



WDi

Workforce Disclosure Initiative



ShareAction»

2023 Survey Guidance Document

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Introduction to the Workforce Disclosure Initiative

The Workforce Disclosure Initiative (WDI) is an investor collaborative designed to help companies improve the standard of reporting on workforce metrics. It was created in response to investor concerns that companies' public reports do not yet provide the meaningful and comparable information on workforce issues that investors seek.

The WDI provides companies with a comprehensive online reporting platform to disclose data on the workforce policies and practices underpinning the management of their employees and wider workforce. The WDI survey is designed to capture information that companies already collect and disclose as well as new information of importance to investors.

The long-term goal of the WDI is to improve the quality of jobs in the [direct operations](#) and [supply chains](#) of listed companies around the world. As such, the WDI adopts a holistic view of a company's workforce, encompassing the employees and [contingent workers](#) in a company's direct operations as well as workers in its supply chain.

As of June 2023, the WDI has [60 investor signatories](#) with over \$10.5 trillion in AUM from 9 countries.

Companies that disclose through the WDI will have the opportunity to show, to a significant group of investors, that they are prioritising workforce issues and taking their responsibilities as employers and businesses seriously. Participation also indicates that companies are demonstrating leadership by being prepared to work collaboratively towards the goal of greater transparency and ultimately towards better outcomes for their business and their workers.

Governance of the WDI

The WDI is coordinated by ShareAction, a registered charity with a mission to transform capital markets into a 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 effectively influence global stakeholders.

The WDI is supported by ShareAction, and investor signatories contribute a fee based on their institution type and size.

This guidance document

This guidance document provides companies with information on how to complete the WDI survey. The document follows the structure of the survey and sets out why transparency in each area is important and a [glossary](#) of key words/phrases used throughout this document and the survey.

For a detailed breakdown of the survey questions themselves, as well as guidance on how to answer each question, the WDI survey spreadsheet contains all the information needed. Guidance notes are also embedded next to each question in the WDI online reporting platform. Companies are encouraged to read the guidance alongside each question as this will help ensure they provide the correct information in each answer. We have also compiled all the best responses from 2022 in the [“2023 Good Practice Guide”](#).

If you have any questions about completing the survey, please contact: wdi@shareaction.org. For company-focussed WDI resources visit: <https://shareaction.org/workforce-disclosure-initiative/disclose-as-a-company>.

The business case: Why take part?

In an increasingly competitive and challenging global labour market, the way a company treats and manages its workforce has never been more important to the long-term success of a company. The recent [COVID-19](#) pandemic has only served to highlight this, with companies’ workforce practices facing significant scrutiny as the devastating consequences of the pandemic on workers become clear. The global cost of living crisis has only served to further this, with investors paying even keener attention to how workers are being treated at a time of significant vulnerability. Beyond that, mandatory sustainability reporting measures covering the workforce are proliferating at both a national and international level. The WDI survey provides the perfect framework to ensure companies are more than prepared for upcoming reporting requirements.

The workforce is frequently described as a company’s greatest asset and an important source of value for the company. And yet, few companies disclose sufficient information to substantiate this claim nor how they plan on ensuring they continue to attract and retain the workforce of the future. If the workforce generates value for the company then, as with any other asset, it must be nurtured in a way that protects and maximises its ability to generate long-term value and benefits for the business. The materiality of the workforce continues to be demonstrated by a growing body of research. Sound management of the workforce can yield positive outcomes for the company including increased labour productivity, workforce stability and engagement. Poor workforce management, by contrast, can lead to operational, reputational and even litigation risks.

There has been greater public scrutiny from consumers and wider society about companies’ business practices and the treatment of direct employees, third-party contractors and even workers in the supply chain. Indeed, companies are facing increasing regulatory requirements to disclose non-financial information with respect to their employees and their supply chains. There are also growing calls from stock exchanges around the world for companies to improve the consistency and depth of their corporate reporting. The ripple effect created by the

introduction of legislation on workforce reporting across the world, including in the UK,¹ France,² California,³ the Netherlands,⁴ Spain,⁵ Australia,⁶ and Germany,⁷ means that companies that are already scrutinising their workforce footprint and implementing the United Nations Guiding Principles on Business and Human Rights (UNGPs) are well positioned to anticipate future regulatory developments. To read more about this and the business case for corporate transparency and improving workforce management and engagement, read our “New Frontier” report [here](#) on the website.

