

Workforce Disclosure Initiative

Survey Methodology 2018

About the Workforce Disclosure Initiative

The Workforce Disclosure Initiative (WDI) is an investor collaborative designed to help companies improve their workforce reporting. 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. The WDI survey and the information it generates provides a framework for investors and companies to work together to improve policies and practices on a range of workforce-related topics. The WDI seeks to contribute to the long-term goal of improving the quality of jobs in the operations and supply chains of listed companies across the world – we see transparency as an essential first step in meeting this goal.

As of June 2018 the WDI is supported by over 100 investor signatories with over \$12 trillion in AUM. Please see the WDI website for more information: <https://shareaction.org/wdi/>.

2018 Survey review

The 2018 WDI survey builds on the pilot year survey which was sent to 76 companies in 2017.¹ In formulating the 2018 survey we aimed to consolidate the comments, criticisms and constructive feedback received during the first year of the WDI. Input was received from a number of different stakeholders each with specific expertise and insight. These include: companies invited to participate in the pilot year (both disclosers and non-disclosers), investor signatories, civil society, reporting frameworks and standards, trade unions, social auditors, academics and a wide-ranging group of external topic experts in areas such as gender equality, human resources, and responsible sourcing. A list of the organisations that contributed to the review of the WDI pilot survey is included as a note to this document.

Standardising workforce reporting

The WDI questions aim to reflect both the existing universe of workforce indicators used by other reporting organisations and frameworks, as well as plugging gaps in these existing efforts to provide investors with a comprehensive picture of the workforce via one disclosure.

Alignment and collaboration with other frameworks is essential to harmonising requests companies receive on workforce reporting and build a standard methodology for workforce disclosure that captures meaningful information that can be used to drive improvements in company performance.

Where WDI indicators do align with others, the survey references the relevant framework and individual indicator. In 2018, the WDI survey references the indicators from the Global Reporting Initiative (GRI), the Dow Jones Sustainability Index (DJSI), The Committee for Workers' Capital – Guidelines for the Evaluation of Workers' Human Rights and Labour Standards (CWC), Know The Chain (KTC), the Corporate Human Rights Benchmark (CHRB), the SHIFT UN Guiding Principles Reporting Framework (UNGP RF), the Ethical Trading Initiative Reporting Framework (ETI RF) and International Labour Organisation Conventions (ILO).

¹ For details about the original 2017 methodology and companies invited to participate in the pilot year see: <https://shareaction.org/wp-content/uploads/2017/07/WDI-Methodology-and-company-list.pdf>

During 2018, the WDI will continue to work with the above organisations and wider stakeholders to further these standardisation objectives. If you would like to feed-in to this process please get in touch: wdi@shareaction.org

Topics covered in the 2018 WDI survey

The survey aims to cover topics which are material to investors and companies – relevant to all industries, and salient issues for workers - the relevance of which will vary based on the outcomes of a company's due diligence process.

Topics includes two overarching sections on Governance and Risk Assessment; five sections on the Direct Operations (Composition and Compensation, Stability, Development, Occupational Health and Safety, and Workers' Rights) and four sections on the Supply Chain (Structure, Sourcing Strategy, Workers' Rights and 'Stretch').

Significant changes following on from the pilot year survey

As a result of feedback received from stakeholders, the following changes have been made to the WDI survey for 2018:

Survey Structure: Questions on the direct operations and supply chain workforce are now located in separate sections. This change was made for two reasons: i) to improve navigation of the survey content and to enable companies to distribute the relevant sections to individuals in their company; and ii) to provide a categorisation that better reflects the content of the direct operations and supply chain questions.

Question types: Many of the survey topics are similar to the pilot year survey. In 2018, questions have been designed to capture information on the different stages that may be involved in the management of different workforce issues. These stages are best reflected by the impact pathway and its core elements: inputs, activities, outputs, outcomes and impacts.² The survey aims to capture information on some of these stages for each topic in the survey. In time and as workforce reporting and management evolves, the survey will aim to capture more information on the later stages of the impact pathway. An impact pathway is a useful tool for companies looking to understand how a company's activities are contributing to realising the Sustainable Development Goals (SDGs).³

Scope of disclosure: In the pilot year, companies were asked to provide workforce disclosure at the company level for their direct operations and at the critical supply chain level for their supply chain. The pilot year disclosures demonstrated that these reporting boundaries could not be applied consistently, nor were they feasible for companies with large global operations. In light of this and to reflect the relatively embryonic nature of workforce reporting, in 2018 companies are requested to define their own scope for their workforce disclosure and to apply this boundary consistently across the entire disclosure.

