



Workforce Disclosure Initiative 2018 Guidance Document

Introduction to the WDI

The Workforce Disclosure Initiative (WDI) is an investor collaborative designed to help companies improve their workforce reporting. It provides a framework for investors and companies to work together to improve policies and practices on a range of workforce-related topics. The long-term goal of the WDI is to improve the quality of jobs in the operations and supply chains of listed companies across the world.

The WDI was created as a response to investor concerns that public reporting by companies on workforce issues does not provide the sort of meaningful and comparable information that they seek. Generating this information will help investors to better understand investee companies and is an important first step towards improving workforce management practices. As of June 2018 the WDI is supported by over 100 investor signatories with over \$12 trillion in AUM.

Companies are requested to provide information via the WDI survey on a wide range of workforce topics on their direct operations and supply chain workforce. The survey has been designed to capture existing information that companies are collecting and new information which is of interest to investors. For more information on the WDI survey methodology including those that were involved in the Year 2 consultation and the changes that have been made since the pilot year survey see the WDI website for more information:

<https://shareaction.org/wdi/>

The guidance document

This document is organised in line with the structure of the survey: it sets out why disclosure in these areas is important and includes rationale and guidance to companies for each question. It also indicates when the questions are aligned with [other reporting frameworks](#). The same guidance is embedded next to each question in the online survey. Key terms are defined in the [glossary](#) of this document. Where practical, these terms are underlined throughout.

The business case – why take part?

A company's workforce is frequently described as the company's greatest asset and an important source of value generation. It follows that if the workforce generates value for the company then, as with any other asset, it must be managed in a way that protects and maximises its ability to generate long-term value and benefits for the business.

A growing body of evidence supports the materiality of how companies manage their workforce. A company's approach to its workforce – those employed directly in its operations and those working in its supply chain – can have both positive and negative impacts on financial performance.

Leading companies recognise the financial benefits of improving workforce practices and are starting to integrate them into their wider business strategy. They recognise that improved workforce transparency and visibility of the supply chain can help to create value both for shareholders and the societies on which corporate success depends. Investors increasingly expect to see evidence of this and for companies to demonstrate greater public transparency regarding workforce management. Companies that have been exposed by poor employment and supply chain practices have experienced the negative financial consequences and are being urged to adapt their business models as a result.

The WDI can help companies unlock these benefits and minimise those risks. It is a first step towards collecting key data across different parts of the organisation and enabling companies to understand how they compare to their peers.

Companies are facing more regulatory requirements and pressure for disclosure on how they manage different aspects of their workforce. Similarly, there is greater political and public attention on the role of companies in delivering on the promise of the Sustainable Development Goals: namely reductions in poverty and inequality, and improvements in decent work.

Companies that disclosed to the WDI in 2017 found that the process helped them to identify previously undetected blind spots and areas for internal discussion and improvement.

The WDI is designed to provide guidance and encouragement for companies to collect and report key data underpinning company policies and practices.

The information in this disclosure is designed to help investors understand a company's approach to its workforce, its employment and supply chain practices and the extent to which it is managing workforce-related risks and opportunities.

The WDI will spark informed conversations between investors and companies on the company's management of this important asset and the impact on business, the people working for it, and ultimately shareholder value.

Companies that disclose through the WDI have the opportunity to communicate to a significant group of investors – sending a clear signal of prioritising the workforce and leadership by the company.

The challenges of workforce reporting

We recognise that companies are at different stages of workforce data collection and reporting and that establishing new data collection systems takes time.

In an effort to minimise the reporting burden on companies and contribute towards the standardisation of workforce reporting, the WDI survey references major reporting requirements and voluntary frameworks so companies can easily cross-reference questions with reporting they may already be carrying out.

The survey has been developed through feedback from investors and other stakeholders and is designed to provide companies with a clear indication of the type of information they should be making available in their public reports. In future years when a company's meaningful, comparable and comprehensive workforce data is available in the public domain then the need for that company to respond to requests for information will diminish.

We invite all companies to be open about any gaps in data currently available, and challenges in collecting and reporting the requested information. We encourage companies to provide comments at the end of the survey on their experience of completing the survey. Your feedback is crucial to helping develop a more robust survey for future years.

The reporting process

Companies have until 22 October 2018 to submit their workforce disclosure via the online survey tool. Any companies not already in receipt of a web link should make contact with the WDI team to request one: wdi@shareaction.org

All the data disclosed in response to the WDI will be made available to investor signatories. Companies can choose to make their disclosure public or private.

Public disclosures will be made available on a publicly accessible web link associated with the WDI.

Private disclosures will only be published in aggregate reporting and not attributable to the company.

After the disclosing period ends, companies will receive a short document outlining how their responses compare to those received from other companies. The WDI team will facilitate dialogue between investors and companies on the disclosure and topics covered in the survey. The WDI team will publish a public report on the results of the disclosures in early 2019, with an emphasis on sharing examples of good practice drawn from the disclosing companies and guidance on ways to further improve workforce disclosure.

Companies that do not disclose to the WDI during the 2018 survey period will be listed in the report.

If you have any questions about completing the survey please contact: wdi@shareaction.org

To access all the WDI resources for companies, please visit: <https://shareaction.org/wdi-companyresources/>

The governance of the WDI

ShareAction coordinates the WDI. ShareAction is a registered charity with a mission to transform capital markets into a greater force for public good. Our vision is of a responsible investment system that truly serves savers, communities, and protects our environment for the long term. We are based in the UK but seek to partner with international allies to efficiently influence global stakeholders.

To deliver the WDI, ShareAction is partnering with Oxfam, RIAA (the Responsible Investment Association Australasia) and SHARE (the Shareholder Association for Research and Education; Canada), with input from Lake Advisory and a range of allies. In its initial phase the WDI is funded by UK aid from the UK government as part of its drive to promote responsible and transparent enterprise. A WDI steering group governs the programme, which includes members from CDP, Oxfam, SHARE, the UK Department for International Development, 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, and civil society including trade unions. This group's involvement is designed to challenge the WDI team with the sometimes opposing views of the various constituents of the project.

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1. Governance

Why this section is important

Information on the governance of workforce issues is essential to understand how the workforce is overseen at the most senior level of the company and how workforce-related risks and opportunities are managed. It also provides investors with a proxy for understanding the wider corporate governance, culture and values of the company.

A company's commitment to the effective management of its workforce can be evidenced by the role of the Board (for example, the regularity with which they receive updates on progress towards the workforce-related objectives that they have established), and the processes in place to ensure those responsible are incentivised or held accountable.

Oversight of the workforce

1.1) Please disclose the highest governance individual or body (including committees) responsible for identifying and managing direct operations workforce issues. Where there is no individual or body, specify the highest-level executive position.

Aligned with GRI 102-29, ETI RF B1.3 Governance and B1.5 Internal buy-in; UNGPRF A2.2

Why this is important

Effective management of workforce risks and opportunities requires leadership from the highest levels of authority in the company.

Identifying the most senior level of responsibility for workforce issues can help investors understand who is ultimately accountable for matters relating to the workforce, as well as identify where there are gaps in the governance of workforce issues.

Question guidance

Companies are asked to provide the following in their response, with respect to their direct operations:

- who is ultimately responsible for workforce-related matters – this may or may not include members of the Board,
- what matters they are responsible for – please specify which topics and areas for which they are ultimately responsible,
- specify the frequency of their involvement in these issues.

Company examples

In the WDI pilot year the better responses described the Board's role in setting objectives related to the workforce, the responsibility of others in the management line, the regularity of updates to the Board on workforce issues and the specific areas overseen.¹

1.2) How is management of direct operations workforce issues delegated from the highest individual or body to other members of the organisation, such as senior executives and employees?

¹ For an example from RBS, see page 29 of the WDI Pilot Year Report: <https://shareaction.org/wp-content/uploads/2018/04/WDI-Pilot-Year-Report.pdf>

Aligned with GRI 102-19 and GRI 102-20; ETI RF B1.3 Governance and B1.5 Internal buy-in; UNGPRF A2.2

Why this is important

While it is important to identify those responsible for establishing the company's approach to workforce management, it is also valuable to understand the process for translating this approach into practice throughout the organisation.

A clear process for disseminating responsibilities through senior management and beyond is required if policies and practices are to align with the company's overall objectives.

Question guidance

Companies are asked to provide the following information:

- outline the process for delegating authority for workforce issues from the highest governance body to senior executive and employees,
- outline who is involved and their specific roles and responsibilities,
- outline how frequently those responsible are required to report to the highest governance body.

1.3) How does your organisation evaluate the performance of those identified above for the direct operations? This may include the use of Key Performance Indicators (KPIs).

Aligned with UNGPRF A2.3; GRI 102-28; ETI RF B1.3 Governance and B1.5 Internal buy-in; UNGPRF A2.2

Why this is important

Use of performance indicators and targets can indicate how committed the company is to valuing and developing its workforce. When linked to the performance of those identified in question 1.1 they can be used to measure the performance of and hold to account those at the highest level of the company.

Question guidance

Companies are asked to provide the following information:

- how does the company evaluate the performance of those identified in 1.1
- if this involves the use of KPIs, please give details of the KPIs in relation to the direct operations workforce, how frequently does this evaluation take place.

Company example

In the WDI pilot year, BHP were one of the few companies that explicitly linked workforce-related indicators with Board-level performance (see page 30 of the WDI pilot year report).

1.4) Please disclose the highest governance individual or body (including committees) responsible for identifying and managing supply chain workforce issues. Where there is no individual or body, specify the highest-level executive position.

Aligned with GRI 102-29, ETI RF B1.3 Governance and B1.5 Internal buy-in; UNGPRF A2.2

Why this is important

Effective management of workforce risks and opportunities requires leadership from the highest levels of authority in the company. This is just as relevant for the supply chain as the direct operations, where the risks and opportunities can have a larger impact on the company and its workers.

Identifying the most senior level of responsibility for workforce issues can help investors understand who is ultimately accountable for matters relating to the workforce, and where there are gaps in governance an indication of the degree to which a company prioritises workforce matters at the most senior levels of the organisation.

Question guidance

Companies are asked to provide the following in their response, with respect to their supply chain:

- who is ultimately responsible for workforce-related matters – this may or may not include members of the Board,
- what matters they are responsible for – please specify which topics and areas for which they are ultimately responsible,
- specify the frequency of their involvement in these issues.

Company example

Supply chain: in the WDI pilot year BHP provided the most detailed information in response to governance of their supply chain.²

1.5) How is management of supply chain workforce issues delegated from the highest individual or body to other members of the organisation, such as senior executives and employees?

Aligned with GRI 102-29, ETI RF B1.3 Governance and B1.5 Internal buy-in; UNGPRF A2.1, UNGPRF A2.2

Why this is important

While it is important to identify those responsible for establishing the company's approach to workforce management, it is also valuable to understand the process for translating this approach into practice throughout the organisation.

A clear process for disseminating responsibilities through senior management and beyond is required if policies and practices are to align with the company's overall objectives.

Question guidance

Companies are asked to provide the following information:

- outline the process for delegating authority for supply chain workforce issues from the highest governance body to senior executive and employees (this does not include the role of suppliers in overseeing their workforce).
- outline who is involved and their specific roles and responsibilities,
- how frequently those responsible are required to report to the highest governance body.

² See page 29 of the WDI Pilot Year Report: <https://shareaction.org/wdi-report/>

1.6) How does your organisation evaluate the performance of those identified in questions 1.4 and 1.5 for the supply chain?

This may include the use of Key Performance Indicators (KPIs).

Aligned with; ETI RF B1.3 Governance and B1.5 Internal buy-in; UNGPRF A2.3, UNGPRF A2.2

Why this is important

Use of performance indicators and targets can indicate how committed the company is to valuing and developing its workforce. When linked to the performance of those identified in question 1.4 they can be used to measure the performance of and hold to account those at the highest level of the company.

Question guidance

Companies are asked to provide the following information:

- how does the company evaluate the performance of those identified in 1.4,
- if this involves the use of KPIs, give details of the KPIs in relation to the supply chain workforce,
- how frequently this evaluation takes place.

2. Risk assessment

Why this section is important

Investors are interested to understand how robust the process is for identifying and prioritising key risks and opportunities. This can help indicate how well positioned a company is to anticipate and respond to potential negative impacts while also proactively seeking to generate benefits for its workforce and in turn the business.

A company's workforce risk assessment process should start by identifying the human rights risks to people throughout their operations and value chain. Human rights risks are also risks to the business. This process can feed into the company's wider risk management approach. Companies should be clear about the process for identifying and prioritising risks and opportunities, and also how the company is acting on, tracking and communicating progress on these issues. Investors can use this information to understand and assess how effectively the company's overall business strategy reflects these risks and opportunities.

Human Rights and due diligence

Section aligned with ETI RF B2.1 Risk Assessment, D Salient labour rights issues.

2.1) Please indicate if the company has policy commitments on human rights. Please provide links to the relevant document.

Aligned with CHRB A.1.1, A.1.2 and A.1.3, UNGPRF A1, A1.1, A1.2

Why this is important

The rationale for this question applies to all policy questions in the survey. A company's policy commitments are approved by the highest levels of responsibility in the company. They are important public documents that communicate a company's values and principles in a particular area. Policies are a first step in setting out how that how a company will take action and influence decision-making within the business to ensure the commitment is made in practice.

Question guidance

Companies are directed to principle 16 in the United Nations Guiding Principles on Business and Human Rights³ on what this policy should contain.

2.2) How does the company implement this policy commitment? Please provide evidence to support this.

Aligned with CHRB B.1, UNGPRF A1.3

Why this is important

Policy commitments need to be embedded in a company's culture, disseminated across all levels of management and used to inform all business relationships. Companies can demonstrate their commitment to human rights through a robust process for embedding this topic throughout the organisation.

³ United Nations Human Rights Office of the High Commissioner Guiding Principles on Business and Human Rights: http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

Question guidance

Companies are encouraged to address each of the eight indicators in the Corporate Human Rights Benchmark sub-theme B.1 *Embedding Respect and Human Rights Due Diligence*⁴ in their response to this question.

2.3) Has the company carried out a Human Rights Due Diligence process? Please provide details of one example.

Please provide an overview of the area of the business this process covered, the risks that were identified and the actions the company is taking to mitigate and remedy actual and potential adverse human rights impacts.

Please provide a link to the relevant documentation.

Aligned with CHRB B.2, UNGP 17 to 23

Why this is important

Companies have a duty to respect human rights of workers in both direct operations and supply chain. Human rights risks are also risks to the business. Investors want to understand how companies are managing the most severe negative impacts on people – their salient human rights issues. In order to identify and manage these issues, companies should carry out human rights due diligence. *“Human rights due diligence can be included within broader enterprise risk management systems, provided that it goes beyond simply identifying and managing material risks to the company itself, to include risks to rights-holders.”*⁵

Question guidance

Companies are directed to principle 17 to 23 in the United Nations Guiding Principles on Business and Human Rights for details on how to conduct a Human Rights Due Diligence process. Companies are asked to provide a summary of a human rights due diligence process the company has carried out.

Companies are encouraged to address each of the five indicators in the Corporate Human Rights Benchmark sub-theme B.2 Human Rights Due Diligence in their response to this question.

Companies can choose to provide relevant documentation to support their response to this question.

Risks and Opportunities: Direct Operations

2.4) Does the company have a process for identifying and prioritising workforce risks and opportunities in the company’s direct operations?

⁴ Corporate Human Rights Benchmark sub-theme B.1 *Embedding Respect and Human Rights Due Diligence*: <https://www.corporatebenchmark.org/sites/default/files/CHRB%202018%20Methodology%20Web%20Version.pdf>

⁵ See page 18, United Nations Human Rights Office of the High Commissioner Guiding Principles on Business and Human Rights: http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

Why this is important

Companies should be clear not only about the process for identifying and prioritising risks and opportunities, but also the process for acting on, tracking and communicating progress on these issues.

