

Introduction to the Workforce Disclosure Initiative

This briefing gives companies an introduction to the Workforce Disclosure Initiative for companies. It provides a summary of the programme's aims, process, governance and potential business benefits.

What is it?

The Workforce Disclosure Initiative (WDI) is a new programme bringing together institutional investors to request comparable workforce data from listed companies on an annual basis. The data requested will cover workers in companies' direct operations and their supply chains.

The WDI is modelled on the Carbon Disclosure Project (CDP). Companies will be requested to provide information on the composition of the workforce, workforce stability, workforce development and worker engagement. The WDI builds on existing reporting standards such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB).

Investors will send the first year's pilot WDI survey to the FTSE 50 and an additional 25 mega-cap firms on other global exchanges. The survey will evolve over time in response to learning that emerges from the process. The number of companies surveyed will grow substantially year on year.

Ultimately, the goal of the WDI is to improve the quality of jobs for employees in companies' global operations and for workers in their supply chains.

What can the WDI achieve?

Many companies see their people as their greatest asset and make substantive efforts to invest in and develop their workforce, as well as manage risks related to poor practice. Collecting key data and disclosing relevant information to stakeholders is an important part of this process.

Progressive firms are already disclosing more information about the workforce in their direct operations and their supply chains. The WDI will build on this momentum by assisting companies to communicate with investors and other stakeholders about their workforce in a resource-efficient way.



Through a response to the WDI, companies will have the opportunity to communicate to a significant group of investors about their business strategy and how the workforce plays a role in that. Taking part in the WDI will also send a clear signal of leadership by the company. It will also provide a forum for sharing best practice.

Companies are facing more regulatory requirements and pressure for disclosure on how they manage their workforce. The time is right for a mechanism which provides guidance and encouragement for companies to collect and report key data underpinning company policies and practices.

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Evidence shows companies can benefit from improving the quality of jobs. For example, companies listed in the ‘100 Best Companies to Work for in America’ generated between 2.3% and 3.8% higher stock returns per year than comparable companies from 1984 through 2011.

Participating in the WDI has the potential to help companies unlock these benefits. It will spark a first step towards collecting key data across different parts of the organisation and enable companies to understand how they compare to their peers. The WDI will also help companies identify specific areas for improvement.

The WDI has the potential to deliver positive impacts for women working in global supply chains. Gender equity is an issue rapidly gaining mainstream investor support, as a growing body of research demonstrates the materiality to companies of the productivity lost through the failure to realise women’s talent and potential. Progress has been

made to improve gender diversity in the boardroom, but much more can be done to improve conditions for women working further down the chain.

The WDI survey will incorporate a gender lens through the questions. Subsequent engagement with companies will target improvements to women’s lives by focussing on sectors where a high proportion of women are employed, and pushing for improvement to employment practices which impact women in particular.

How does the WDI complement other reporting initiatives?

A number of mandatory reporting standards and voluntary reporting frameworks apply to companies on workforce issues. Key pieces of legislation including the 2015 UK Modern Slavery Act and the 2014 EU Non-Financial Reporting Directive have pushed companies to disclose information. In addition many companies are integrating voluntary frameworks into their reporting practices.

The WDI is not attempting to replicate these initiatives. Instead it aims to bring together key questions from mandatory reporting standards and voluntary reporting frameworks into a single consolidated survey. The WDI survey will closely reflect the different mandatory reporting obligations that apply to companies. It will also cross-reference existing voluntary reporting initiatives that companies are already using.

How does the WDI add value? How is it different?

The WDI is the first investor-led process for companies to report on workforce issues across their direct operations and supply chains. Existing workforce reporting initiatives tend to focus on either workers directly employed by companies or supply chain workers. The WDI is taking into account the increasing complexity of employment relationships, by covering both components of the workforce. Although the management of people directly employed by companies and those in the supply chain may be different, they both present material risks and opportunities.

In addition, the WDI survey sees the workforce as a material issue for all companies. While allowing for companies to provide their necessary context,

the WDI survey will apply to companies regardless of sector, as workforce issues are material to all companies in all sectors.

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What is Oxfam’s role in the WDI?

ShareAction is collaborating with Oxfam on the initiative. Oxfam has substantial experience of working with multinational companies to improve their employment policies and practices, as well as their supply chain transparency.

Oxfam’s contribution to the WDI is threefold. Firstly, Oxfam is using its extensive knowledge of supply chain issues in developing countries to ensure the WDI survey collects useful data which drives meaningful company engagement. Secondly, Oxfam will bring to life the issues workers face for companies and investors through case studies and research in targeted developing countries. Finally, Oxfam will engage with investors, companies and civil society in the targeted countries to pinpoint how companies can improve their employment practices.

How is the WDI financed?

ShareAction is funded by the UK’s Department for International Development (DFID) to pilot two rounds of the survey, to prepare analysis for investors and companies based on the resulting data, and to support collaborative engagements with surveyed companies. The WDI team will use the pilot phase to work on the development of a sustainable business model that will ensure the longevity of the programme.

How is the WDI governed?

ShareAction is partnering with DFID, Oxfam and Lake Advisory to deliver the WDI. Lake Advisory

works with business, government and civil society to promote greater transparency, responsibility and efficiency in global supply chains. For the pilot phase of the programme, a WDI Steering Group has been set up to govern the programme including members from DFID, Oxfam, Lake Advisory, ShareAction’s senior team, and Paul Dickinson, Executive Chair CDP and ShareAction Trustee. This group provides a range of perspectives on how to ensure the programme’s success.

A wider WDI Advisory Group is made up from a cross-section of representatives from the investment community, academic institutions, NGOs and trade unions. This group operates in an advisory capacity – it is designed to challenge the WDI team with the sometimes opposing views of the various constituents of the project. The WDI is being developed and overseen through a consultative multi-stakeholder approach. Individuals or organisations wishing to be involved in the process are invited to get in touch with our Research Officer, Vaidehee Sachdev at vaidehee.sachdev@shareaction.org.

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About ShareAction

ShareAction (Fairshare Educational Foundation) is a registered charity that promotes responsible investment practices by pension providers and fund managers. ShareAction believes that responsible investment helps to safeguard investments as well as securing environmental and social benefits.

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