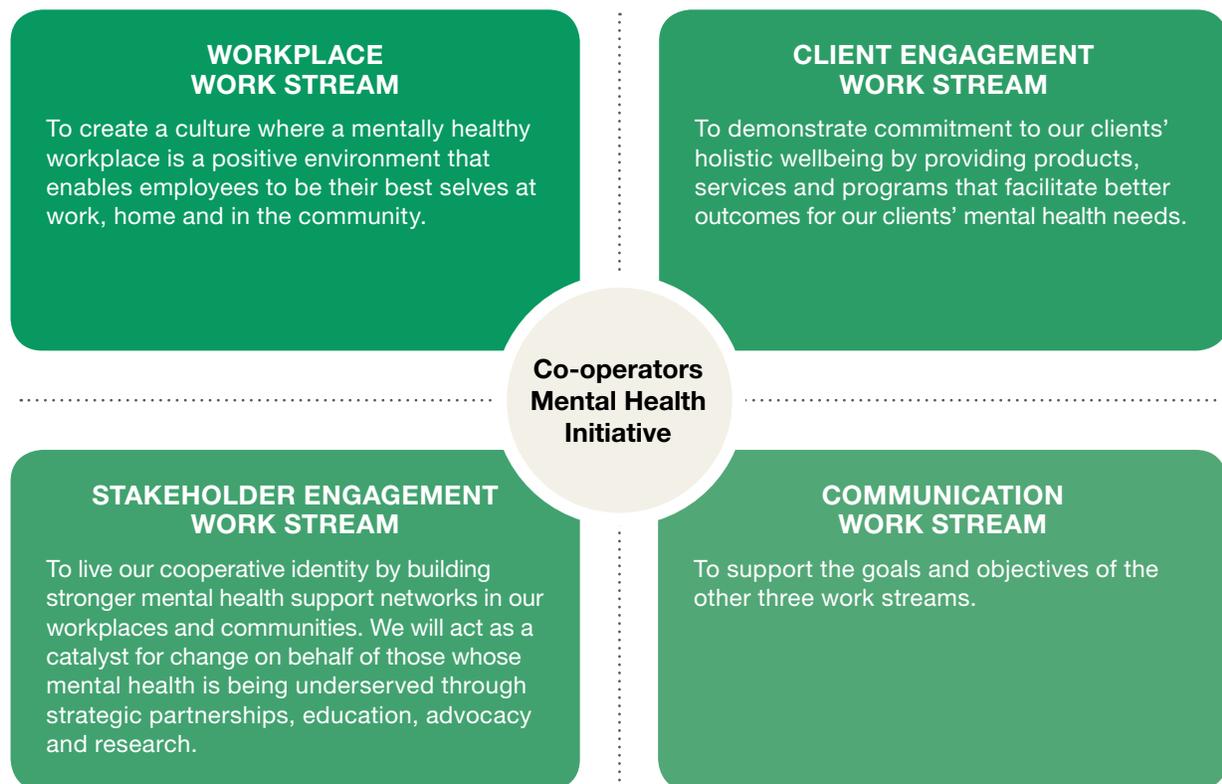


STEP 2 – IMPLEMENTATION OF THE MENTAL HEALTH INITIATIVE

With buy in from senior leadership, we formalized the Mental Health Initiative and a cross-company Mental Health Steering Committee was established for the governance of our Mental Health Strategy. Early discussions were focused on exploring how we could best address mental health needs inside and outside our organization. The broader Finance team — including both Strategic Planning and Financial Planning and Analysis representatives — aided with identifying scope and areas of focus. A dedicated Program Director was appointed to lead the overall program and a multi prong strategy was developed with four distinct work streams (see figure below).

The Program Director worked with the leads of each work stream to define and implement the Mental Health Initiative across the organization. Finance aided the Workplace stream with the development of a calculator that would compute the cost savings if sick days were reduced and presenteeism was increased. The calculator was rolled out as a tool to aid our Group Benefit sponsors to help build their own business case for a mental health initiative.