Investors are interested in understanding if a company has a distinct risk assessment process in relation to the workforce, how it relates to other processes such as the human rights due diligence and wider risk management framework, and how robust this process is.

Question guidance

Companies are encouraged to provide succinct responses that address each of the points below:

- who is involved and/or consulted in the process (internal and external stakeholders),
- how often this process is carried out,
- which business activities/locations are covered,
- how risks and opportunities are prioritised and acted on,
- how results are reported and communicated,
- how human rights due diligence informs this process,
- how the workforce risk assessment forms part of a wider risk management framework.

If no process is in place, explain why.

2.5) Please identify the top three workforce risks relating to the direct operations.

Please explain how they have the potential to impact your business operations, revenue and/or expenditure, and workers.

Why this is important

Workforce risks and opportunities refer to the potential impact of workforce-related factors to a company's workforce and business.

Companies should take a broad view of the internal and external factors that are likely to impact their company and workforce. This might include external or regulatory changes, changes to the business structure and operations, and existing internal workforce practices.

Investors are interested to know which risks and opportunities companies have prioritised and whether the company has made a link between and understood the impact on the business and its workforce.

Companies that can clearly set out the impact on the business operations, revenue and expenditure demonstrate their commitment to improving their management of this important resource and asset.

Likewise, companies that understand the impacts of these risks and opportunities on their workforce can demonstrate that they take a stakeholder approach to managing its risks and opportunities and developing its business model.

Question guidance

Companies are encouraged to specify if the company is prioritising certain risks over the others, and the reasons for this.

Companies are also asked to reference specific direct operations and geographies for each identified risk.

Illustrative examples of workforce risks:

- *Risk type:* External development
Example: workforce shortage due to changes in migration patterns or lack of required skills for example.
 - *Potential impacts to workers:* increased strain on existing workforce to manage staff shortages.
 - *Potential impacts to the business:* inability to delivery business plans with potential financial and operational implications.

- *Risk type:* Operational change
Example: structural changes such as downsizing or large-scale relocation.
 - *Potential impacts to workers:* potential job losses and/or relocation. Negative impacts on the morale of the remaining workforce. Potential for increased use of workers on temporary contracts or hired through third parties.
 - *Potential impacts to the business:* potential disruption caused by reduced employee engagement and reputational damage as a result of mass lay-offs.

- *Risk type:* Internal workforce practices
Example: High number of workers on low paid and temporary contracts.
 - *Potential impacts to workers:* an increase in insecure employment, poor quality of life and low worker engagement and productivity.
 - *Potential impacts to the business:* potential to create a two-tiered workforce. There is also the risk of losing operational knowledge and increased costs associated with recruitment if the workforce becomes highly transient.

2.6) Please identify the top three workforce opportunities relating to the direct operations.

Please explain how they have the potential to impact your business operations, revenue and/ or expenditure, and workers.

Why this is important

Workforce risks and opportunities refer to the potential impact of workforce-related factors to a company's workforce and business.

Companies should take a broad view of the internal and external factors that are likely to impact their company and workforce. This might include external or regulatory changes, changes to the business structure and operations, and existing internal workforce practices.

Investors are interested to know which risks and opportunities companies have prioritised and whether the company has made a link between and understood the impact on the business and its workforce.

Companies that can clearly set out the impact on the business operations, revenue and expenditure demonstrate their commitment to improving their management of this important resource and asset.

Likewise, companies that understand the impacts of these risks and opportunities on their workforce can demonstrate that they take a stakeholder approach to managing its risks and opportunities and developing its business model.

Question guidance

Companies are encouraged to specify if the company is prioritising certain opportunities over the others, and the reasons for this.

Companies are also asked to reference specific direct operations and geographies for each identified risk.

Illustrative examples of workforce opportunities:

- *Opportunity type: Regulatory*
Example: Increases in the national minimum wage could drive improvements in employee wages at the lower end of the pay scale.
 - *Potential impacts to workers:* improvements in quality of life for lowest paid workers and increased engagement and commitment from workers.
 - *Potential impacts to the business:* longer term operational and financial benefits from productivity gains associated with higher staff morale and engagement

 - *Opportunity type: Operational change*
Example: Growth of specific areas of the business requiring re-training and skilling up existing workforce.
 - *Potential impacts to workers:* opportunity to gain new skills and receive the benefits of development and progression either within or outside of the company.
 - *Potential impacts to the business:* short term costs associated with training and development, longer term benefits of a higher skilled workforce and potential productivity gains, potential cost savings of lower turnover as workers are more engaged as a result of increased investment in their development.

 - *Opportunity type: Internal workforce practices*
Example: Commitments and initiatives to build a diverse and inclusive working environment.
 - *Potential impacts to workers:* workers from different backgrounds are valued equally and have equal access to opportunities and investment. Workers may also benefit from working in more creative and productive working environments.
 - *Potential impacts to the business:* operations and revenue could benefit from higher productivity associated with diversity in the workplace, reputational benefits of being an employer that values difference and reflects the society in which it operates.
-

2.7) Please explain how the identified risks and opportunities are integrated into the company's overall business strategy?

Why this is important

Identifying the impact on the business and workers is the first step in taking appropriate actions to reduce the risks and take advantage of new opportunities. Investors also want to understand how companies are responding to these priority issues by reviewing workforce management practices and integrating them in the company's decision making processes.

Question guidance

Companies are asked to explain how their workforce risk management process described in 2.5 and the risks and opportunities identified in 2.6 and 2.7 have been integrated into the wider risk management framework and the company's business strategy.

Companies are encouraged to refer to specific risks and opportunities and the actions the company has taken to address them, including how, if at all, these risks and opportunities have influenced the broader business operations and strategy.

For example this could include the company's use of different employee contracts, its approach to recruiting, retaining and developing talent and the mechanisms in place for employees to participate in decision-making processes.

Companies should refer to their disclosure data in the other parts of the survey (i.e. Direct operations sections 3 to 7) where this is helpful to support management of the risks and opportunities identified in 2.6 and 2.7.

Companies should also share instances where the company has experienced challenges in managing risks and opportunities.

Risks and Opportunities: Supply Chain

2.8) Does the company have a process for identifying and prioritising workforce risks and opportunities in the company's supply chain?

Why this is important

Companies should be clear not only about the process for identifying and prioritising risks and opportunities, but also the process for acting on, tracking and communicating progress on these issues. For companies with extensive supply chains, the risks and opportunities in the supply chain can be less clear as the visibility of workforce factors is reduced.

Investors are interested in understanding if a company has a distinct risk assessment process in relation to the workforce, how it relates to other processes such as the human rights due diligence and wider risk management framework, and how robust this process is.

Question guidance

Companies are encouraged to provide succinct responses that address each of the points below:

- who is involved and/or consulted in the process (internal and external stakeholders),
- how often this process is carried out,

- which business activities/locations are covered,
- how risks and opportunities are prioritised and acted on,
- how results are reported and communicated,
- how human rights due diligence informs this process,
- how the workforce risk assessment forms part of a wider risk management framework

If no process is in place, explain why.

2.9) Please identify the top three workforce risks relating to the supply chain.

Please explain how they have the potential to impact your business operations, revenue and/or expenditure, and workers.

Why this is important

Workforce risks and opportunities refer to the potential impact of workforce-related factors to a company’s workforce and business.

Companies should take a broad view of the internal and external factors that are likely to impact their company and workforce. This might include external or regulatory changes, changes to the business structure, operations and supply chain, and existing internal workforce practices.

Investors are interested to know which risks and opportunities companies have prioritised and whether the company has made a link between and understood the impact on the business and its workforce.

Companies that can clearly set out the impact on the business operations, revenue and expenditure demonstrate their commitment to improving their management of this important resource and asset.

Likewise, companies that understand the impacts of these risks and opportunities on their workforce can demonstrate that they take a stakeholder approach to managing its risks and opportunities and developing its business model.

Question guidance

Companies are encouraged to specify if the company is prioritising certain risks over the others, and the reasons for this.

Companies are encouraged to reference specific parts of their supply chain such as specific tiers, high risk suppliers or geographies for each identified risk.

Illustrative examples of workforce risks:

- *Risk type:* External development.
Example: Increased migration of workers to regions where the company has a high supply chain presence.
 - *Potential impacts to workers:* Labour agencies may take advantage of vulnerable groups through coercion and conditions of forced labour.
 - *Potential impacts to the business:* Possible legal action if forced labour in the supply chain is alleged. Reputational and financial damage as a result of negative

press coverage. Operational disruption as a result if labour agency contracts are terminated at short notice.

- *Risk type:* Operational change.
Example: Movement of supply chain activities to new locations to lower production costs.
 - *Potential impacts to workers:* suppliers accept contracts that do not cover the full cost of production. Workers are paid wages that do not enable them to have a decent standard of living.*Potential impacts to the business:* Revenues impacted from the reputational damage of paying workers low wages. Financial implications if payments to suppliers need to be raised suddenly and workers require compensation.

- *Risk type:* Internal workforce practices.
Example: Poor due diligence and lack of company oversight concerning collective bargaining restrictions in sourcing countries.
 - *Potential impacts to workers:* Workers' rights routinely not respected by suppliers and workers persecuted for making their voices heard. In the worst cases, workers may not be aware of their rights.
 - *Potential impacts to business:* Operational and financial implications if workers find ways to disrupt the supply chain; reputational damage if consumers become aware of workers being denied their legal right to bargain collectively.

2.10) Please identify the top three workforce opportunities relating to the supply chain. Please explain how they have the potential to impact your business operations, revenue and/or expenditure, and workers.

Why this is important

Workforce risks and opportunities refer to the potential impact of workforce-related factors to a company's workforce and business.

Companies should take a broad view of the internal and external factors that are likely to impact their company and workforce. This might include external or regulatory changes, changes to the business structure, operations and supply chain, and existing internal workforce practices.

Investors are interested to know which risks and opportunities companies have prioritised and whether the company has made a link between and understood the impact on the business and its workforce.

Companies that can clearly set out the impact on the business operations, revenue and expenditure demonstrate their commitment to improving their management of this important resource and asset.

Likewise, companies that understand the impacts of these risks and opportunities on their workforce can demonstrate that they take a stakeholder approach to managing its risks and opportunities and developing its business model.

Question guidance

Companies are encouraged to specify if the company is prioritising certain opportunities over the others, and the reasons for this.

Companies are encouraged to reference specific parts of their supply chain such as specific tiers, high risk suppliers or geographies for each identified opportunity.

Illustrative examples of workforce opportunities:

- *Opportunity type: regulatory.*
Example: emerging local legislation strengthens support for trade unions and other workers organisations.
 - *Potential impacts to workers:* opportunity for workers collectively raise workplace standards and their quality of life.
 - *Potential impacts to the business:* long term operational, financial and reputational benefits of workers having greater voice in their working practices, leading to greater engagement and commitment to their work.

- *Opportunity type: operational changes.*
Example: concerted effort by the company to move towards longer-term business relationships with suppliers.
 - *Potential impacts to workers:* increased job security, potential to engage with supplier and company to bring about better working conditions.
 - *Potential impacts to the business:* operations, revenue and expenditure could benefit from a mutual commitment between the company and suppliers to the long-term success of the business. Companies could support suppliers to improve working practices, while suppliers can create conditions which lead to improved worker productivity.

- *Opportunity type: Internal workforce practices.*
Example: Continuous engagement with suppliers on wage levels for supply chain workers.
 - *Potential impacts to workers:* A long term commitment by the company and supplier to improve worker quality of life through higher wages, increased worker engagement and improved productivity.
 - *Potential impacts to business:* Increased workforce engagement and commitment; reputational gains of working towards fair wages in the supply chain.

2.11) Please explain how these risks and opportunities are integrated into the company's sourcing strategy?

This question is closely linked to Section 9 – Supply chain - Sourcing strategy.

Why this is important

Identifying the impact on business and workers is the first step in taking appropriate actions in the supply chain. Companies exercise enormous influence on suppliers and their workplace practices through their purchasing practices and sourcing relationships. Companies need to demonstrate to investors and wider stakeholders that they understand who bears the risk for their purchasing practices and the impact this is likely to have on suppliers and workers. Companies can demonstrate their commitment to using this leverage positively by reviewing and integrating priority issues into supply chain relationships and sourcing strategies.

Question guidance

Companies are asked to explain how their workforce risk management process described in 2.8 and the risks and opportunities identified in 2.9 and 2.10 have been integrated into the company's sourcing strategy.

Companies are encouraged to refer to specific risks and opportunities and the actions the company has taken to address them.

In their response please include the below:

- how, if at all, these risks and opportunities have influenced the procurement or buying teams purchasing decisions,
- how these risks and opportunities have helped the company prioritise which suppliers to engage with as part of its responsible sourcing strategy.

Companies should refer to their disclosure data in the other parts of the survey (i.e. Supply chain sections 8 to 11) where this is helpful to support management of the risks and opportunities identified in 2.9 and 2.10.

Companies should also share instances where the company has experienced challenges in managing risks and opportunities.

3. Composition and Compensation - Direct Operations

Why this section is important

The composition of a company's workforce, the terms of their employment and how they are compensated are the starting point for understanding a company's relationship with its workforce.

How a company manages these areas can drive productivity and operational benefits, or conversely it can bring about risks to the firm including legal and reputational risks.

Increased public and regulatory scrutiny is also creating a push for increased disclosure on diversity, contingent workforce, pay ratios and the gender pay gap, creating an advantage for investors and companies that prioritise these topics in preparing for the requirements.

Structure and location of direct operations

3.1) Please provide the total number of employees in the company's direct operations.

Aligned with GRI 102-7

Why this is important

Questions 3.1 and 3.2 provide the scale and context for the information on the direct operations in the rest of the workforce disclosure. This question helps assess the overall volume of workers delivering core services on behalf of the company.

Question guidance

Companies are asked to provide the total number of employees in the direct operations. If full data is not available, please make clear which employees/operations are not covered and the reasons for this.

3.2) Please provide the total number of employees by location where the company has direct operations.

Aligned with GRI 102-4

Why this is important

Questions 3.1 and 3.2 are helpful to understand the scale of the direct operations and the company's different operating contexts.

Question guidance

Companies are asked to provide the number of employees by location for up to 50 direct operations locations. If full data is not available, please make clear which employees/locations are not covered and the reason or this.

Contract types

3.3) Please provide the estimated number of employees or contingent workers by contract type. Please provide a gender breakdown if possible.

Aligned with GRI 102-8, CWC 1 - Workforce Composition

Why this is important

A breakdown of contract types gives insight into the different types of labour used by the company to realise its business objectives.

Investors are increasingly interested in this important topic given the changing employment environment in recent years. Contracts have become more flexible and there is a trend towards companies using more contingent workers in their direct operations workforce.

A high dependency on temporary or non-guaranteed/short hours contracts can indicate the transitory nature and employment security of the workforce who receive fewer benefits compared to permanently contracted employees (such as holiday leave, adequate pay and training and development opportunities).

In addition, companies that depend to a large extent on flexible working arrangements and/or on workers recruited through third-party groups (particularly where these groups are located in high risk geographies and where the company has no oversight over employment practices) can potentially expose workers to labour rights risks and be more exposed to the legal, financial and reputational risks associated with precarious and exploitative labour practices in their direct operations workforce.

Question guidance

Companies are asked to provide figures covering both employees and contingent workers. Companies are also asked to provide this information by gender if collected.

If there are areas of the direct operations workforce where data is unavailable, please clearly state which areas these are.