At the global level, investors and companies play a critical role in the delivery of the Sustainable Development Goals (SDGs) and the Paris Agreement, global roadmaps for addressing the prevailing crises of inequality and climate change, both of which pose significant risks to workers, business and their shareholders. Increasing transparency and reporting on the workforce is a prerequisite for understanding how companies are helping to both deliver the goals of Decent Work while also ensuring that the transition to a low carbon economy is both just and socially inclusive, with proper consideration to the impacts on workers and recognition of their role in directly delivering the transition.

This drive to promote corporate transparency is an opportunity for companies to harness the data to improve practices, and to draw on the insights from the data they collect to differentiate themselves from peers. Leading companies recognise the value of improving workforce management and are starting to map and monitor their global workforce as part of their business strategy, using the WDI as a tool. This is allowing them to instigate new conversations and improve existing structures and processes within the company.

Information captured through the WDI responses 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 related risks and opportunities. The WDI has helped spark conversations between investors and companies about the company’s workforce, the processes in place to identify and manage workforce risks and opportunities, and the need for better quality data on how the company is ensuring improved outcomes for both workers and business.

¹ Modern Slavery Act 2015, accessed 26th August 2020, <https://www.legislation.gov.uk/ukpga/2015/30/contents/enacted>.

² French Corporate Duty of Vigilance Law 2017, accessed 26th August 2020, <http://www.respect.international/french-corporate-duty-of-vigilance-law-english-translation/>.

³ The California Transparency in Supply Chains Act, accessed 26th August 2020, <https://oag.ca.gov/SB657>.

⁴ Business and Human Rights Resource Centre, “Dutch Senate votes to adopt child labour due diligence law”, accessed 26th August 2020, <https://www.business-humanrights.org/en/latest-news/dutch-senate-votes-to-adopt-child-labour-due-diligence-law/>.

⁵ Baker & McKenzie, “The Latest Developments in Gender Pay: France & Spain Issue New Legislation to Tackle the Gap”, accessed 26th August 2020, <https://www.bakermckenzie.com/en/insight/publications/2019/03/the-latest-developments-in-gender-pay>.

⁶ Modern Slavery Act 2018, accessed 26th August 2020, <https://www.legislation.gov.au/Details/C2018A00153>

⁷ Lexology, “Who is affected by the CSR Directive Implementation Act?”, accessed 26th August 2020, <https://www.lexology.com/library/detail.aspx?q=743ef117-dde0-4618-9d6f-e21a69663940>

WDI survey methodology

Survey structure and content

The WDI survey has been revised and refined in order to meet the needs of investor signatories and elicit the most meaningful workforce data from globally listed companies. The WDI follows an iterative process each year to ensure the survey provides a robust and comprehensive framework for assessing companies on their workforce management, and that it reflects a rapidly evolving corporate reporting landscape which brings about complex reporting challenges for companies. We are grateful to all stakeholders who have contributed time and constructive feedback to the process since the first survey was sent out during our pilot year in 2017.

Survey structure

The WDI survey comprises 13 sections:

Section	Subject of section	Part of business
1	Governance	Direct operations and value chain
2	Risk assessment and human rights due diligence	Direct operations and value chain
3	Workforce composition	Direct operations
4	Diversity and inclusion	Direct operations
5	Workforce wage levels and pay gaps	Direct operations
6	Stability	Direct operations
7	Workforce development and adaptation	Direct operations
8	Health, safety and wellbeing	Direct operations
9	Worker voice and representation	Direct operations
10	Grievance mechanisms	Direct operations and value chain
11	Value chain transparency	Value chain
12	Responsible sourcing	Value chain
13	Value chain working conditions	Value chain

Questions in the WDI have been designed to be relevant to all business models and sectors.

Question tiers

The WDI can be a time and resource intensive process for those at the very start of their reporting journey where the systems and processes for collecting and reporting data have not yet been established. In recognition of this, the WDI introduced question tiers (formerly Disclosure levels) to help companies new to this area of reporting prioritise their reporting efforts. A summary of these tiers is provided below. Companies are encouraged to prioritise Foundation tier questions in their first years of reporting to the WDI, gradually working up to Intermediate and ultimately Comprehensive tiers. While many companies may find that they have data to report and gaps to fill across all levels, the question tiers are a useful lens for those companies in need of a more structured approach in the early days of workforce reporting.