Each work stream has a clearly defined set of objectives that support the goal with critical success factors and targets. Goals have changed over the years as targets were met and more information was gathered.



The Client Engagement work stream consists mainly of representatives from Co-operators Life Insurance Company and the Group Benefits area, with a few key individuals from the Product Development and Actuarial departments.

The Stakeholder Engagement work stream originally included individuals from our Sustainability and Government Relations departments, however, as there were no new roll outs or partnerships occurring, a decision was made to disband this work stream. Efforts were then diverted to support mental health business as usual activities and existing partnership enhancements. To maintain the presence of the Stakeholder Engagement team, two individuals from the disbanded group are now on the Steering Committee.

The Communications work stream is made up of individuals from Marketing and Communications, including Social Media, Media Relations, Internal Communications, and other teams as necessary. Finance supported the different work streams by analyzing data, looking at trends and calculating estimates.

STEP 3 – REPORTING AND MONITORING OF THE MENTAL HEALTH INITIATIVE

THE MENTAL HEALTH DASHBOARD

The evolution of the Mental Health Dashboard started with the creation of a Key Performance Indicator (KPI) dictionary, identifying KPIs that would be necessary. Each work stream has four objectives and a KPI tied to each objective. For example, the Workplace stream has an objective to reduce mental health claims within our employee population. Their KPIs and metrics include actively tracking the incidence and length of mental health claims. The mental health dashboard is updated on a quarterly basis, with baseline results as of the end of 2016. The Finance and Business Intelligence teams are key contributors for sourcing and analysis of data relevant to the dashboard.

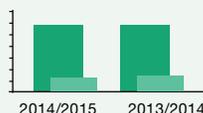
The purpose of the dashboard is to report on Mental Health KPIs and better understand trends based on mental health training and programs. In its current state, it measures the cost-benefit outcomes of the initiative and several non financial metrics such as employee engagement and leader capability. Graphs on the dashboard provide a visual presentation of the metrics over time. This data is then summarized for review in a report prepared for HR leadership.

Our goal is to collect data and measure outcomes across three areas with examples provided of metrics being tracked:

1. Cost-benefit outcomes

The key performance indicators in this area focus on evaluating our success in productivity improvements and keeping people at work, engaged and productive.

Incidence of mental health medical leave cases



A quarterly KPI that represents the number of employees off work on a medical leave due to a mental health issue. With a goal to measure if our Mental Health Initiative is having an impact on the incidence of medical leaves related to mental health.

Duration of mental health medical leave cases



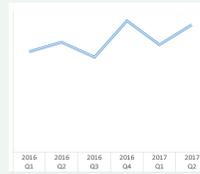
A quarterly KPI that represents the number of weeks that employees are off on leave due to mental health issues, compared to other medical issues. With a goal to measure if our Mental Health Initiative is having an impact on the duration of medical leaves related to mental health.

Number of mental health accommodations



A quarterly KPI showing the number of medical leave cases related to mental health that are given special accommodations* compared to other medical leaves cases receiving special accommodations. With a goal to measure if our Mental Health Initiative is having an impact on the number of accommodations required.

Average sick days



A quarterly KPI that represents the average number of sick days used for all regular permanent employees. With a goal to measure if the increased focus on mental health has an impact on the average number of sick days taken by employees.

**Special accommodations are particular requirements for accommodating a person to return to work or continue working (e.g., flexible scheduling or modifying job duties)*

2. Leadership and employee capability outcomes

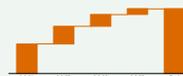
The key performance indicators in this area focus on evaluating the improvement in our organization's commitment to the Mental Health Initiative through education, skill and awareness promotion.

Usage of identified prevention and recovery resources



A quarterly KPI that represents the number of employees who use identified resources to prevent and recover from mental health issues. With a goal to analyze the usage of resources and whether they are having a positive impact on our mental health incidence and duration.

Foundational elearning course completions



A quarterly KPI showing the number and percentage of employees who have completed the eLearning Awareness course. With a goal to measure the commitment of employees to the Mental Health Initiative.