3.4) Please describe and explain changes to the numbers of these contract types in the last year.

Aligned with GRI 102-8

Why this is important

As above for 3.3. It is important that the company is effectively managing any changes to its employment model, and is able to explain why the contract types and allocation of workforce to different types of contract is right for its business model and strategy.

This is particularly important for companies who are making large structural changes to the business where the implications for workers are likely to be more widespread.

Question guidance

Companies are asked to provide details on:

- any changes to contract types listed in the table above in the last reporting period,
- reasons behind these changes including reference to why the allocation of contract types suits the business model and strategy.

3.5) If a significant portion of the organisation’s activities are performed by contingent workers who are not employees (such as contract, temporary or franchise workers) please

describe the size of this workforce, and nature and scale of the work they perform.

Aligned with GRI 102-8

Why this is important

Excessive use of temporary/contract workers increases the risk of creating a two-tier workforce with resulting repercussions on staff morale and engagement.

A high dependency on temporary or non-guaranteed/short hours contracts can indicate the transitory nature and employment security of the workforce who receive fewer benefits compared to permanently contracted employees (such as holiday leave, adequate pay and training and development opportunities).

In addition, companies that depend to a large extent on flexible working arrangements and/or on workers recruited through third-party groups (particularly where these groups are located in high-risk geographies and where the company has no oversight over employment practices) can potentially expose workers to labour rights risks and be more exposed to the legal, financial and reputational risks associated with precarious and exploitative labour practices in their direct operations workforce.

Question guidance

Companies are asked to include the following in their response:

- the size of the company's contingent workforce relative to sector peers,
- the nature of the work these workers are involved in,
- the geographic spread and the largest concentration of contingent workers,
- how the proportion of contingent workers is appropriate for the company's business model,
- how the company ensures that working conditions are upheld for the contingent workforce.

Diversity

3.6) Please indicate if the company has policy commitments relating to diversity. Please provide links to the relevant document.

Aligned with GRI 103-2, GRI 405, CWC 9 – Workplace diversity

Why this is important

There is increasing evidence of a link between diversity and company performance. A company's policy commitments are approved by the highest levels of responsibility in the company. A policy commitment on diversity represents an important public document that communicates a company's value and principles in this area. It is a first step in setting out how that how a company will take action and influence decision-making within the business to ensure the commitment is made in practice.

Question guidance

If the company does not have a policy commitment on diversity in the direct operations, please explain why and indicate any plans to implement a policy in the future.

3.7) Please provide the gender composition of your employees.

Provide the percentage of total employees by gender at each level of seniority.

Aligned with GRI 405-1, DJSI Social Dimension – Diversity

Why this is important

There is increasing evidence of a link between diversity and company performance.⁶ Gender composition data can indicate the company’s commitment to and understanding of diversity as well as the risks and opportunities of gender imbalance in the workforce. Gender composition by seniority helps to understand the gender representation at different levels of responsibility and the company’s ability to attract and retain a diverse talent pool across the employee base.

Question guidance

Companies are asked to provide the gender composition of their workforce. Companies are asked to provide this information by seniority levels. Companies are requested to define their own seniority levels and asked to clearly state which classification of seniority is being used and where it originated – please include the source if it is an external classification or provide details if it is an internal classification.

3.8) Please provide any other composition data that your organisation collects.

Aligned with GRI 102-8, GRI 405-1-b

Why this is important

There is increasing evidence of the link between diversity and company performance.⁷ In addition to collecting and disclosing data on gender diversity companies should seek to collect employee composition data by other demographic groups. Investors are increasingly interested to understand not only how diverse the workforce is at different levels of the organisation, but how a company creates an inclusive working environment for all by tackling discrimination and providing equal access to opportunities.

Question guidance

Companies are asked to provide numbers and/or percentages of employees by the different groups, if collected.

Companies are asked to apply their own classifications to align with their own internal data collection systems. Companies are asked to include the source if it is an external classification or provide details if it is an internal classification.

3.9) Please provide any other diversity data on the contingent workforce if collected.

Why this is important

Contingent workers are increasingly common in companies’ workforces. Companies should seek to collect employee composition data by other demographic groups. This is particularly true of contingent workers that are more likely to be comprised of minority or vulnerable groups. Investors are increasingly interested to understand not only how

⁶ McKinsey, 2017, Delivering through Diversity
https://www.mckinsey.com/~media/mckinsey/business%20functions/organization/our%20insights/delivering%20through%20diversity/delivering-through-diversity_full-report.ashx

⁷ Ibid

diverse the workforce is at different levels of the organisation, but how a company creates an inclusive working environment for all by tackling discrimination and providing equal access to opportunities. It is important for companies to make progress towards ensuring the diversity data captured above (questions 3.7 and 3.8) is also captured for contingent workers.

Question guidance

Companies are asked to provide numbers and/or percentages of contingent workers broken down by any of the groups provided, if collected.

Please clearly state which classifications are being used and where they originated – please include sources if external classifications are being used or provide details if they are internal classifications.

Wage levels

3.10) Please indicate if the company has policy commitments on wage levels.

Please provide links to the relevant document.

Aligned with UNGPRF C1, CWC 6 Pay levels

Why this is important

A company's policy commitments are approved by the highest levels of responsibility in the company. A policy commitment on wage levels represents an important public document that communicates a company's values and principles in this area. It is a first step in setting out how a company will take action and influence decision-making within the business to ensure the commitment is made in practice.

Wage levels for employees give an insight into how the company values and compensates its employees. Companies with fair wage levels are likely to have employees that are more productive and engaged with the company's objectives, while those with a high proportion of employees on low wages experience higher absentee rates, turnover and lower engagement.

Question guidance

If the company does not have a policy commitment on wage levels in the direct operations, please explain why and indicate any plans to implement a policy in the future.

3.11) Please provide the percentage of total employees whose basic salary is the local minimum wage or just above. Please provide this information by gender if possible.

Why this is important

The proportion of employees on the minimum wage provides an insight into how the company values and compensates its employees. It is presumed that employees on the minimum wage represent the lowest paid portion of the total employee base.

Companies that go above the minimum wage requirements for their lowest paid employees are likely to have employees that are more productive and engaged with the company's objectives, while those with a high proportion of employees on low wages experience higher absentee rates, turnover and lower engagement.

Question guidance

Companies are asked to provide the proportion of employees whose basic salary is the local minimum wage at the company level. If company level is not available, companies are asked to provide a snapshot of their operations where this information is collected.

Minimum wages refer to the minimum compensation allowed under local legal requirements.

Companies are asked to provide this information by gender, if collected.

3.12) Does the company collect wage data for contingent workers?

Aligned with CWC 1 – Workforce composition

Why this is important

Investors are increasingly interested this information given the changing employment environment where contracts have become more flexible and where there is trend for companies to use more contingent workers in their direct operations workforce. It is important for companies to make progress towards ensuring the data on wage levels in question 3.11 is also captured for contingent workers. Companies that use contingent workers should demonstrate how they ensure workers are not disadvantaged regarding pay or other benefits associated with permanent employees.

A high dependency on temporary or non-guaranteed/short hours contracts can indicate the transitory nature and employment security of the workforce who receive fewer benefits compared to permanently contracted employees (such as holiday leave, adequate pay and training and development opportunities).

Question guidance

Companies are encouraged to share any of the information on the difference between the benefits received by workers on different contracts, compared to permanent employees.

3.13) If not, how does the company engage with labour providers to ensure third-party contracted workers are paid at least the local minimum wage?

Why this is important

Companies' relationship with contingent workers is often mediated by third party labour providers. These third-party contracted workers are often at a high risk of low pay, in some cases even being paid below the local minimum wage.

It is important that companies engage with these third party labour providers to ensure wage levels are consistent and translated to third-party contracted workers. Failure to do so brings risks of a two tier workforce and resulting deficits in workforce morale, engagement and productivity. It also presents legal and reputational risks.

Question guidance

Companies are asked to provide examples of specific engagements with labour providers on third party wages. Companies are encouraged to provide the geographies and operating contexts of these actions, and any resulting or expected outcomes.

If the company has not engaged with labour providers on wages, please provide reasons and/or barriers to this engagement.

3.14) Does the company pay the Living Wage or make any commitments towards it? Please provide details and/or link to the relevant documentation.

Aligned with CWC 6 – Pay levels

Why this is important

The concept of the living wage has gained significant support from government, civil society and industry in the UK, and is gaining popularity in other countries.

In the UK, there is evidence that paying a living wage reduces staff turnover, leads to reputational benefits and improves workforce engagement. The last few years have seen substantial progress made towards identifying living wage levels in many countries where companies have large supply chain footprints.

Question guidance

Companies are asked to provide information on any of the below:

- any efforts the company has taken to define living wages in the markets in which it operates, including joint initiatives or otherwise,
- examples of official commitments the company has made to pay a living wage. Please provide the operating contexts which are covered by these commitments.
- where the living wage rate is not clearly defined, please disclose any efforts the company has made to establish living wage rates.

Pay ratios

3.15) Please provide the ratio of the annual total compensation for the organisation's highest paid individual in one or more countries of operation, to the median annual total compensation for all employees in the same country.

Aligned with GRI 102-38, CWC 6 – Pay levels, ILO No. 100 – Equal remuneration convention

Why this is important

Pay ratios can help to improve transparency and restore trust surrounding executive compensation. A company's pay ratio, when considered alongside information in the disclosure, can help to understand the company's approach to distributing its returns across the organisation. High levels of pay disparity can impact employee morale. This information is also particularly insightful when considered in relation to other sector peers. There has been significant support for companies publishing their pay ratios, including consideration from regulators in both the US and the UK. It will be useful for investors and companies to be ahead of the curve on this disclosure.

Question guidance

Companies are encouraged to follow a local methodology if there is one or apply a methodology from elsewhere.

Examples include the US Securities and Exchange Commission (SEC)⁸ or GRI.⁹

Companies are asked to comment on how this compares within their industry.

3.16) Please provide the company's gender pay gap.

Please provide any other gender pay gap data the company collects.

Aligned with GRI 405-2

Why this is important

Gender pay gap reporting is a new legal requirement in the UK as of April 2017. It is designed to improve transparency on gender pay differences and to drive action to reduce pay inequality. Gender pay gap data can be used to assess levels of equality in the workplace and how effectively a company is maximising talent. Gender diversity has been found to be a competitive differentiator and companies in the top quartile for gender or racial and ethnic diversity are more likely to have financial returns above their national industry means. Companies in the bottom quartiles are statistically less likely to achieve above average returns.¹⁰

Question guidance

In the UK context, companies are asked to report the data reported to the UK Government for gender pay gap reporting.

Companies in jurisdictions outside of the UK are encouraged to follow a local methodology if there is one or apply a methodology from elsewhere, for example the UK Gender Pay guidance.¹¹

Company example

SSE provide full details of its gender pay gap, an explanation for the figures and actions on addressing the gap in key areas including education, recruitment, and flexibility, back to work, pay and society.¹²

3.17) How is the company addressing gender pay gaps in its organisation?

Why this is important

See question 3.16.

⁸ SEC Adopts Interpretive Guidance on Pay Ratio Rule, 2017, <https://www.sec.gov/rules/interp/2017/33-10415.pdf>

⁹ GRI Disclosure 102-38 'Annual total compensation ratio'. <https://www.globalreporting.org/standards/media/1037/gri-102-general-disclosures-2016.pdf>

¹⁰ McKinsey (2016), The Power of Parity: Advancing Women's Equality in the UK and OECD (2012), 'Effects of reducing gender gaps in education and labour force participation on economic growth in the OECD'. in Acas Managing gender pay gap reporting <http://www.acas.org.uk/index.aspx?articleid=5768>

¹¹ UK Government, Gender pay gap reporting: make your calculations: <https://www.gov.uk/guidance/gender-pay-gap-reporting-make-your-calculations>

¹² SSE Sustainability Report, 2018 , pp. 36-37 http://sse.com/media/405131/Sustainability-Report2016_FINAL.pdf

Question guidance

Companies are asked to provide information on specific actions the company is taking to address gender pay gaps in its direct workforce. Companies are asked to specify which operations this applies to.

4. Stability - Direct Operations

Why this section is important

Turnover data provides insights into how effective the organisation is at recruiting and retaining employees and can be a litmus test for wider issues of workforce satisfaction, an important element for investors to assess. In the direct operations, turnover rates are useful when considered alongside other data in the survey to understand wider issues such as structural changes to the organisation, security of employment, opportunities to develop and levels of engagement. Investors are particularly interested to understand the context of a company's workforce stability and companies are encouraged to provide explanatory notes on their turnover figures.

Turnover

4.1) Please provide overall turnover rates for the company.

Please provide turnover rates, voluntary and involuntary if collected, for your employees, by any of the following: age, gender, employee function, geography, seniority level, business activity/function or contract type.

Aligned with GRI 401-1, DJSI Employee turnover rate, CWC 1 – Workforce composition

Why this is important

Turnover rates provide a snapshot of stability of the workforce during the reporting period. They can indicate the degree to which the company is able to retain talent and hint at the financial costs of re-skilling and recruiting workers – both of which can impact the productivity and the stability of the company.

Disaggregated turnover data can also indicate the level of certainty and satisfaction among different groups in the workforce and the degree to which the company is able to retain and develop a diverse and stable employee base. Employee stability when considered alongside composition, training and development and engagement data can reveal insights into the company's employment approach.

Question guidance

Companies are asked to provide

- turnover rates, voluntary and involuntary turnover if collected, at the company level,
- turnover data by any of the categories provided, if collected.

Companies are asked to indicate which methodology is being used if it differs from the definitions provided.

4.2) Does the company collect turnover data for contingent workers? Please provide turnover rates if collected.

Why this is important

Turnover rates provide a snapshot of stability of the workforce during the reporting period. Contingent workers are increasingly common in companies' workforces. High turnover rates are an indicator of precarious work in the contingent workforce. It is important for

companies to make progress towards ensuring the data on turnover rates in question 4.1 is also captured for contingent workers.

Question guidance

Companies are asked to provide turnover data for their contingent workforce, however it is recognised that at present companies do not routinely collect this information.

4.3) Please describe and explain any significant changes to these figures in the last year.

Aligned with GRI 401-1

Why this is important

It is important that companies demonstrate they have processes to regularly monitor staff turnover and take action to address underlying causes of high turnover rates if they present risks to the business or to workers.

Question guidance

Companies are asked to give details on:

- any reasons for changes to turnover since the last reporting period, including any geographic or business specific trends,
- any attempts by the company to address the change,
- comparisons with internal targets and/or sector/industry averages,
- any links the company has drawn between turnover, the talent pipeline and employee engagement.

5. Development - Direct Operations

Why this section is important

This section provides an insight into a company's commitment to training and developing the people working in its direct operations. Workforce development is important to ensure that the skills of the workforce meet the strategic objectives of the company. Together with turnover and engagement data, workforce development information demonstrates how effectively a company is developing the skills of its direct workforce.

Training and skills development

5.1) Please indicate if the company has policy commitments on training and skills development.

Please provide links to the relevant document.

Aligned with GRI 103-2, GRI 404, CWC 8 - Training and development

Why this is important

A company's policy commitments are approved by the highest levels of responsibility in the company. A policy commitment on training and skills development represents an important public document that communicates a company's value and principles in this area. It is a first step in setting out how a company will take action and influence decision-making within the business to ensure the commitment is made in practice.

Question guidance

If the company does not have a policy commitment, please explain why and indicate any plans to implement a policy in the future.

5.2) How does the company identify and address skills gaps and training needs.