Foundation: questions that ask for information on the governance of the workforce, policy commitments and risk assessment processes across the workforce; basic human capital

metrics in the direct operations such as the number of employees and turnover rates; and simple information on the structure and composition of the first tier supply chain and the company's sourcing and purchasing practices. Foundation questions make up about 55% of the survey.

Intermediate: questions that go beyond commonly reported metrics to provide additional insights into the risks and opportunities in the direct operations such as pay ratios and the effectiveness of remedial actions. In the supply chain, questions ask for information on the size and location of the [first-tier](#) workforce and the risks to workers' rights. Intermediate questions make up about 35% of the survey.

Comprehensive: questions that reflect the challenges of collecting and reporting information on aspects which are often overlooked such as detailed demographic breakdowns of the workforce and the outcomes of worker representation; and in the supply chain, more detailed information on its composition. Comprehensive questions make up about 10% of the survey.

Core indicators

In 2021, the WDI introduced core indicators. These are a small set of WDI indicators which capture the fundamental data companies need to be able to understand and improve the conditions of their workforce. These indicators have been introduced to provide responding companies with an additional framework to consider when considering which parts of the survey to prioritise.

Core indicators are not the most rudimentary or basic information a company should report on their workforce. Instead, they are indicators that provide data that, when not collected, significantly hampers a company's ability to meaningfully improve working conditions and/or data that is indicative of a company's broader approach to managing its workforce.

In 2023, companies can opt to only complete the core indicators. You will be able to change this setting whenever you like within the Nossa Data online reporting platform (where all the answers need to be submitted) but this setting will determine the initial view of the survey questions you're presented with. For companies that are just starting out on their reporting journey or those that are short of time, the Core Indicators are a good starting point. Companies can, of course, add any extra datapoints to your response by changing the setting from Core Indicators to view all the questions at any stage.

A full list of the Core indicators can be found in "Appendix IV: Core indicators" and more background information can be found [here](#).

Public answers vs answers for WDI signatory investors only

For the majority of the survey, companies can choose to make each answer public or available only to WDI signatory investors. If public, the answers are viewable via the WDI website to all who wish to view them (the 2022 public data is downloadable from here: <https://shareaction.org/workforce-disclosure-initiative/disclose-as-a-company>). Otherwise, companies can make their answers available only to the WDI signatory investors, but the data will be used in aggregate analysis.

Our signatory investors encourage companies to make as much of their response public as possible and in an effort to promote this, there are a handful of questions in the survey whose answers are mandatorily public. These are mostly [Foundation tier](#) questions and are shown in this document in the “Privacy setting of answer” columns below as well as in the online reporting platform and the Excel version of the survey which can be found [here](#).

To understand more about how your data will be used after it has been submitted, please read the [“submission agreement”](#).

Scope of disclosure and additional contextual information about your response

When companies report workforce data, it is not always clear which aspects of the business the data relates to. As such, in an effort to continuously improve the comparability of the data companies report, the WDI is evolving its approach to understand the ‘scope’ or boundary for reporting.

At the end of every topic, there is a free text box for “Notes on this topic” which the company can use to add any extra contextual information for their answers in that topic. This information is not scored.

In 2023, companies are asked to set out their significant operating locations, that is, countries or regions which are of significance to the company because of, for example, the level of spend, the number of employees and/or the criticality of the location to business continuity. These options refer to questions on employee breakdown, [collective bargaining agreement coverage](#) and [occupational health and safety](#). Given the complexity of providing a clear reporting boundary, companies will still be able to explain or clarify criteria they have used to determine what constitutes a significant operating location for them.

Alignment with other frameworks

The workforce reporting landscape is complex. However, across different frameworks there are many important convergence points that help bring greater transparency to a long-neglected aspect of corporate business. The WDI reflects the existing universe of workforce indicators and organisations by referencing them throughout the WDI survey where there is obvious overlap in the data being requested. This cross-referencing shows how different reporting requests integrate with each other and alerts companies to data points they may have reported elsewhere. A list of frameworks referenced in the survey is included in Appendix I on [page 49](#).

WDI survey consultees

Numerous stakeholders, each with specific expertise and insight, have provided critique and comment on the WDI survey since its conception in 2016. These include: participating and non-participating companies, investor signatories, civil society, reporting frameworks and standards, trade unions, social auditors, academics and a mixed group of external topic experts in areas such as gender equality, human resources, and responsible sourcing. We are especially

grateful to the numerous individuals and organisations who provided insight and expertise in support of the project. The comments provide an ongoing source of learning and debate, feeding into the ongoing evolution of the project.