Disclosure levels: Disclosing to the WDI requires time and resources. It also requires companies to have a system in place to collect the requested data, which can itself take time to develop. In recognition of this, the WDI survey now includes three different levels of disclosure – foundation, intermediate and comprehensive. These levels are intended to

² Companies are directed to Figure 15 of the Social and Human Capital Protocol for examples of how the impact pathway can be applied to individual workforce topics such as health and safety and skills management: Social and Human Capital Protocol, draft for public consultation, 2018, p37, and p.54-57: <http://docs.wbcsd.org/2017/form/scp-download.html>

³ SDG Compass, p14: https://sdgcompass.org/wp-content/uploads/2016/05/019104_SDG_Compas_Guide_2015_v29.pdf

provide companies with guide as to where they may wish to prioritise data collection and reporting initially.

Contingent workers: This year the WDI survey also asks for workforce data on the contingent workforce. The topics covered mirror those for employees. While many companies will not be collecting data on this part of their direct operations workforce, there is growing interest among the investor community in the quality of jobs performed by the contingent workforce and companies' increasing dependence on these types of workers.

'Stretch' – supply chain questions: The WDI pilot year survey challenged companies to disclose information on a range of supply chain issues. This year the 'stretch' section contains some of the supply chain questions that companies at the more advanced stages of their data collection will be able to provide. These questions ask companies to provide detailed workforce information for a defined part of their supply chain, which they may, for example, be focussing on as part of their due diligence processes.

Evolution of the WDI survey

The WDI is an evolving and collaborative project. We are driven by the investor demand for workforce data and the enthusiasm and appetite for greater transparency from companies, civil society and others. As such, the WDI methodology will continue to evolve to better reflect both the demand from investors for workforce information and the ability of companies to provide the information requested.

In particular, there are three areas which the WDI team will look to explore in future iterations:

- Sector specific topics and questions
- Scoring/benchmarking companies against their peers
- Inclusion of mandatory public disclosure on certain survey questions.

2018 Company list

In 2018, 500 companies will be invited to participate. The full list is available [online](#): Companies were selected according to market capitalisation globally, geography, and size of the workforce. In 2018, companies are classified according to the GICS classification system.

How the data will be used

In order to drive transparency, learning and improvements related to workforce management, companies are encouraged to make their disclosures fully public. However in 2018 they have the option of marking particular sections as either public or private.

All the information disclosed via the WDI – whether public or private – will be made available to the WDI investor signatories.⁴ Investors will be able to use this information to inform their direct engagements with companies and to integrate into their financial assessments of companies.⁵

The WDI will also make available to investors the reasons companies give for not disclosing or for keeping disclosures private.

⁴ As of June 2018, more than 100 institutions representing upwards of \$12 trillion of assets under management are signatories to the WDI: <https://shareaction.org/wdi-investors/>

⁵ For example, see Aberdeen Standard Investments: <https://www.aberdeenstandard.com/en/media-centre/media-centre-news-article/aberdeen-standard-investments-launches-uk-equity-impact-proposition>

The WDI team will use the information disclosed by companies in two ways: After the reporting period ends, disclosures marked as public will be made available on a publicly accessible web link associated with the WDI. Private disclosures will only be published in aggregate reporting and any examples of good practice will not be attributable to the company. After the reporting period, a list of all disclosing or non-disclosing companies will be published.

Notes

2018 survey review – comments were received from the following:

WDI Investor signatories and WDI pilot year disclosers and non-disclosers

Project partners

SHARE

OXFAM

Lake Advisory

Wider stakeholders

Chartered Institute for Professional Development (CIPD)

Corporate Human Rights Benchmark (CHRB)

Ethical Trading Initiative (ETI)

Global Reporting Initiative (GRI)

Know The Chain (KTC)

SHIFT Reporting Framework

Trade unions representatives from the following groups: United Food and Commercial Workers International Union, The Committee for Workers' Capital, UNI Global Union, Trades Union Congress and endorsement from Unite the Union, the UNISON Staff Pension Scheme and the International Transport Federation.

UN PRI

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. 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. 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.

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