Introduction to the Workforce Disclosure Initiative

This briefing gives an introduction to the Workforce Disclosure Initiative, a key part of our Good Work programme to improve working standards for workers in the UK and in global supply chains.

What is it?

The Workforce Disclosure Initiative (WDI) is a new programme aiming to unlock the role of investors to improve the quality of jobs in multinational companies’ operations and supply chains. Through the WDI, investors will come together to request comparable workforce data from listed companies on an annual basis. The WDI is modelled on the Carbon Disclosure Project.

The information requested from companies will cover people they directly employ and those working in their supply chains. Improved transparency will help investors gain crucial insights into how companies are managing their workforces, and how they compare with peers. The data collected will also inform investor engagement with companies to encourage better employment policies and practices.

What can the WDI achieve?

‘Our people are our greatest asset’ is a phrase used by business leaders all over the world. But private sector employment practices often fail to meet the standards needed for sustainable human development. The United Nations has recognised the importance of tackling this in the Sustainable Development Goals (SDGs), especially Goal 8 which calls for ‘decent work for all’.

Multinational companies have a key role to play in meeting this goal. The jobs they provide are a critical driver of development in the world’s poorest countries. But the complex operations and supply chains of these companies include many workers at risk of poor quality jobs, and even shocking issues such as child labour and modern slavery.
As shareholders of these companies, investors are well placed to engage with companies to improve employment policies and practices. Investors increasingly integrate workforce management into their investment analysis, but the lack of comparable data is a major barrier. The WDI aims to tackle this by providing a single source of quantitative and qualitative data to help companies and investors enter into further dialogue around workforce issues. It aims to do this in a resource-efficient manner for all parties.

The WDI has the potential to be a tremendous resource to the investment community, and change the landscape for how investors integrate key social issues. The ultimate goal of the initiative is to improve the quality of jobs in companies’ operations and supply chains.

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. This is in recognition of the growing importance to investors of workforce issues and sends a clear signal to companies and other actors that investors are concerned how a company manages its workforce.

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.

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 can the WDI impact on poverty issues?

The WDI has the potential to increase the transparency of employment policies and practices in companies’ direct operations and supply chains. Ultimately, the goal is to improve the quality of jobs and livelihoods for all workers linked to these companies.

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There is also strong potential for the WDI 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 in particular employment practices which impact women.

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 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. 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, CDP and ShareAction’s senior team. 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 Programme Manager Clare Richards at clare.richards@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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