Participation in internal social media site



A monthly KPI that gives the number of members in the Mental Health Initiative group within our internal social media site. With a goal to measure the amount of engagement from employees.

Readership of mental health articles on company intranet



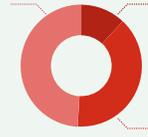
A monthly KPI that represents the number of times the article is viewed on the company intranet. With a goal to measure the internal awareness of the Mental Health Initiative with employees.

Engagement health and wellbeing question



An annual KPI of the percentage of employees who provide positive responses to questions relating to the strength of mental health support we provide. With a goal to measure if employees feel the organization is supporting health and wellbeing.

Mental health training workshop completions for leaders



A quarterly KPI that represents the number and percentage of leaders who have completed the Mental Health Leader Training program. With a goal to measure leader and organizational commitment to the Mental Health Initiative through education and skill building.

Leadership confidence levels before and after workshop

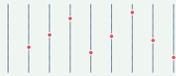


A quarterly KPI that represents the percentage of leaders who do, and do not, report increased confidence post workshop. With a goal to validate our leaders' confidence levels in their ability to identify and deal with mental health related issues.

3. Model employer and catalyst outcomes

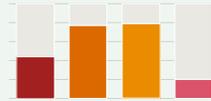
The key performance indicators in this area focus on evaluating our success in distinguishing The Co-operators as an exceptional employer in the field of workplace mental health, demonstrating our commitment to social sustainability internally, and acting as a model and catalyst for others.

Mental health index



An annual KPI that represents the average score of engagement questions that support the 13 psychosocial factors in the workplace. With a goal to be used as a benchmark for our progress towards creating a mentally healthy workplace.

Usage of group counselling benefits



A quarterly KPI that represents the percentage of our workforce that has accessed the counselling benefit through any / all of the counselling paramedical providers. With a goal to measure if the usage of these resources are changing and whether this is having a positive impact on the incidence or duration of our mental health related medical leave cases.

OUTCOMES TO DATE

While the execution of the Mental Health Initiative is still in its early stages, there have been financial, human and social capital benefits recognized to date. As the initiative ramps up, we look forward to realizing the productivity savings we estimated in the business case.

1

IMPROVED AWARENESS AND ENGAGEMENT OF EMPLOYEES

The Mental Health Initiative has resulted in improvements to our internal awareness and engagement of mental health related resources.

As part of this initiative, our leaders received training and we have seen positive results with their confidence levels improving. We measured the extent to which leaders felt confident in helping their staff by using surveys before and after their training. The initiative is well supported by senior management and staff as evidenced by the following:

- Our organization's intranet has high readership and response rates regarding mental health topics.
- An internally created and run mental health social media site has approximately 900 members, making it the top ranked internal social media site for The Co-operators.
- Increased use of internal mental health support programs and offerings; employees are reaching out and making more frequent use of the resources available to them.

2

RECOGNITION FROM EXTERNAL PARTIES

The Mental Health Initiative has resulted in recognition from external parties.

Excellence Canada is an organization that provides a framework companies can follow to make sure they are protecting employee mental health. The Co-operators was recognized by Excellence Canada for our leadership support, initiative, planning and execution around communications. To us, this is an indicator we are on the right track. The public nature of our efforts and external recognition can help reduce stigma, improve awareness, highlight available resources and be a catalyst for others to make changes in their own workplaces. It puts The Co-operators in a position to share our journey with other organizations which can result in wider impact and adoption of more mental health strategies.

3

SUBSTANTIAL IMPROVEMENTS TO MENTAL HEALTH BENEFITS COVERAGE

The benefits analysis has made the case for increasing mental health Group Benefit coverage.

As part of the Mental Health Initiative, a review of The Co-operators benefit program was undertaken. It considered the financial, social and human capital benefits identified in the business case, including productivity increases, sick day reduction and short term and long term incidence and duration reductions.