Why this is important

Investors want to better understand how companies approach identifying and addressing skills gaps. Identifying skills gaps and providing strategic training opportunities can give companies a source of competitive advantage. Companies that proactively seek to meet the training needs of their employees can also help increase employee confidence to grow and innovate and foster greater engagement and commitment from their workforce.

Question guidance

Companies are asked to provide the following information in their response:

- the company's process to determine the skills and training required to fulfil the company's strategic objectives,
- who is involved in identifying skills gaps and training needs,
- the process for addressing these gaps,
- examples of needs that have been identified including reference to specific geographies, business functions or otherwise.

5.3) Please provide details on the provision of training and development for employees by gender if possible.

Please provide details on the provision of training by seniority and contract type if available.

Aligned with DJSI Training and development inputs, GRI 404-1

Why this is important

Training programmes and average training hours provide investors with an insight into the scale and ambition of the company's commitment to investing in developing its employees. Disaggregated data by gender, seniority and contract type can also provide additional insights as to how equally distributed training and development opportunities are across the workforce. Equal development opportunities across the direct operations workforce are also associated with high employee satisfaction and improved performance.

Question guidance

Companies are asked to provide the name(s) of key training programmes their company provides. Companies should prioritise reporting on those where they have the following data.

Companies are asked to provide the following:

- For 5.3.1:
 - information on their training programmes (the name of the programme and briefly what it involves),
 - which levels of seniority (the same levels of seniority defined by the company elsewhere in their disclosure) this training is aimed at,
 - the type of training the programme provides (see below for a categorisation).

- For 5.3.2:
 - the number of training by hours per FTE and number of FTEs trained,
 - the number of FTEs receiving training in this programme by gender.

- For 5.3.3:
 - the breakdown of training (hours per FTE and/or number of FTEs) by seniority and/or contract type, if collected.

Companies are also asked to provide additional information on the outcomes of the training programmes listed in the above.

Type of training programme

- *Technical/Skills training* – training on skills required by to enable workers to perform their jobs. Most of the time, skills training is given in-house and can include the use of a mentor. For example, an administrative assistant might be trained in how to answer the phone, while a salesperson might be trained in assessment of customer needs and on how to offer the customer information to make a buying decision.
- *Quality Training* – familiarizing workers with the means of preventing, detecting, and eliminating non-quality items, usually in an organisation that produces a product. Numerous organizations, such as the International Organization for Standardization (ISO), measure quality based on a number of metrics.
- *Professional Training and Legal Training* – In some jobs, professional training must be done on an ongoing basis. Professional training is a type of training required to

be up to date in one's own professional field. For example lawyers or accountants remaining up to date with the current laws and regulations.

- *Leadership / Managerial Training* – after someone has spent time with an organization, they might be identified as a candidate for promotion. When this occurs, managerial training would occur. Topics might include soft skills, such as how to motivate and delegate.
- *Safety Training* – safety training is a type of training that occurs to ensure employees are protected from injuries caused by work-related accidents.¹³

5.5) How do you measure the effectiveness of the training and development programmes your company provides?

Aligned with DJSI Human capital return on investment

Why this is important

Leading companies also measure the effectiveness of training and development investments. Investors are increasingly interested to see how companies monitor and assess the effectiveness of training programmes, to determine how proactively a company is adapting its programmes to suit the company strategy and skills needs of the workforce, and ensuring investments lead to positive impacts for the company and employees.

Question guidance

Companies are encouraged to provide any quantitative or qualitative measures of the impact of training and development on the business and its workforce. For example, this could be through increased revenue, productivity gains, employee engagement and/or internal hire rates (see question 5.6) or return on investment (ROI).

5.6) Please provide the overall proportion of internal hires at the company level, and by gender if possible.

Please provide proportion of internal hires by any of the following: by gender, seniority, contract types or ethnicity.

Aligned with DJSI Training and development inputs

Why this is important

Internal hire rates can indicate the effectiveness of training and development programmes and the company's approach to providing the workforce with new opportunities for growth and development, an important factor in retention of key talent. Disaggregated by different groups they can also demonstrate how equally opportunities to progress in the company are distributed and who benefits from them.

Question guidance

Companies are asked to provide:

- proportion of internal hires at the company level,
- proportion of internal hires by any of the categories provided, if collected.

¹³ Human Resource Management <http://open.lib.umn.edu/humanresourcemanagement/chapter/8-2-types-of-training-2/>

Companies are directed to the definition of internal hires provided in the glossary.

6. Occupational health and safety and wellbeing - Direct Operations

Why this section is important

A safe and healthy working environment is fundamental to ensuring employees are able to carry out their duties in the workplace. Strong company performance on health and safety requires policy commitments, controls and systems to track progress over time. Failure to do this can expose the company to legal risks and operational disruptions.

Mental wellbeing is essential to employee morale and productivity. If a company pays significant attention to non-physical health issues it gives an insight into the company's approach to and understanding of employee welfare. Understanding wellbeing of workers in companies' operations can also give an insight into the culture and the commitment of the workforce to the company's objectives.

Occupational health and safety

6.1) Please indicate if the company has policy commitments on occupational health and safety.

Please provide links to the relevant document(s)

Aligned with GRI 103-2, GRI 403, GRI 403-9, CWC 5 – Occupational health and safety

Why this is important

A company's policy commitments are approved by the highest levels of responsibility in the company. A policy commitment on occupational health and safety represents an important public document that communicates a company's value and principles in this area. It is a first step in setting out how a company will take action and influence decision-making within the business to ensure the commitment is made in practice.

Question guidance

If the company does not have a policy commitment, please explain why and indicate any plans to implement a policy in the future.

6.2) Please provide any of the following health and safety information for your employees, by any of the following: by region and/or, gender.

Please explain any changes in the data in the last reporting period.

If there are any additional or alternative metrics that the company reports, please provide them below.

Aligned with GRI 403-9, CHRB D.1.7, D.2.7 and D.3.4

Why this is important

A company's commitment to OH&S can be evidenced by the system it has in place to monitor issues across business operations, OH&S targets and preventative and reactive measures and programmes the company has in place. Low absentee and lost day rates are indicative of high staff morale and productivity. Conversely, high injury and even

fatality rates suggest the company is neglecting its responsibility to protect workers in the workplace and potentially exposing the company to legal risks and operational disruptions.

Question guidance

Companies are asked to provide:

- health and safety data at the company level (companies are directed to the 2016 GRI standard for Occupational Health and Safety for definitions of key health and safety metrics)¹⁴
- alternative leading indicators such as near misses, unsafe working conditions reported, if collected, at the company level,
- health and safety data for any of the metrics by location and/or gender if collected,
- information to describe and explain the change in health and safety performance since the last reporting year, including any targets that have been set or missed during the reporting period.

Please note that companies are asked to describe their efforts to improve performance and any challenges the company has experienced in doing so in question 6.4.

6.3) Does the company collect health and safety data for contingent workers? Please provide health and safety data if collected.

Aligned with GRI 403-9

Why this is important

Contingent workers are increasingly common in many companies' workforces. It is important for companies to make progress towards ensuring the occupational health and safety data captured above (question 6.2) is also captured for contingent workers. This can help to address any potential systemic trends and problems that put workers health and safety at risk.

Question guidance

Companies are asked to provide health and safety data for their contingent workforce, however it is recognised that at present companies do not routinely collect this information.

6.4) How is the company working to improve its health and safety performance?

Why this is important

Companies should be able to demonstrate what actions they are taking to improve health and safety performance. This is essential to ensure policy commitments are put into practice. Companies should also demonstrate how these actions have or are expected to influence the metrics reported in questions 6.2 and 6.3.

Question guidance

Please provide information on specific actions the company is taking/has taken to improve its health and safety performance.

¹⁴ Exposure draft of GRI 403: Occupational Health and Safety, page 3, <https://www.globalreporting.org/standards/media/1645/exposure-draft-of-gri-403-occupational-health-and-safety.pdf>

Companies should include in their response:

- details on the geographic and operational context of the actions,
- the specific health and safety issues the action is aimed to address,
- the nature of the action, for example implementation of new systems, setting up of joint management-worker health and safety committees, training programmes, operations improvements, investment in equipment/technology etc,
- the expected or resulting improvements from the actions,
- the process for monitoring the impact the action has on health and safety performance,
- any challenges the company has experience in implementing these.

Wellbeing

6.5) Please indicate if the company has policy commitments on wellbeing. Please provide links to the relevant document (s)

Why this is important

A company's policy commitments are approved by the highest levels of responsibility in the company. A policy commitment on wellbeing represents an important public document that communicates a company's value and principles in this area. It is a first step in setting out how a company will take action and influence decision-making within the business to ensure the commitment is made in practice.

Question guidance

If the company does not have a policy commitment, please explain why and indicate any plans to implement a policy in the future.

6.6) Please describe one or more wellbeing programmes for employees that have been implemented.

Why this is important

Work, health and wellbeing are closely related. In a rapidly changing world of work, wellbeing is increasingly becoming a key determinant of an engaged and productive workforce. Promoting wellbeing at work can help companies support workers to manage workplace stress, creating positive working conditions that are mutually beneficial for the company and the workforce. This can in turn reduce the negative impacts of poor health outcomes for workers and their employer, and bring about positive outcomes for both.

Question guidance

Companies are asked to describe one or more wellbeing programmes or specific actions the company is taking/has taken to improve employee wellbeing. Companies are directed to question 6.7 to give information on the outcomes of these efforts.

Companies are asked to specify which geographic and business activities these actions relate to.

6.7) How have these programmes contributed to improvements in employee wellbeing?

Why this is important

Companies should be able to provide evidence as to how actions are influencing employee wellbeing. This is essential to ensure policy commitments are put into practice.

Question guidance

Companies are asked to provide information on the resulting/intended outcomes of the programmes or actions listed in question 6.6.

For example, this may include:

- engagement data or engagement survey results,
- absenteeism rates and other relevant health and safety metrics,
- data on productivity,
- rates of uptake for alternative working patterns,
- uptake for recreational and social activities,
- case studies of worker wellbeing.

7. Workers' rights - Direct Operations

Why this section is important

As set out in the United Nations Guiding Principles on Business and Human Rights, companies have a duty to respect human rights.¹⁵ In addition, there are fundamental principles and rights at work.¹⁶

In order to ensure workers' human rights are respected, companies should carry out robust due diligence (see questions 2.1-2.3).

The questions in this section provide companies with an opportunity to demonstrate how the company is integrating and acting on the findings of its human rights risk assessment (beyond policy commitments for example), how it is tracking and monitoring the effectiveness of any actions it has taken (beyond the audit process for example), and provides an opportunity to communicate the outcomes from these actions.

Companies can show leadership by demonstrating not only how their actions have resulted in improvements for workers' rights, but also by being transparent about the challenges of managing human rights risks and the progress still to be made.

This can help investors better understand how proactively and effectively the company is managing salient human rights risks in their operations.

Freedom of association and collective bargaining

Section aligned with ILO No. 87 (Freedom of association) and No.98 (Right to organise and collective bargaining)

7.1) Please indicate if the company has policy commitments on freedom of association and collective bargaining relating to the direct operations.

Please provide links to the relevant document.

Aligned with GRI 103-2, GRI 407, UNGPRF C1, CWC 2 - Social Dialogue

Why this is important

Freedom of association and collective bargaining are vital in enabling a whole range of other workforce rights. A company's policy commitments are approved by the highest levels of responsibility in the company. A policy commitment on freedom of association and collective bargaining represents an important public document that communicates a company's value and principles in this area. It is a first step in setting out how a company will take action and influence decision-making within the business to ensure the commitment is made in practice.

Question guidance

If the company does not have a policy commitment on freedom of association and collective bargaining in the direct operations, please explain why and indicate any plans to implement a policy in the future.

¹⁵ United Nations Human Rights Office of the High Commissioner Guiding Principles on Business and Human Rights: http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

¹⁶ ILO Declaration on Fundamental Principles and Rights at Work <https://www.ilo.org/declaration/thedeclaration/textdeclaration/lang--en/index.htm>

7.2) Please provide the proportion of the direct operations workforce covered by collective bargaining agreements, at the company level and by location if possible.

Aligned with GRI 102-41, DJSI Freedom of association, UNGPRF C3.1

Why this is important

Collective bargaining is a fundamental human right, and vital to ensuring a wide range of other rights are respected. It a key means through which companies and workers can establish fair working conditions, and address issues in the workplace through social dialogue.

The legal system for collective bargaining varies from country to country. Note that collective agreements can be at the sector, national, regional, organisation or workplace level. Companies should have an understanding of the coverage of collective bargaining agreements at the company level and in specific countries/operating contexts.

Question guidance

Companies are asked to provide data at the company level. Companies are then asked to provide data broken by countries/operating contexts. If possible, companies are encouraged to report by country as it provides the most useful context for collective bargaining given distinctions in national legislation. Direct operations workforce refers to both employees and contingent workers.

7.3) How does the company evaluate whether it has operation sites/geographies where freedom of association and collective bargaining are at high risks of being violated?

Aligned with KTC 5.3 and GRI 407-1, UNGPRF C3

Why this is important

Freedom of association and collective bargaining are fundamental human rights, and are vital to ensuring a wide range of other rights are respected. They are key means through which companies and workers can establish fair working conditions, and address issues in the workplace through social dialogue.

The prevalence, type and acceptance of collective bargaining agreements varies between different countries and operating contexts. In some contexts, freedom of association and collective bargaining are more at risk of being violated. Companies should be able to demonstrate that they have carried out due diligence (see questions 2.1-2.3) to ensure they have identified these risks in order to mitigate their impacts.

Question guidance

Companies are encouraged to provide the following information:

- how their due diligence and risk assessment process specifically includes identifying risks to freedom of association,
- any engagement with workers, trade unions or worker organisations,
- any risks to freedom of association identified in its operations,
- any challenges to carrying out the due diligence process. If this is due to regulatory constraints to freedom of association, please explain how the company responds to these challenges in question 7.4.

7.4) Where there are regulatory constraints, how has the company ensured employees are able to pursue the right to organise?

Aligned UNGPRF C4.3

Why this is important

Freedom of association and collective bargaining are fundamental human rights, and are vital to ensuring a wide range of other rights are respected. They are key means through which companies and workers can establish fair working conditions, and address issues in the workplace through social dialogue.

The prevalence, type and acceptance of collective bargaining agreements varies between different countries and operating contexts. In some contexts, freedom of association and collective bargaining are more at risk of being violated due to regulatory constraints. Where this is the case, companies should be able to provide information on how they ensure workers' right to organise is respected.

Question guidance

Companies are encouraged to provide information on any actions the company is taking/has taken as a response to contexts or countries where freedom of association and collective bargaining are restricted. Please provide information on any resulting or expected improvements in workers' right to organise.

Grievance mechanisms

7.5) Please indicate if the company has policy commitments to provide a grievance mechanisms that meet the United Nations Guiding Principles on Business and Human Rights criteria.

Please provide links to the relevant document.

Aligned with UNGPRF C6, CWC 7 – Grievance mechanism

Why this is important

A company's policy commitments are approved by the highest levels of responsibility in the company. A policy commitment on the effectiveness of workforce grievance mechanisms represents an important public document that communicates a company's value and principles in this area. It is a first step in setting out how a company will take action and influence decision-making within the business to ensure the commitment is made in practice.

Grievance mechanisms form part of a company's ongoing human rights due diligence. Where a company has caused direct, negative impacts on workers' human rights through its activities, it should provide remedy to those affected. Grievance mechanisms provide the workforce with the opportunity to raise concerns or complaints. If concerns are not identified and addressed, they may lead to major disputes or rights abuses. Companies must ensure that workers are aware of and familiar with the company's or the supplier's grievance mechanism, and that the mechanism is independent and locally adaptable.