In March 2018, the mental health group benefit annual coverage limits for employees was increased substantially. The list of eligible mental health practitioners was also expanded; clinical counsellors and psychotherapists are now included along with psychologists, family therapists and social workers. Lastly, the reimbursement percentage of costs for mental health practitioners was increased and we expanded the coverage to include alternate treatment delivery methods like virtual and phone sessions.

LEARNINGS

As we progressed through our approach, a number of challenges were identified and addressed.

CHALLENGES

HOW DID WE OVERCOME THEM?

Continual improvement

As awareness increases, so do costs related to the program especially as the program is initially rolled out.

An interesting finding was more mental health cases being reported. We believe this can be tied to the increased awareness of mental health. As such, we now believe the number of mental health cases reported will increase before decreasing toward the estimates in the business case.

Our learning is that change does not occur instantly, and business cases should be careful when considering the time required to get the expected traction. As the initiative evolves, we will continue to analyze trends (e.g., incidence and duration results vs. the business case estimates) and work toward fine tuning our analysis.

Unforeseen consequences

There was a small decrease in the mental health index score, and duration of mental health cases is still higher than the target.

As noted above, awareness has resulted in more mental health cases being reported. Although our Mental Health Dashboard is not currently reporting positive trends, such as increase in productivity and reduction in costs, we believe we have embarked on a journey that will better support the engagement and development of our employees over the long term and translate into real business benefits. We are confident that the framework which we have created will see return on investment.

Choosing what is in scope for valuation

There was a challenge in evaluating the qualitative benefits versus the quantitative benefits and understanding what will result in a true dollar impact to the organization versus other non financial benefits.

Quantifying some of the financial and non financial benefits of the initiative was a difficult process. Many aspects of the Mental Health Initiative rely on factors and variables that are qualitative in nature. For example, what is the productivity level of an employee that suffers from mental health issues versus one who does not? There are business benefits which have a direct dollar impact to the organization and there are societal benefits through an increase to the people's emotional well-being. While the latter element is a difficult impact to put a value on, it can be inferred from other metrics such as employee engagement survey responses and trending of incidence and duration rates by employees over time.

CHALLENGES

Data challenges when creating the business case model

There were challenges with obtaining reliable estimates of certain variables.

Additionally, attributing any one specific thing to a positive outcome for mental health is very difficult, particularly with respect to estimating the productivity of an employee.

HOW DID WE OVERCOME THEM?

Several variables were difficult to estimate. For example,

1. How do you estimate what the reduction in sick days would be?
2. How do you calculate how much short term or long term disability claim duration will change?
3. How do you calculate the replacement cost of an employee who is on leave?

To overcome these obstacles, we started with some early discussions on what we are able to track and measure. Finance then worked with others to establish best practices for analyzing the potential benefit increases for other items.

Best practices identified were:

- Discuss and gain buy in with the experts in the organization for the methodologies used to estimate the benefits.
- Use verifiable / hard data where available internally.
- Use industry related data and findings.

Sensitivity of results to estimates

The estimated financial improvements were quite sensitive to the productivity improvement percentage.

Landing on the specific percentage was difficult and was determined by Finance who worked closely with subject matter experts from HR. Identified best practice was to ensure Finance utilize experts within the organization and get their buy in. For instance, discussions were held with HR to understand what they have seen when someone is actively supported with their mental health issue and how this stimulated their work output. These discussions led to a joint decision on the productivity improvement percentage to apply.

Dashboard metrics

Possible misinterpretation of the KPIs reported.

At this stage we are still determining what components of and how the Mental Health Dashboard should be shared. It is important that people understand and interpret the metrics correctly, and the correct context is provided.

APPENDIX A – SUMMARY OF OUR MENTAL HEALTH STRATEGY AND COMMITMENT STATEMENT

MENTAL HEALTH IS WOVEN INTO OUR CORPORATE STRATEGY

The Mental Health Initiative is guided by the following mission, vision and values:

- **Mission** – Champion proactive approaches that create and sustain healthy outcomes for mental health in the workplace.
- **Vision** – The workplace is a pathway to positive mental health.
- **Unifying goal** – Employ best practices, effective partnerships and innovative products and services to promote mentally healthy workplaces, and help people live productive lives.