Question guidance

Companies are directed to principle 31 of the United Nations Guiding Principles on Business and Human Rights for criteria for an effective grievance mechanism.¹⁷

If the company does not have a policy commitment on grievance mechanisms for the direct operations workforce, please explain why and indicate any plans to implement a policy in the future.

7.6) How does the company ensure that the channel/mechanism is accessible to all direct operations workers to raise complaints or concerns related to the company?

Aligned with CHRB C.1, UNGPRF C6.2

Why this is important

Policy commitments alone are often insufficient to ensure workers have access to and are using an effective grievance mechanism.

Companies should proactively assess how effective the mechanism is at enabling workers to raise grievances and seek redress. This includes ensuring that mechanisms are independent and accessible to all (including in local languages, for different education levels and different technologies).

Question guidance

Companies are encouraged to provide information to show how the company provides a grievance mechanism that is accessible to all workers.

Companies may include any of the following:

- making the mechanisms accessible through translation into relevant languages, simple and clear presentation, communicated via different channels – including in person and electronically,
- working with representatives from trade unions and NGOs to ensure grievance mechanisms are available to all workers,
- training workers on grievance mechanisms,
- examples of instances where there has been a risk to worker rights to remedy/grievance mechanism, and the action the company has taken to rectify this.

Direct operations workers refers to both employees and contingent workers.

7.7) Please provide the number of grievances raised by the direct operations workforce in the reporting period.

Please provide the number that have been resolved in the reporting period.

Aligned with CHRB C.1, UNGPRF C6.4, C6.5

¹⁷ United Nations Human Rights Office of the High Commissioner Guiding Principles on Business and Human Rights: http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

Why this is important

A high number of grievances could indicate that a company is not managing its workforce effectively. A sustained high number of grievances raised over time may cause particular concern. However, a high number of grievances raised - if a high percentage of them are resolved – could also indicate that the grievance mechanism is functioning correctly. If only a small percentage of grievances raised have been resolved it suggests the company's grievance mechanism is not working effectively and that the company may not be addressing the underlying causes leading to the grievances.

Question guidance

Companies are encouraged to provide the figures for the data requested. Companies are also asked to provide narrative data on the figures they disclose. This could include information on:

- where grievances have been raised, for example, the location(s) with the highest number of grievances,
- the nature of the most common grievances,
- any challenges the company has faced in resolving grievances,
- any progress that is still to be made in either making the grievance mechanism more effective or in resolving cases brought to date,
- any changes the company has made to how the organisation operates internally.

Direct operations workforce refers to both employees and contingent workers.

Discrimination and harassment

Section aligned with ILO Convention No. 111 (Discrimination)

7.8) Please indicate if the company has policy commitments on discrimination and harassment.

Please provide links to the relevant document (s).

Aligned with GRI 103-2, GRI 406, ILO Convention No. 111 (Discrimination), UNGPRF C1

Why this is important

A company's policy commitments are approved by the highest levels of responsibility in the company. A policy commitment on discrimination and harassment represents an important public document that communicates a company's value and principles in this area. It is a first step in setting out how a company will take action and influence decision-making within the business to ensure the commitment is made in practice.

Freedom from discrimination is a fundamental human right. Members of the workforce have the right to be treated equally regardless of race, colour, sex, religion, political opinion, national extraction, social origin, HIV/AIDS, age, disability, family responsibilities, sexual orientation, and trade union membership or activities. Identifying and remedying reported incidents is essential to creating inclusive and cohesive working environments, and ensuring that potential human rights risks are addressed. This information can also provide crucial insights into a company's internal culture.

Question guidance

If the company does not have a policy commitment on discrimination and harassment in the direct operations, please explain why and indicate any plans to implement a policy in the future.

7.9) Please provide the number of discrimination and harassment incidents raised by the direct operations workforce in the reporting period.

Please provide the number of incidents that have been resolved in the reporting period.

Aligned with UNGPRF C6.4, C6.5, GRI 406-1

Why this is important

Addressing discrimination and harassment is essential to enable the creation of an inclusive and diverse company culture. The number and nature of incidents reported and resolved indicates how effective the company is in dealing with abuses of human rights. Identifying and remedying reported incidents is essential to creating inclusive and cohesive working environments, and ensuring that potential human rights risks are addressed. This information can also provide crucial insights into a company's internal culture.

A high number of discrimination and harassment incidents could indicate that a company is not managing its workforce effectively. A sustained high number over time may cause particular concern. However, a high number of reported discrimination and harassment incidents - if a high percentage of them are resolved – may indicate a culture in which the workforce feels empowered and confident that the company will address issues raised. If only a small percentage of incidents have been resolved it suggests the company is not managing these issues effectively and that the company may not be addressing the underlying causes of discrimination and harassment.

Question guidance

Companies are encouraged to provide the figures for the data requested. Companies are also asked to provide narrative data on the figures they disclose. This could include information on:

- a geographic breakdown of where incidents have occurred, for example, the location(s) with the highest number of incidents,
- the nature of the most common incidents,
- any challenges the company has faced in resolving incidents,
- any progress that is still to be made in resolving cases brought to date,
- any changes the company has made to how the organisation operates internally.

Direct operations workforce refers to both employees and contingent workers.

Whistleblowing

7.10) Please indicate if the company has policy commitments on whistleblowing.

Please provide links to the relevant document.

Aligned with GRI G4-58, GRI 102-17

Why this is important

A company's policy commitments are approved by the highest levels of responsibility in the company. A policy commitment on whistleblowing represents an important public document that communicates a company's value and principles in this area. It is a first step in setting out how a company will take action and influence decision-making within the business to ensure the commitment is made in practice.

Question guidance

If the company does not have a policy commitment on whistleblowing in the direct operations, please explain why and indicate any plans to implement a policy in the future.

7.11) Please provide the number of whistleblowing incidents raised by the direct operations workforce in the reporting period.

Aligned with UNGPRF C6.4

Why this is important

Whistleblowing provides employees with the opportunity to raise concerns, usually to their employer or a regulator about a particular type of workplace danger or illegality that affects others. Companies that provide a clear policy and effective procedure for raising concerns can help to minimise risk and ensure whistleblowers are supported throughout the process.¹⁸

Question guidance

Companies are asked to provide the number of whistleblowing incidents. Companies are also asked to provide any narrative information on the figures they disclose. Direct operations workforce refers to both employees and contingent workers.

Employee engagement

7.12) Please provide the percentage of direct operations workers who participated in company engagement survey(s). Please provide any narrative information on the figure they disclose.

Aligned with DJSI Trends of employee engagement

¹⁸ CIPD, whistleblowing <https://www.cipd.co.uk/knowledge/fundamentals/emp-law/whistleblowing/factsheet>

Why this is important

The level of participation in engagement surveys provides a useful starting point to analyse how engaged direct workers are. Worker engagement has links to business performance and can indicate whether a company is playing a positive role in respecting workers' rights. Engagement surveys are by no means the only tool to capture the engagement levels of the workforce – companies are encouraged to refer to other forms of workforce participation in their responses to Questions 7.13 and 7.14.

Question guidance

Companies are asked to provide the percentage of workers who responded to the company's engagement survey out of the total number of workers who were asked to complete the survey.

Companies are also asked to provide some context for this figure. For example:

- what proportion of the direct operations workforce were invited to participate in the survey,
- the engagement scores of those that did participate,
- whether contingent workers were invited to participate,
- what geographies/operations were invited and took part,
- how often the survey takes place,
- whether there has been a change in the participation rate since the last survey.

Direct operations workforce refers to both employees and contingent workers.

7.13) Please provide 3 examples of how the company has responded/is responding to the results of the engagement survey(s).

Why this is important

Engagement surveys are one way for a company to collect and measure feedback from employees on engagement levels. This can be both an indicator of areas for improvement and a measure of the impact of actions the company has already taken. Through these actions, companies can demonstrate their commitment and approach to attracting, retaining and developing its workforce.

Question guidance

Companies are encouraged to provide examples that illustrate how:

- the engagement survey is a result of previous/ongoing company activities,
- the company is using the engagement survey to develop action plans to address issues raised by the survey.

7.14) Please provide 3 examples of how the direct operations workforce have participated and influenced company decision making processes in the reporting period.

Please make reference to formal mechanisms for worker participation.

Why this is important

Engagement surveys alone cannot capture the engagement levels of the workforce. Companies that engage with workers beyond the engagement survey indicate a deeper commitment to involving the workforce in company affairs. Doing so can create more productive, innovative, and inclusive workplaces as a result of greater cooperation and collaboration.

Question guidance:

Companies are asked to provide examples which refer to:

- the formal mechanisms available to employees and contingent workers to collectively participate in company decision-making processes, for example, worker representation at the board level; worker councils, or other workforce participation mechanism,
- the decision-making process the workforce was able to participate in – please specify the topic/issue being raised,
- the outcomes of this participation and how this influenced company policy and practice.

Direct operations workforce refers to both employees and contingent workers.

8. Supply chain – structure

Why this section is important

Understanding the structure and complexity of the entire supply chain is an important first step in identifying potential supply chain workforce risks and opportunities and their impact on the business and workers.

Companies with extensive and global supply chains often find it difficult to identify the numerous actors that contribute to the delivery of their business. This opaqueness is problematic because it can obscure the poor labour practices and human rights abuses that can sometimes be present deep in a company's supply chain. Investors want to know that a company is proactively seeking to better understand its supply chain, not only to mitigate against these risks, but in time to create benefits for the business and its supply chain workforce through improved labour practices.

Structure and location of supply chain

Section aligned with ETI RF A2 Key supply chain data, CWC 4 – Supply chain

8.1) Please provide a description of the supply chain. Please include a map of the company supply chain if available.

Aligned with GRI 102-9

Why this is important

Companies with extensive and global supply chains often find it difficult to identify the numerous actors that contribute to the delivery of their business. This opaqueness is problematic because it can obscure the poor labour practices and human rights abuses that can sometimes be present deep in a company's supply chain. Investors want to know that a company is proactively seeking to better understand its supply chain, not only to mitigate against these risks, but in time to create benefits for the business and its supply chain workforce through improved labour practices.

Question guidance

Companies are asked to provide a description of their organisation's supply chain. This may include but is not limited to the below:

- the company's main activities (brands, products, services)
- the business model (direct sourcing, project based etc)
- the types of suppliers involved in these activities
- the tiers or levels of the supply chain for each activity
- the main locations of these suppliers,
- the number of suppliers by any of the above.

It may be that producing a visual map of the supply chain is the most effective way for a company to convey the above.

Company example

Please see WDI Pilot Year Report for examples of supply chain maps from British American Tobacco (BAT) and AstraZeneca.¹⁹

¹⁹ WDI Pilot Year Report, pp 24-25, <https://shareaction.org/wp-content/uploads/2018/04/WDI-Pilot-Year-Report.pdf>

8.2) Please explain any work the company is carrying out to map its supply chain.

Why this is important

See Question 8.1

Question guidance

Companies are encouraged to share:

- any gaps in the company's knowledge of its supply chain,
- current work the company is carrying out to map its supply chain,
- who is involved in this process, the timeline for mapping,
- if the results of this process will be made public.

8.3) Does the company publicly disclose information on its suppliers?

Please provide a link to the relevant material.

If not, does the company have plans to disclose this information in the future?

Why this is important

In addition to questions 8.1 and 8.2, public transparency on the supply chain is a positive step towards being fully accountable to external stakeholders such as consumers, civil society and unions while also demonstrating leadership in a complex and sensitive area.

Question guidance

Companies are encouraged to share links or information on their public disclosure of supply chain information. This may include but is not limited to:

- supplier lists for all or a defined part of the supply chain,
- information on high risk suppliers or locations,
- information on results of supplier assessments and remediation activities.

Please provide a link to any relevant information on the company's suppliers that is available on a public website.

If possible please provide evidence of how the company has proactively communicated that this supplier information is publicly available.

Companies are encouraged to share their plans for publicly disclosing supplier information. Please provide specific timelines for the release of this information. If there are no plans in place, please explain why.

8.4) Please provide the number and location of first tier suppliers.

Aligned with KTC 2.1

Why this is important

As above for Questions 8.1 and 8.2. Companies can begin the mapping process by focussing on part of their supply chain. Information on the number and location of

suppliers is important to get a sense of the scale of a company's supply chain and its reach and influence over workers.

Question guidance

Companies are asked to disclose information on their first tier suppliers. This includes disclosing information on:

- the key locations where the company has a supply chain presence, along with an estimate of the number of first tier suppliers in each location,
- information on the type of supplier in those locations, e.g. distributor, finishing or packaging.

Since there is no standard definition of first tier suppliers companies are asked to 'first tier suppliers' as it relates specifically to their business.

8.5) What other information does the company collect on first tier suppliers? Please disclose the number of workers if known.

Why this is important

As above for questions 8.1 and 8.2. During the mapping process, companies may also be collecting other information on their supply chain workforce. This additional information can help enhance the companies risk assessment process and supplier sourcing strategy.

Question guidance

Companies are asked to provide details on any additional information the company collects on its first tier suppliers, and what it does with this data. This may include but is not limited to:

- the number of workers employed by first tier suppliers,
- breakdowns of workers by gender, minority groups or other,
- the proportion of workers covered by collective bargaining agreements.

8.6) Please provide the number of suppliers beyond the first tier. What other information is collected on suppliers beyond first tier?

Why this is important

As above for questions 8.1 and 8.2. Companies can demonstrate leadership by showing they have begun mapping further down their supply chain, where there are increased risks of workers' rights abuses. Information on the number and location of suppliers is important to get a sense of the scale of a company's supply chain and its reach and influence over workers. Additional information collected during the mapping process can help inform companies' risk assessment processes and supplier sourcing strategies.

Question guidance

Companies are encouraged to share any information on their supply chain beyond the first tier.

This may include but is not limited to:

- the number and location of suppliers by tier/other equivalent,
- the number of workers employed by suppliers (by tier, location or otherwise),

- breakdowns of workers by gender, minority groups or other,
- the proportion of workers covered by collective bargaining agreements.

8.7) Does the company collect gender disaggregated supply chain data?

Why this is important

The supply chain is an area at high risk of gender inequality, as women typically face the most precarious work, at the lowest pay and lowest seniority. Companies with extensive supply chains can play a role in addressing this inequality. An essential first step is collecting raw data on the gender make-up of the workforce to better understand where this risk is most prevalent. Investors are increasingly interested to know how companies are contributing towards progressing SDG 5 - Achieve gender equality and empower all women and girls. In addition, there is also a growing body of literature that shows greater equality in the supply chain is better for business.²⁰

Question guidance

Companies are asked to provide any of the below:

- details of the gender data they collect, and how it is used,
- if the company has plans to collect gender data,
- where the company has identified a high risk of gender inequality in its supply chain and what it is doing to address these.

8.8) Please identify the company's high risk suppliers and locations.

Why this is important

As above for questions 8.1 and 8.2.

Question guidance

Companies are encouraged to provide information on their high risk suppliers. High risk refers to suppliers at risk of labour rights violations. This may be information obtained through the company's risk assessment process (Section 2 – Risk Assessment).

Companies should provide:

- the location of high risk suppliers,
- the type of supplier e.g. the nature of the goods/services they provide to the company,
- information on the nature and severity of the risk the company has identified.

8.9) Please provide the average length of the company's relationship with its suppliers.

Why this is important

As above for questions 8.1 and 8.2. The length of company-supplier relationships can be a good indicator of the quality of the relationship and mutual understanding on topics such as labour standards. A company's commitments, standards and expectations of suppliers

²⁰ Oxfam, Gender Equality: it's your business, 2012 <https://policy-practice.oxfam.org.uk/publications/gender-equality-its-your-business-213389>

take time to embed into the operating culture of suppliers. In addition, stable relationships that provide suppliers with a degree of security and based on long term commitments are also less likely to have disruptive and potentially damaging consequences for workers whose job security is less likely to be constantly in flux.

Question guidance

Companies are asked to provide:

- the type of the supplier e.g. the nature of the goods/services they provide to the company,
- the tier of the supplier (in supplier type) if possible,
- the average length of the company's relationship with this type of supplier by years and months.

Companies are encouraged to share information other than average length, where this is not a useful measure of the turnover of their supply chain. Companies are encouraged to provide any background information that may help to understand the information on average supplier length.

9. Supplier sourcing strategy

Why this section is important

As global buyers in supply chains, the sourcing strategies of publicly listed companies have a significant impact on the ability of suppliers to respect workers' rights and provide decent work for their workforce. This includes taking into account the sourcing country's record on protecting human rights, using criteria to select and retain suppliers based on their track record of respect for these rights, and implementing a responsible buying strategy that pays suppliers a fair price and rewards suppliers for improving labour conditions. Sourcing strategies that are driven primarily by a company's ability to maximise short-term margins, with supplier relationships characterised by aggressive price negotiations, fluctuation in demand, and short notice on orders can be a direct cause of precarious work for the workforce.

By providing information in this section companies can demonstrate to investors their understanding of how sourcing decisions affect the quality of jobs for their supply chain workforce, their commitment to mitigating potential negative impacts of their business practices and how they are working with suppliers to improve conditions for workers and creating value in their supply chain. Crucially, this involves changing the behaviour and culture of company procurement teams so that labour conditions are at the centre of every decision.

Responsible sourcing strategy

Section aligned with CWC 4 – Supply chain

9.1) Does the company have a responsible sourcing strategy?

Please provide a link to the relevant document. Please provide further details.

Aligned with ETI RF B1.2 Strategy

Why this is important

A responsible sourcing strategy demonstrates that the company, ideally as a result of a due diligence process, has identified and understood the impacts of its purchasing decisions on suppliers, and in turn their workforce. This may include considering labour conditions of source countries when choosing suppliers, minimising the passing of risks to suppliers and working with suppliers to improve conditions for its workers.²¹

The responsible sourcing strategy is a commitment from the company to its suppliers and wider stakeholders that provides the basis for more equitable trading relationships where risks are shared evenly, and workers are treated fairly.

Question guidance

Companies are asked to provide information on the process of developing and implementing the strategy, its content and how progress is monitored including but not limited to the below:

- the suppliers (tiers or otherwise) the strategy applies to,

²¹ For more information on the countries record of protecting workers' rights see the ITUC Global Rights Index: <https://www.ituc-csi.org/new-ituc-global-rights-index-the> and The Commitment to Reducing Inequality Index: <https://policy-practice.oxfam.org.uk/publications/the-commitment-to-reducing-inequality-index-a-new-global-ranking-of-governments-620316>

- whether the sourcing strategy respects legal obligations, and international labour and human rights convention,
- any time-frames and objectives within the strategy,
- if the strategy is informed by and aimed at addressing the salient issues that have been identified as part of its due diligence and wider risk assessment,
- how often the strategy is re-visited,
- whether the company engages in consultation with suppliers, workers or NGOs as part of the review,
- whether the strategy based on the ETI Base Code.²²

If the company does not have a responsible sourcing strategy, please explain why and include any upcoming plans to adopt one.

Managing supplier performance

9.2) Does the company include labour conditions as part of its selection criteria for new suppliers? How is this weighted against other selection criteria such as price and quality? If not, please explain why not.

Aligned with ETI RF B3.2 Starting and ending supplier relationships

Why this is important

Requiring suppliers to meet a minimum set of labour standards to enter into a contract with the company is essential to ensure the long-term sustainability of contracts and mitigate against supply or reputational risk. It also incentivises suppliers to improve labour conditions for its workers. This contributes to a high-road sourcing strategy that encourages and rewards better labour standards, as opposed to a low-road strategy based on cutting costs and offsetting risks. Understanding the weighting of labour conditions against other criteria is also helpful to understand to what extent labour conditions are prioritised by the company.

Question guidance

Companies are encouraged to disclose any of the following:

- the process for assessing potential suppliers and how this is communicated to suppliers before and during a contract,
- specific minimum labour standards or other labour related criteria used in the pre-qualification stages,
- if the company has any supplier requirements during the contract period, for example continuous improvements in particular labour conditions, please also include these,
- how much weight labour conditions have in deciding new contracts in relation to other criteria, for example price and quality, and the methodology behind this weighting.

9.3) How does the company measure the performance of suppliers on labour issues?

Aligned with ETI RF B2.2 Ongoing monitoring

²² ETI Base Code,
https://www.ethicaltrade.org/sites/default/files/shared_resources/eti_base_code_english.pdf

Why this is important

Labour standard requirements for suppliers must be complemented with a robust monitoring process in order to have any meaningful impact for workers. Companies should recognise that relying on social audits alone (whether desk based or carried out on site) has limitations and can miss crucial labour violations due to under-reporting.

Question guidance

Companies are asked to describe the process for monitoring supplier performance on labour issues including but not limited to the following areas:

- who carries out the monitoring (the company or a third party),
- whether the monitoring is desk-based or also carried out on site,
- has monitoring been informed by the risk assessment processes in Section 2,
- which suppliers (tiers or otherwise) are monitored,
- who is involved in the process e.g. consultation with workers or worker organisations such as trade unions, and whether worker interviews are conducted off-site,
- are certain labour issues covered e.g. gender discrimination,
- how are supplier performance targets set/agreed with suppliers?

9.4) How does the company reward suppliers for good performance on labour issues? Please give details.

Aligned with ETI RF B3.3 Stable relationships

Why this is important

Companies can incentivise suppliers to improve labour conditions by rewarding positive performance. This signals to investors that the company is committed to building stable and lasting supplier relationships, and to improving labour conditions for workers in its supply chain which can help offset operational supply chain risks.

Question guidance

Companies should provide details on the company's procedure for recognising supplier performance and what the company requires from suppliers to be eligible. This could include some/all of the below:

- the company may require continuous improvements in certain labour conditions as a requirement for contract renewal,
- in addition to contract renewal, suppliers might also benefit from increased order volumes, prices or longer-term contracts,
- suppliers may be awarded new statuses or awards.

9.5) What is the process for suppliers that do not meet the company's required labour standards or targets?

Aligned with ETI RF B3.2 Starting and ending supplier relationships, B3.4 Terms of agreements

Why this is important

Having a good process, consistently applied, for starting and ending supplier relationships is vital for suppliers to know what is expected, and the consequences of not meeting these expectations.

The company has a responsibility to identify when standards are not being met, as well as for taking appropriate action to work with suppliers and review its own practices, to address and improve them. Terminating contracts with suppliers should be a last resort once all other avenues for remedy have been exhausted.

Question guidance

Companies are encouraged to outline the steps taken when suppliers do not meet company expectations on labour standards.

For example, these may include:

- corrective actions plans,
- collaboration to address issues,
- changing the company buying strategy or developing a Buyer's code of conduct,
- building suppliers' capacity (see next question),
- collaboration with industry initiatives,
- ongoing monitoring of suppliers are part of the company's risk assessment process in Section 2.

Companies that terminate contracts for breaches in labour conditions should indicate if the company has a responsible exit strategy.

Building supplier capacity

9.6) Does the company work with suppliers to improve conditions for workers?

Please give details.

Aligned with ETI RF B3.7 Starting and ending supplier relationships

Why this is important

Working with suppliers to build capacity and improve labour conditions demonstrates the company has a commitment to improving standards in its own supply chain. Investors are interested to see if a company is investing in its supply chain to create value and benefits over the long term. This can have benefits for supply chain workforce, the supplier and the company.

Question guidance

Companies are asked to outline any programmes or activities the company is undertaking designed specifically to build and improve supplier performance against labour standards.

Companies are encouraged to provide details on any of the below:

- which suppliers (tiers, location or otherwise) benefit from these programmes or activities,
- the content of the programme/activity. For example, this may be training on labour rights to enable suppliers to meet the company's expectations.
- the delivery of the programme/activity - is the training delivered by the company or external parties?
- involvement of company's buying/procurement teams in the programme or activity (to support internal development on responsible sourcing practices),
- the timeframes of the programmes/activities,

- milestones/methods to monitor and measure the suppliers progress,
- collaboration with other stakeholders such as corporates, civil society, workers organisations or local government either in the development or delivery of the programme or activities,
- examples of how these programmes or activities have resulted in improvements for workers.

10. Workers' rights – supply chain

Why this section is important

As set out in the United Nations Guiding Principles on Business and Human Rights, companies have a duty to respect human rights.²³ In addition, there are fundamental principles and rights at work.²⁴

In order to ensure workers' human rights are respected, companies should carry out robust due diligence (see questions 2.1-2.3).

The questions in this section provide companies with an opportunity to demonstrate how the company is integrating and acting on the findings of its human rights risk assessment (beyond policy commitments for example), how it is tracking and monitoring the effectiveness of any actions it has taken (beyond the audit process for example), and provide an opportunity to communicate the outcomes from these actions.

Companies can show leadership by demonstrating not only how their actions have resulted in improvements for workers' rights, but also by being transparent about the challenges of managing human rights risks and the progress still to be made.

This can help investors better understand how proactively and effectively the company is managing salient human rights risk in its supply chain.

Freedom of association and collective bargaining for supply chain workforce

Section aligned with ETI RF B1.1 Policy, B3.5 Worker awareness, B3.6 Starting and ending supplier relationships, ILO No. 87 (Freedom of association) and No.98 (Right to organise and collective bargaining)

10.1) Please indicate if the company has policy commitments on freedom of association and collective bargaining, relating to the supply chain.

Please provide links to the relevant document.

Why this is important

A company's policy commitments are approved by the highest levels of responsibility in the company. A policy commitment on collective bargaining in supply chains represents an important public document that communicates a company's value and principles in this area. It is a first step in setting out how a company will take action and influence decision-making within the business to ensure the commitment is made in practice.

Freedom of association and the right to organise are fundamental for workers to be able to access other human rights, such as equal and fair pay, freedom from discrimination and harassment and safe working conditions, among others. Companies can support and actively promote the right to organise in order to enable workers to access their rights and to mitigate potential litigation, reputational and even financial risks in the supply chain. On the other hand, a workforce that is free to organise is more likely to be well informed of its rights, engaged in processes to improve labour conditions and in its work more broadly. This can have benefits for the supplier and in turn the company.

²³ United Nations Human Rights Office of the High Commissioner Guiding Principles on Business and Human Rights: http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

²⁴ ILO Declaration on Fundamental Principles and Rights at Work <https://www.ilo.org/declaration/thedeclaration/textdeclaration/lang--en/index.htm>

Question guidance

If the company does not have a policy commitment on freedom of association and collective bargaining in the supply chain, please explain why and indicate any plans to implement a policy in the future.

10.2) Is the company engaged in any activities to ensure supply chain workers are able to pursue the right to organise?

Aligned with KTC 5.2 - Worker voice, KTC 5.3 - Freedom of Association

Why this is important

Policy commitments alone are often insufficient to ensure worker's right to collective bargaining is fulfilled. Social audits also typically miss worker rights' violations, since they are typically announced in advance without proper consultation with workers.²⁵

Going beyond policy commitments and social audits is particularly important for companies that have identified risks in their supply chain relating to freedom of association and collective bargaining.

Question guidance

Companies are encouraged to share information on any activities they are involved in to ensure workers are able to pursue the right to organise, this may include but is not limited to:

- conducting due diligence (as part of a wider due diligence process) on collective bargaining,
- communicating the importance of collective bargaining to suppliers, including respect for freedom of association and collective bargaining as a requirement in contracts,
- working directly with local or global trade unions and worker organisations to support collective bargaining in the supply chain.

Please give details of any such activities.

10.3) Where there are regulatory constraints, how has the company ensured supply chain workers are able to pursue the right to organise?

Aligned with KTC 5.3 - Freedom of Association

Why this is important

In some countries that are part of the company's supply chain, collective bargaining may be prohibited by national regulation. In such circumstances, companies can play an important role in working with suppliers to enable workers to access to alternative forms of organising.

²⁵ Clean Clothes Campaign, Looking for a quick fix - How weak social auditing is keeping workers in sweatshops, <https://cleanclothes.org/resources/publications/05-quick-fix.pdf/view>

Given the importance of collective bargaining for enabling workers to access other rights, companies need to be able to demonstrate to investors that they have carried out appropriate due diligence in their supplier countries to ensure this fundamental right is respected. Doing so can mitigate potential litigation, reputational and even financial workforce risks in the supply chain.

Question guidance

Companies are asked to provide details of:

- supplier locations where regulatory constraints may prevent collective bargaining,
- any actions the company has taken to ensure manage or address these constraints,
- collaboration with suppliers to ensure workers have the right to organise,
- how the company is monitoring workers' access to alternative forms of organising,
- challenges and/or limitations to their current efforts to manage these constraints.

10.4) Have the company's efforts resulted in improvements to workers' right to organise? Please give details.

Aligned with GRI 407-1, KTC 5.3 - Freedom of Association

Why this is important

Providing examples of where company engagement has resulted in improvements for worker's demonstrates the company is adequately monitoring and evaluating its initiatives to ensure they are impactful.

Companies can demonstrate leadership by showing how they are contributing to positive impacts for workers in the supply chain, but also by being honest and transparent about the difficulties faced.

Question guidance

Please give any information on how the company monitors whether its engagement has resulted in improvements in worker's ability to organise and provide examples of improvements that have been achieved.

For example, communicating the importance of respecting collective bargaining agreements to suppliers may have resulted in a higher proportion of workers covered by collective bargaining agreements.

Wage levels for the supply chain workforce

10.5) Please indicate if the company has policy commitments on wage levels in the supply chain.

Please provide links to the relevant document.

Why this is important

A company's policy commitments are approved by the highest levels of responsibility in the company. They are important public documents that communicate a company's value and principles in a particular area. Policies are a first step in setting out how a company

will take action and influence decision-making within the business to ensure the commitment is made in practice.

Companies with extensive supply chains have workers in multiple countries. National minimum wages in many countries can sometimes be lower than required to provide a decent standard of living. Companies can demonstrate their commitment to decent wages through this document.

Question guidance

If the company does not have a policy commitment on wage levels in the supply chain, please explain why and indicate any plans to implement a policy in the future.

10.6) Is the company engaged in any activities to improve wage levels in the supply chain?

Aligned with CHRB D.2. 1b Living Wages in the supply chain

Why this is important

Policy commitments alone are often insufficient to ensure decent wages are being paid in the supply chain.

Social audits also typically miss worker rights' violations, including underpayment of wages workers, since they are typically announced in advance without proper consultation with workers.

Going beyond policy commitments and social audits is particularly important for companies that have identified risks in their supply chain relating to low or underpayment of wages. For example, wage rights violations can also be indicators of modern slavery.²⁶

Conversely, a company that actively engages with suppliers to improve wage levels in its supply chain can benefit from increased worker engagement and productivity, as well as helping to drive wider socio-economic benefits in the country in which it operates.