How does the Mental Health Initiative fit within our corporate strategy? It fits across all three strategic areas of focus. Here is how:

- **Client engagement** – We are committed to our clients' mental health and holistic wellbeing by sharing best practices and providing innovative products and services. The mental health of our advisors and employees will result in positive interactions with clients and improve their engagement.
- **Competitiveness** – By improving support and education, and reducing stigmas, we will reduce the long term economic costs of workplace absences associated with mental illness, for both our organization and our clients.
- **Cooperative identity** – Our role in the social sustainability of our employees, clients and communities, enables us to be a catalyst for changes in workplace mental health. Our clients can also use what we have learned in their own mental health strategy.

The following commitment statement was created to summarize how we will support positive mental health in our workplace as well as how the concept will be woven into our culture:

OUR COMMITMENT

We demonstrate our commitment to a Mentally Healthy Workplace by:

- » Being conscious and deliberate in holistic support of physical and mental health.
- » Mobilizing our workplace to be part of the solution for creating positive well-being.
- » Being knowledgeable, respectful, supportive and compassionate.
- » Being proactive and preventative in our approach.
- » Enabling access to best-in-class programs and services for employees and leaders.
- » Empowering employees to build their own capacity and resilience.
- » Not accepting discrimination and stigma related to mental health.
- » Having open conversations about mental health.
- » Allowing people who experience mental health concerns to continue to work successfully.
- » Appreciating and supporting those who care for our clients, employees, families and communities.



APPENDIX B – DETAILED COST BENEFIT CALCULATIONS

The below detailed equations were used in the cost benefit analysis of the Mental Health Initiative as listed on [page 12](#).

REDUCED SICK DAYS

$$\text{Total workplace productivity of staff in \$} = \left(\$ Z \right) \times \left(\# \text{ of workforce FTEs} \right) \times \left(\text{Workforce average productivity} \right)$$

$$\text{Total productive working days} = \left(\text{Standard hours per week} \times 52 \right) - \left(\text{Standard work hours per day} \times \# \text{ of vacation, personal, stat holiday days} \right)$$

\$ Z = 1 Full Time Equivalent

Productivity level of staff = X% (estimate)

$$\text{Productivity lost per day} = \frac{\text{Total workplace productivity of staff in \$}}{\text{Total productive working days}}$$

$$\text{\$ saved from reduced sick days} = \left(\text{Sick days per annum (before)} - \text{Sick days per annum (after)} \right) \times \text{Productivity lost per sick day}$$

IMPROVEMENT IN 'PRESENTEEISM'

Productivity level of workforce = X% (estimated)

Productivity level of workforce suffering from mental health matters = Y% (estimated) where Y% < X%

$$\text{Workforce average productivity} = \left[\text{Estimated \% workforce that do not suffer from mental health} \times X\% \right] + \left[\text{Estimated \% workforce that do suffer from mental health} \times Y\% \right]$$

$$\text{Improvement in productivity "presenteeism"} = \left[\text{Workforce average productivity (before)} - \text{Workforce average productivity (after)} \right] \times \left[\text{Total workplace productivity of staff in \$} \right]$$

REDUCED DURATION

This is calculated for each of medical leaves, short term disability (STD) claims and long term disability (LTD) claims. They are then totalled.

$$\text{Reduced duration} = \left[\text{Annual \# of claims before} - \text{Annual \# of claims after} \right] \times \left[\text{Average weekly benefit \$} \right] \times \left[\text{Average \# of claims before} \right]$$

REDUCED INCIDENCE

This is calculated for each of medical leaves, short term disability (STD) claims and long term disability (LTD) claims. They are then totalled.

$$\text{Reduced incidence} = \left[\text{Duration in weeks before} - \text{Duration in weeks after} \right] \times \left[\text{Average weekly benefit \$} \right] \times \left[\text{Average \# of claims before} \right]$$



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