Question guidance

Companies can demonstrate their commitment to decent wages by sharing information on any activities it is involved in to ensure workers are paid a decent wage, this may include but is not limited to:

- conducting due diligence (as part of a wider due diligence process) on wage levels,
- communicating the importance of decent wages – including living wages – to suppliers, for example as a requirement in contracts,
- integrating supplier labour costs into price negotiations to ensure suppliers are paid enough to pay their workers,
- working directly with trade unions and workers organisations to support wage bargaining,

²⁶ CORE Coalition, Beyond Compliance – effective reporting under the Modern Slavery Act - A civil society guide for commercial organisations on the transparency in supply chains clause: http://corporate-responsibility.org/wp-content/uploads/2016/03/CSO_TISC_guidance_final_digitalversion_16.03.16.pdf

- collaboration with other stakeholders such as corporate peers and civil society organisations to support cross sectoral efforts to ensure workers are paid decent wages,
- analysis of the local living wage at supplier locations. A Living Wage is defined as a wage sufficient to meet the basic standards of living, which will vary by country and local living standards and needs. Important progress has been made on the calculation of a living wage in various countries – for detailed guidance on the living wage principles and case studies please refer to the “The Living Wage: Core principles and global perspectives”.²⁷

10.7) Have the company's efforts resulted in improvements to workers' wage levels? Please give details.

Why this is important

Providing examples of where company engagement has resulted in improvements for Worker's demonstrates the company is adequately monitoring and evaluating its initiatives to ensure they are impactful. Companies can demonstrate leadership by showing how they are contributing to positive impacts for workers in the supply chain, but also by being honest and transparent about the difficulties faced.

Question guidance

Please give any information on how the company monitors whether its engagement has resulted in improvements in worker's ability to organise and provide examples of improvements that have been achieved.

This may also include information on the challenges faced by the company in improving wage outcomes for workers.

Company Example

See supply chain dilemma example from SSE.²⁸

Working hours for the supply chain workforce

10.8) Please indicate if the company has policy commitments on working hours in the supply chain.

Please provide links to the relevant document.

Aligned with CHRB D.2.9b Working hours in the supply chain

Why this is important

A company's policy commitments are approved by the highest levels of responsibility in the company. A policy commitment on working hours in supply chains represents an important public document that communicates a company's value and principles in this area. It is a first step in setting out how a company will take action and influence decision-making within the business to ensure the commitment is made in practice.

²⁷ Living Wage Foundation and ACCA, The Living Wage: Core principles and global perspectives: https://www.livingwage.org.uk/sites/default/files/pi-living-wage-core-principles%20final%20draft_0_0.pdf

²⁸ SSE Sustainability Report, 2018 , pp. 39: http://sse.com/media/405131/Sustainability-Report2016_FINAL.pdf

International convention states working hours shall not exceed 8 hours a day and 48 hours a week and that all overtime is voluntary and paid at a premium rate.²⁹ Excessive working hours in supply chains can expose the company to risks associated with worker exploitation such as modern slavery. Companies can minimise these risks and demonstrate their commitment to ensuring working hours are not excessive by working with suppliers to assess their ability to comply with international standards and use this information to inform purchasing decisions and practices

Question guidance

If the company does not have a policy commitment on working hours in the supply chain, please explain why and indicate any plans to implement a policy in the future.

10.9) Is the company engaged in any activities to tackle excessive working hours?

Why this is important

Policy commitments alone are often insufficient to ensure working hours are not excessive.

Social audits also typically miss worker rights violations, since they are typically announced in advance without proper consultation with workers.

Going beyond policy commitments and social audits is particularly important for companies that have identified risks in their supply chain relating to excessive working hours.

Question guidance

Companies are encouraged to share information on any activities they are involved in to ensure working hours are not excessive. This may include but is not limited to:

- conducting due diligence (as part of a wider due diligence process) on working hours,
 - communicating the importance of working hours to suppliers, including working hours requirements in contracts or ensuring its time-demands on suppliers are reasonable and not reliant upon excessive overtime,
 - working directly with trade unions or worker organisations to determine whether working hours are excessive, forced or unpaid,
 - providing supplier training on acceptable working hours,
 - collaboration with other stakeholders such as corporate peers and civil society organisations to support cross sectoral efforts to tackle systemic issues such as excessive hours and overtime
-

10.10) Have the company's efforts resulted in improvements to working hours? Please give details.

²⁹ ILO Convention No 1 – Hours of Work 1919:
http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C001

Why this is important

Providing examples of where company engagement has resulted in improvements for worker's demonstrates the company is adequately monitoring and evaluating its initiatives to ensure they are impactful.

Companies can demonstrate leadership by showing how they are contributing to positive impacts for workers in the supply chain, but also by being honest and transparent about the difficulties faced.

Question guidance

Please give any information on how the company monitors whether its engagement has resulted in improvements in working hours and provide examples of improvements that have been achieved.

This may also include information on the challenges faced by the company in limiting excessive working hours.

Supplier recruitment practices

Section aligned with KTC 4.0 Recruitment, ILO No. 29 (Forced labour)

10.11) Please indicate if the company has policy commitments on the recruitment practices of suppliers.

Please provide links to the relevant document.

Why this is important

A company's policy commitments are approved by the highest levels of responsibility in the company. A policy commitment on supplier recruitment practices represents an important public document that communicates a company's value and principles in this area. It is a first step in setting out how a company will take action and influence decision-making within the business to ensure the commitment is made in practice.

Companies whose suppliers use outsourced labour can be at greater risk of workers' rights violations in their supply chain. Suppliers that depend on recruitment agencies and other third parties, particularly for temporary and seasonal labour, have little oversight of the recruitment process. This increases the risk of worker exploitation including the use of recruitment fees, debt bondage and forced labour.

Direct employment by suppliers provides companies with the opportunity to track the treatment of workers and offers greater protections to workers. Companies can show leadership in this area by having policies in place and monitoring the use of agencies and third parties by its suppliers.

Question guidance

If the company does not have a policy commitment on recruitment practices in the supply chain, please explain why and indicate any plans to implement a policy in the future.

10.12) Is the company engaged in any activities to ensure suppliers adopt responsible recruitment practices?

Aligned with KTC 4.0 Recruitment, CHRB D.2.5b Forced labour

Why this is important

Policy commitments alone are often insufficient to ensure suppliers adopt responsible recruitment practices. Social audits also typically miss worker rights' violations, since they are typically announced in advance without proper consultation with workers. Going beyond policy commitments and social audits is particularly important for companies that have identified risks in their supply chain relating to poor recruitment practices such as the use of agencies and recruitment fees.

Question guidance

Companies are encouraged to share information on any activities they are involved in to ensure suppliers refrain from any recruitment practices that create risks of forced labour, debt bondage or modern slavery. This may include but is not limited to:

- conducting due diligence (as part of a wider due diligence process) on responsible recruitment,
- communicating the importance of responsible recruitment practices, for example by requiring suppliers to introduce no fee/employer pays principle, ensuring suppliers to conduct screenings of recruitment agencies or use ethical recruitment agencies
- providing supplier training on ethical recruitment,
- engaging with stakeholders such as trade unions, corporate peers, civil society and policy makers to improve standards for recruitment agencies.

10.13) Have the company's efforts resulted in any improvements in the recruitment practices of supplier? Please give details.

Why this is important

Providing examples of how company engagement has resulted in improvements for workers demonstrates the company is adequately monitoring and evaluating its initiatives to ensure they are impactful.

Companies can demonstrate leadership by showing how they are contributing to positive impacts for workers in the supply chain, but also by being honest and transparent about the difficulties faced.

Question guidance

Please give any information on how the company monitors whether its engagement has resulted in improvements in supplier recruitment practices and/or reduction in exploitation of workers, and provide examples of improvements that have been achieved.

This may also include information on the challenges faced by the company in limiting exploitative recruitment practices.

Occupational health & safety for supply chain workforce

10.14) Please indicate if the company has policy commitments on occupational health and safety and wellbeing relating to the supply chain.

Please provide links to the relevant document.

Aligned with GRI 403

Why this is important

A company’s policy commitments are approved by the highest levels of responsibility in the company. A policy commitment on occupational health and safety for supply chain workers represents an important public document that communicates a company’s value and principles in this area. It is a first step in setting out how a company will take action and influence decision-making within the business to ensure the commitment is made in practice.

Ensuring that suppliers have satisfactory health and safety standards is essential for protecting workers from catastrophes in the workplace that may cause significant injuries or fatalities. Companies that fail to do so can be liable for litigation, financial and reputational damage.

Question guidance

If the company does not have a policy commitment on occupational health, safety or wellbeing in the supply chain, please explain why and indicate any plans to implement a policy in the future.

10.15) Is the company engaged in any activities to improve health, safety and wellbeing in the supply chain?

Why this is important

Policy commitments alone are often insufficient to ensure workers are safe at work.

Social audits also typically miss worker rights’ violations, since they are typically announced in advance without proper consultation with workers.

Going beyond policy commitments and social audits is particularly important for companies that have identified risks in their supply chain relating to occupational health, safety and wellbeing.

Question guidance

Companies are encouraged to share information on any activities they are involved in to ensure workers’ health, safety and wellbeing is protected at work. This may include but is not limited to:

- conducting due diligence (as part of a wider due diligence process) on occupational health, safety and wellbeing,
- communicating the importance of occupational health, safety and wellbeing to suppliers, for example by including specific standards or the disclosure of health and safety and wellbeing metrics as a requirement in supplier contracts, or promoting the formation of joint management-worker health and safety committees,
- working directly with local or global trade unions and worker organisations to address health, safety and wellbeing standards,
- providing supplier training on improving health, safety and wellbeing and on how to measure the impact of changes made in the workplace,
- collaboration with other stakeholders such as corporate peers, civil society organisations, local government or policy makers to address sectoral problems on health, safety and wellbeing.

10.16) Have the company's efforts resulted in improvements to workers' occupational health, safety and wellbeing? Please give details.

Why this is important

Providing examples of where company engagement has resulted in improvements for worker's demonstrates the company is adequately monitoring and evaluating its initiatives to ensure they are impactful.

Companies can demonstrate leadership by showing how they are contributing to positive impacts for workers in the supply chain, but also by being honest and transparent about the difficulties faced.

Question guidance

Please give any information on how the company monitors whether its engagement has resulted in improvements in workers' occupation health, safety and wellbeing, provide examples of improvements that have been achieved.

This may also include information on the challenges faced by the company in improving healthy, safety and wellbeing performance.

Effectiveness of workforce supplier grievance mechanisms

Section aligned with ETI RF B2.3 Grievance mechanisms, CWC 7 – Grievance mechanism

10.17) Please indicate if the company has a policy commitment to provide a [grievance mechanism](#) and/or access to remedy for workers in the supply chain workforce. Please provide links to the relevant document.

Why this is important

A company's policy commitments are approved by the highest levels of responsibility in the company. A policy commitment on the effectiveness of workforce supplier [grievance mechanisms](#) represents an important public document that communicates a company's value and principles in this area. It is a first step in setting out how a company will take action and influence decision-making within the business to ensure the commitment is made in practice.

[Grievance mechanisms](#) form part of a company's ongoing human rights due diligence. Where a company has caused direct, negative impacts on workers' human rights through its activities, it should provide remedy to those affected. [Grievance mechanisms](#) should provide the workforce with the opportunity to raise concerns or complaints. If concerns are not identified and addressed, they may lead to major disputes or rights abuses. Companies must ensure that supply chain workers are aware of and familiar with the company's or the supplier's [grievance mechanism](#).

Question guidance

Companies are directed to principle 31 of the United Nations Guiding Principles on Business and Human Rights for criteria for an effective [grievance mechanism](#).³⁰

If the company does not have a policy commitment on [grievance mechanisms](#) for supply

³⁰ United Nations Human Rights Office of the High Commissioner Guiding Principles on Business and Human Rights: http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

chain workers, please explain why and indicate any plans to implement a policy or process in the future.

10.18) How does the company ensure that the mechanism is effective across its supply chain?

Aligned with CHRB C - Remedies and Grievance Mechanisms, KTC 5.4 - Grievance Mechanism

Why this is important

Policy commitments alone are often insufficient to ensure worker have access to an effective grievance mechanism.

Social audits also typically miss workers' rights violations, since they are typically announced in advance without proper consultation with workers. Going beyond policy commitments and social audits is particularly important for companies that have identified risks in their supply chain relating to ineffective grievance processes and/or access to remedy.

Question guidance

Companies are encouraged to share information on any activities it is carrying out such as:

- conducting a due diligence process (as part of a wider due diligence process) on access to remedy,
- communicating the importance of grievance mechanisms to suppliers, for example including requirements in contracts such as displaying the mechanism in the workplace, prohibition of discrimination against workers who use the grievance mechanism,
- employing a safeguarding team to identify and support workers involved in complex grievances and under-reported issues,
- working directly with workers, trade unions or workers organisations to involve workers in the design, delivery and promotion of the mechanism,
- specific efforts to ensures that workers from vulnerable groups who are most at risk of human rights violations, are informed and feel supported to raise a grievance if one arises,
- collaboration with relevant stakeholders such as sector peers, civil society and workers organisations
- the number of grievance cases that have been filed during the reporting period, and the number that have been resolved.

10.19) How many incidents of discrimination and harassment have been identified at your suppliers and what corrective actions have been taken as a result?

Why this is important

Freedom from discrimination and harassment is a fundamental human right. Members of the workforce have the right to be treated equally regardless of race, colour, sex, religion, political opinion, national extraction, social origin, HIV/AIDS, age, disability, family responsibilities, sexual orientation, and trade union membership or activities.

Grievance mechanisms provide an important route for workers to raise incidents and access remedy for rights violations. However companies should note that for complex

issues such as discrimination and harassment, which can often be down to systemic problems in society, grievance mechanisms may not be the most appropriate route for workers to raise incidents. Companies should be mindful that discrimination and harassment are a challenge across all kinds of organisations and sections of society, as the belated uncovering of systemic abuse across multiple sectors in the last few years demonstrates.

Companies should therefore ensure they carry out robust due diligence to uncover human rights risks related to discrimination and harassment and adopt appropriate approaches such as dedicated safeguarding teams, to identify and remedy abuses in their supply chain. Note that a high number of incidents does not necessarily convey that there are widespread human rights failings, but may instead indicate an effective mechanism. Equally, an effective mechanism may not identify incidents of gender discrimination in the supply chain.

Question guidance

Companies are asked to provide the following information:

- the number of incidents of discrimination that have been identified in the supply chain during the reporting period,
- which suppliers these figures relate to, for example by supplier type, tiers or location,
- how the company responded to these incidents – how many have been resolved/are in the process of being resolved,
- any trends and challenges the company has experienced,
- whether the company is carrying out any work to identify and remedy discrimination and harassment in its supply chain, beyond the grievance mechanism.

10.20) What proportion of grievances are related to gender discrimination?

Why this is important

Gender discrimination is routinely under-reported during the audit process and is a common systemic problem for many industries and companies with extensive supply chains.

Grievance mechanisms provide an important route for workers to raise incidents and access remedy for rights violations. However companies should note that for complex issues such as gender discrimination, which can often be down to systemic problems in society, grievance mechanisms may not be the most appropriate route for workers to raise incidents. Companies should be mindful that gender discrimination is a challenge across all kinds of organisations and sections of society, as the belated uncovering of systemic abuse across multiple sectors in the last few years demonstrates.

Note that a high number of incidents does not necessarily convey that there are widespread human rights failings, but may instead indicate an effective mechanism. Equally, an effective mechanism may not identify incidents of gender discrimination in the supply chain.

Companies should therefore ensure they carry out robust due diligence to uncover human rights risks related to gender discrimination and adopt appropriate approaches such as dedicated safeguarding teams, to identify and remedy abuses in their supply chain.

Question guidance

Companies are encouraged to provide the following information:

- the percentage of recorded grievances that are related to gender discrimination in the supply chain,
- which suppliers these figures relate to, for example by supplier type, tiers or locations,
- any trends and challenges the company has experienced,
- whether the company is carrying out any work to identify and remedy gender based discrimination in its supply chain, beyond the grievance mechanism.

11. 'Stretch' – additional supply chain workforce questions

Why this section is important

Companies are asked to provide the following information on a defined part of their supply chain.

Companies that are demonstrating leadership in supply chain workforce reporting have developed, or are in the process of developing, sophisticated systems to collect data that is disaggregated at more meaningful levels such as by gender and seniority across their supply chain. This insight is invaluable when trying to identify and address systematic issues in the supply chain.

Workforce composition

11.1) Please give the number of workers in the company's supply chain.

Why this is important

Companies with extensive supply chains are often unaware of the full scale of their supply chain impact. Number of workers can indicate the scale of a company's supply chain workforce. The size of the workforce in different geographies is also fundamental to understanding the context for managing workforce issues.

Question guidance

Companies are encouraged to provide an estimate of the number of workers in their supply chains. Please indicate which part of the supply chain (whole supply chain, tiers or otherwise) this figure applies to.

Companies are encouraged to disclose the locations of these workers if data is available.

Gender composition

Section aligned with ILO No. 100 (equal remuneration) and No. 111 (Discrimination)

11.2) Please indicate if the company has policy commitments on equality in the supply chain.

Please provide links to the relevant document.

Aligned with SDG Goal 5

Why this is important

The supply chain is an area at high risk of gender inequality, as women typically face the most precarious work, the lowest pay and take the lowest positions. A policy commitment on equality in the supply chain is the first step to communicating with suppliers the importance of ensuring their workplace offers equal opportunity regardless of gender, ethnicity or class.

Not only does this demonstrate commitment to SDG 5, there is also a growing body of literature that shows greater equality in the supply chain is better for business.³¹

³¹ Oxfam, Gender Equality: it's your business, 2012 <https://policy-practice.oxfam.org.uk/publications/gender-equality-its-your-business-213389>

Question guidance

Please include any policy commitments the company has on equality in the supply chain. This may include requiring suppliers to uphold equality of opportunity as a contractual agreement.

Companies are directed to the Gender Equality in Codes of Conduct Guidance produced by the BSR for more guidance.³²

11.3) Does the company collect information on the gender representation at different levels of seniority or job categories?

Aligned with SDG targets 5.1 and 5.5

Why this is important

The gender split at different levels of seniority or for different job categories, for certain parts of the supply chain, can provide a useful snapshot of when women are under/over presented in the supply chain workforce. It is a helpful starting point to begin conversations with suppliers on aspects such as gender equality and discrimination in the workplace. Investing in gender analysis of the supply chain helps to identify parts of the supply chain at high risk of gender inequality and inform engagement with suppliers on issues of equality more broadly.

Question guidance

Companies are encouraged to use seniority levels that are most appropriate to their supplier type. Please indicate which part of the supply chain (whole supply chain, tiers or otherwise) this data applies to.

11.4) Does the company engage in any activities to encourage equality in the supply chain?

Why this is important

Policy commitments alone are insufficient to promote equality in the supply chain. Companies who wish to tap into the potential of an equal and diverse supply chain should actively work with suppliers to uphold equality.

Question guidance

Companies are encouraged to provide examples of activities that are designed to create a more equal and diverse workforce. This may include carrying out additional analysis of social audit data, further on site research, worker interviews, supplier training programmes, collaboration with local or global NGOs on issues of inequality and discrimination in society.

Wage levels

11.5) Please disclose the average take home pay of full-time workers without overtime, for

³² BSR, Gender Equality in Codes of Conduct:
https://www.bsr.org/reports/BSR_Gender_Equality_in_Codes_of_Conduct_Guidance.pdf

a defined part of the supply chain. How does this compare with external benchmarks of a living wage?

Why this is important

Companies that have a supply chain presence in countries with minimum wage standards that are either poorly enforced or significantly lower than external living wage benchmarks, are more likely to have workers who are paid below subsistence levels wages.

Collecting data on the average take-home pay of a full-time worker and assessing this with respect to the local living wage for that area, can help companies understand whether their suppliers are upholding contractual requirements on paying a decent wage.

This type of analysis is particularly relevant for companies that have identified risks of low wages as part of their due diligence and wider risk assessment processes (see Section 2). It is a starting point for taking action and remediating low wages through engagement with suppliers, trade unions and workers.

Question guidance

Companies are asked to provide details on the average take home pay of full-time workers and indicate which part of the supply chain (whole supply chain, tiers or otherwise) this data applies to.

Please indicate if the company has undertaken, or contracted, any analysis of the local living wage at supplier locations.

Employment contracts

11.6) Does the company collect data on employment contracts for its suppliers?

Why this is important

High demand pressures passed down from companies to their suppliers often results in a high proportion of seasonal, temporary and agency work in the supply chain. This work is the most unstable and rarely allows workers to earn enough to maintain a decent standard of living. By collecting data on employment contracts for suppliers, companies can show they are committed to understanding the employment strategies of their suppliers and can use this to inform engagement on this issue.

Question guidance

Companies are asked to provide metrics on any data available referring to contract types in the supply chain.

Turnover

11.7) Does the company collect worker retention rates of your suppliers?
If so, how do is this information used?

Why this is important

Retention rates give insight into the stability of a suppliers' workforce and provides an insight into their workforce management. Low retention rates could potentially suggest problems with the suppliers ability to manage and hold on to staff. It may also suggest an over-reliance on temporary workers who often face the most precarious conditions. There are significant risks to workers and the business if a workforce is highly transitory and unstable. Conversely, companies who seek reliability, improvements in performance and productivity over time should work with suppliers to maintain high retention rates. This

may involve ensuring that workers are treated fairly, are engaged and motivated by their work.

Question guidance

Companies are asked to provide any data collected on retention rates and how the company uses this information. This may include requiring suppliers to improve on retention rates as a contractual requirement, or using retention rates to inform the company's responsible sourcing strategy (see Section 9).

Workforce engagement

11.8) Describe the steps taken to incorporate workers' own perspectives on working for the supplier.

Why this is important

The surest way to tackle systemic issues of precarious work in the supply chain is by actively engaging with workers themselves to understand their perspectives and struggles. The experience of workers is the best resource for informing company initiatives to help company's develop a credible sourcing strategy and help suppliers improve working conditions.

Question guidance

Companies are asked to provide examples of the steps the company has taken to gain an insight into the experience of supply chain workers. Insight on workers' own perspectives may be the result of worker surveys, worker interviews, supplier engagement surveys or other means of engagement.

Please provide details or case studies collected and explain how this information has been used, for examples to inform the criteria for selection and retention of suppliers, the company's purchasing practices, relationships and engagement strategy with suppliers to improve working conditions.

Glossary

The company - the financial reporting entity which consists of subsidiaries, joint ventures and associates or affiliates.

Business activities - the separate revenue streams that the company reports in its financial reporting.

Location - refers to the geographical breakdown the company uses in their financial reporting - this can be by country or region.

Living Wage - Living Wage is defined as a wage sufficient to meet the basic standards of living, which will vary by country and local living standards and need. *For detailed guidance on the living wage principles and case studies please refer here.*³³

Grievance mechanism - system consisting of procedures, roles and rules for receiving complaints and providing remedy.³⁴ For a full description, see principle 31 of the United Nations Human Rights Office of the High Commissioner Guiding Principles on Business and Human Rights.³⁵

Reporting period - a 12 month reporting period (not more than two years out of date) that the information in this disclosure refers to.

The workforce - all direct operations employees, contingent workers and supply chain workers.

Average number of hours training - the total number of hours provided to all direct operations employees in the reporting period divided by the total number of direct operations employees.³⁶

Employee - individuals who have a direct employment relationship with the company, according to national law or its application.³⁷

Contingent worker/workforce - those employed either directly or indirectly by the company on a contingent basis including contract, temporary, third party, franchise workers.

³³ The Living Wage: Core principles and global perspectives:
https://www.livingwage.org.uk/sites/default/files/pi-living-wage-core-principles%20final%20draft_0_0.pdf

³⁴ GRI Standards Glossary 2018 – ‘grievance mechanism’ p. 11:
<https://www.globalreporting.org/standards/media/1913/gri-standards-glossary.pdf>

³⁵ Principle 31 United Nations Human Rights Office of the High Commissioner Guiding Principles on Business and Human Rights
http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

³⁶ See GRI 404, Disclosure 404-1 for calculation: <https://www.globalreporting.org/standards/gri-standards-download-center/gri-404-training-and-education>

³⁷ GRI Standards Glossary 2018 - ‘employee’ p.8
<https://www.globalreporting.org/standards/media/1913/gri-standards-glossary.pdf>

Pay ratio - the ratio of the compensation of the company's chief executive officer (CEO) to the median compensation of its employees.³⁸

Gender pay gap – the difference in the average hourly wage of all men and women across a workforce. If women do more of the less well paid jobs within an organisation than men, the gender pay gap is usually bigger.³⁹ For guidance on how to calculate a gender pay gap, please refer to the Acas guidelines.⁴⁰

Turnover - refers to the proportion of employees who leave the organisation voluntarily or due to dismissal, retirement, or death in service over a set period (often a year), expressed as a percentage of the total workforce. The figure should be calculated using the total number of employees at the end of the reporting period.⁴¹

Voluntary turnover – as for turnover – for those employees who choose to leave voluntarily including to retire.⁴²

Involuntary turnover – as for turnover – for those employees who leave due to dismissal or redundancy. Typically these are unplanned departures.

Proportion of internal hires - the total number of open positions filled by a company's own employees divided by the total number of vacancies in the company during the reporting period.⁴³

Seniority – companies are asked to define their own seniority boundaries as these are likely to vary from company to company. Companies are encouraged to reference any external classification they use.

Training and skills development - activities that contribute to the development of the skills of employees and workers⁴⁴ either through specific skills training or development programs. Examples of training and programs include: leadership or management development programs, young talent development programs, sales training for sales executives, advanced occupational health and safety training, and project management training.⁴⁵

³⁸ Companies are directed to the SEC guidance on the calculation of the company pay ratio:

<https://www.sec.gov/news/pressrelease/2015-160.html>

³⁹ Companies are directed to the UK government guidelines on the gender pay gap <https://gender-pay-gap.service.gov.uk/public/assets/pdf/gender-pay-gap-explained.pdf>

⁴⁰ Acas, Managing gender pay reporting 2017

http://www.acas.org.uk/media/pdf/m/4/Managing_gender_pay_reporting_04_12_17.pdf

⁴¹ RobecoSAM's Corporate Sustainability Assessment Companion, 2018, Employee Turnover Rate, <http://www.robecosam.com/images/RobecoSAM-Corporate-Sustainability-Assessment-Companion-en.pdf>

⁴² CIPD, Employee turnover and retention, 2017,

<https://www.cipd.co.uk/knowledge/strategy/resourcing/turnover-retention-factsheet>

⁴³ RobecoSAM's Corporate Sustainability Assessment Companion, 2018, Training and Development Inputs <http://www.robecosam.com/images/RobecoSAM-Corporate-Sustainability-Assessment-Companion-en.pdf>

⁴⁴ Definition follows GRI 404, Disclosure 404-1 Training and Education, 2016

<https://www.globalreporting.org/standards/gri-standards-download-center/gri-404-training-and-education> and 5.3.2 Employee Development Programmes DJSI, 2017 <http://www.robecosam.com/images/RobecoSAM-Corporate-Sustainability-Assessment-Companion-en.pdf>

⁴⁵ RobecoSAM's Corporate Sustainability Assessment Companion, 2018, Employee Development Programs, <http://www.robecosam.com/images/RobecoSAM-Corporate-Sustainability-Assessment-Companion-en.pdf>

Third-party contracted workers - Staff who have an employment relationship with a third-party organisation to provide a service regularly (2 or more hours a day, in any day of the week, for 8 or more consecutive weeks of the year)⁴⁶ to the company.

Non-guaranteed / zero-hours contracts - an agreement between two parties that one may be asked to perform work for the other but there is no guaranteed minimum number of hours or times of work.⁴⁷

Short hours contracts: where the employer guarantees a small minimum number of hours each week and where the employer has the option of offering additional hours. The employer offers the individual work when it arises.⁴⁸

Fixed term or temporary contract - A fixed term or temporary employment contract is an employment contract that ends when a specific time period expires, or when a specific task that has a time estimate attached is completed. A temporary employment contract is of limited duration and is terminated by a specific event, including the end of a project or work phase or return of replaced employees.⁴⁹

Permanent contract - A permanent employment contract is a contract with an employee, for full-time or part-time work, for an indeterminate period.⁵⁰

Near misses (also referred to as a close call) - work-related incident where no injury or ill health occurs, but which has the potential to cause these⁵¹

Injury rate (IR): the total injury incidents divided by total time worked by all employees during the reporting period, expressed as a percentage.

Absentee rate (AR) - the total absentee days lost divided by the total days scheduled to be worked by employees during the reporting period, expressed as a percentage.⁵²

Work-related fatalities - death of an employee occurring in the reporting period, arising from an occupational disease or injury sustained or contracted while performing work that is controlled by the organisation or that is being performed in workplaces that the organisation controls.⁵³

Collective bargaining - all negotiations which take place between one or more employers or employers' organizations, on the one hand, and one or more workers' organizations (trade unions), on the other, for determining working conditions and terms of employment or for regulating relations between employers and workers.⁵⁴

⁴⁶ Living Wage Foundation guidance 2016-2017 <https://www.livingwage.org.uk/faq#n1750>

⁴⁷ Acas Zero Hours Contracts <http://www.acas.org.uk/index.aspx?articleid=3886>

⁴⁸ CIPD Zero-hours and short-hours contracts in the UK: Employer and employee perspectives, 2015 https://www.cipd.co.uk/Images/zero-hours-and-short-hours-contracts-in-the-uk_2015-employer-employee-perspectives_tcm18-10713.pdf

⁴⁹ GRI Standards Glossary 2018 - 'employee contract: fixed term or temporary' <https://www.globalreporting.org/standards/media/1913/gri-standards-glossary.pdf>

⁵⁰ GRI Standards Glossary 2018 - 'employee contract: indefinite or permanent' <https://www.globalreporting.org/standards/media/1913/gri-standards-glossary.pdf>

⁵¹ GRI Standards Glossary 2018 - 'close call' p. 6 <https://www.globalreporting.org/standards/media/1913/gri-standards-glossary.pdf>

⁵² GRI Standards Glossary 2016 - 'absentee rate' <https://www.globalreporting.org/standards/media/1035/gri-standards-glossary-2016.pdf>

⁵³ GRI Standards Glossary 2016 - 'work-related fatalities' <https://www.globalreporting.org/standards/media/1035/gri-standards-glossary-2016.pdf>

⁵⁴ GRI Standards Glossary 2018 - 'collective bargaining' <https://www.globalreporting.org/standards/media/1913/gri-standards-glossary.pdf>

Basic salary - fixed, minimum amount paid to an employee for performing his or her duties, excluding any additional remuneration, such as payments for overtime working or bonuses'.

Minimum wage - 'minimum compensation for employment per hour, or other unit of time, allowed under law.

First tier supplier - companies are encouraged to explain what first tier suppliers (or tier one suppliers) means in the context of their business.

Alignment Acronyms

(CHRB) Corporate Human Rights Benchmark

(CWC) The Committee for Workers' Capital – Guidelines for the Evaluation of Workers' Human Rights and Labour Standards

(DJSI) Dow Jones Sustainability Index

(ETI RF) Ethical Trading Initiative Reporting Framework

(KTC) Know The Chain

(GRI) Global Reporting Framework

(ILO) International Labour Organisations Conventions

(UNGPRF) SHIFT United Nations Guiding Principles Reporting Framework

(SDGs) Sustainable Development Goals

(UNGPs) United Nations Guiding Principles on Business and Human Rights

General Information

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