The reporting process and scoring

The online reporting platform

Companies must submit their answers online through the WDI online reporting platform. Any companies not already in receipt of a web link to access the platform should contact the WDI team to request one: wdi@shareaction.org. An Excel version of the survey can be used to draft answers; it can be downloaded from [this page](#) of the website. There is a [user guide](#) here to help you navigate the online reporting platform.

Please note that there are a couple of functions in the online reporting platform users should be aware of:

- > inside the online reporting platform, company users can mark answers as “Not started/In progress/Flagged” etc; these settings are for the company users to help mark progress through the response and so they can communicate with colleagues about which questions are finished or which are not going to be answered for this year etc;
- > There are also comment boxes for each question. These are also for your organisation to use internally to communicate with any other users in the platform;

Both these features don't have a bearing on the Disclosure Score of the response and they won't be communicated to the investor signatories or viewed by the WDI team.

Companies have until Friday 27 October 2022 to submit their response via the online reporting platform.

The WDI team is available throughout the reporting period to support companies individually or via group webinars. Companies are encouraged to contact the team as early as possible over the reporting period. We recognise that companies are at different stages of workforce data collection and reporting and that establishing new data collection systems takes time. We invite all companies to be open about gaps in their current data, and the challenges in collecting and reporting the requested information. We also encourage companies to provide feedback on the reporting process which is crucial to helping develop a more robust survey for future years. There is a [glossary](#) at the end of this document to provide clarification on words and phrases.

All the information disclosed via the WDI will be made available to the WDI investor signatories. Investors will be able to use this information to inform their direct engagements with companies and to integrate into their financial assessments of companies. The WDI will also make available to investors the reasons companies give for not taking part in the Initiative.

Disclosure Scores and Scorecards

After the disclosing period ends, companies will receive a **Disclosure Score** and a **Disclosure Scorecard**. The Disclosure Score evaluates a response based on the level of completeness and provide a basic benchmark to peer groups of responding companies. A dummy version of the Disclosure Scorecard can be viewed [here](#). The Scorecard is only viewable to your company, the WDI signatories and WDI partners but in January 2024, we will publish the individual Disclosure Scores of the top ten per cent of companies. The remainder of Disclosure Scores will remain confidential between your company, the WDI signatories and WDI partners.

The WDI team will facilitate dialogue between investors and companies on the responses submitted and topics covered in the survey and we encourage all companies to come to all the webinars and events we hold; please check this page regularly for upcoming events: <https://wdi-data.shareaction.org/workshops-and-webinars/wdi-key-dates-2023/>.

In early 2024, the WDI team will publish a public report on the results of the responses in 2023, with an emphasis on the progress being made in workforce reporting and transparency, sharing examples of good practice from disclosing companies and providing guidance on ways to further improve workforce reporting. This report will contain a list of all responding companies and you can see the 2022 version here: <https://cdn2.assets-servd.host/shareaction-api/production/resources/reports/WDI-2022-Trends-and-Insights.pdf>

Scoring methodology

As mentioned above, each company’s response is given a **Disclosure Score** which aims to assess its completeness (i.e., the amount of data the company provided). It is not an evaluation of the quality of the company’s answers or its workforce policies and practices. The scoring rule applied to each question is shown in the detailed guidance below; there are ten possible rules:

Scoring rule	Definition
Rule 1	free text box <i>or</i> simple drop-down menu
Rule 2	answer to a yes/no follow up question
Rule 3	yes/no parent question where the 'yes' selection scores 1 point, and the answer to both the 'yes' and 'no' follow up questions score 1 point
Rule 4	table where 1 point is awarded for every editable cell
Rule 5	table where only the first cell is scored
Rule 6	table where column 2 of the top 2 rows is scored (except for Q11.4 where column 2 of the top 5 rows are scored)
Rule 7	table where points are awarded for data in either column 2 or 3, up to a maximum number of points with each row capped at 1 point
Rule 8	table where points are awarded for data in either column 2, 3 or 4, up to a maximum number of points with each row capped at 1 point
Rule 9	table where one point is awarded for column 2, and points are awarded for data in column 3 onwards with each row being capped at one point

Workforce Transparency Awards

In 2020, the WDI introduced the “Workforce Transparency Awards” which recognise the companies for the level of information they submit. Companies that win awards will be recognised at the WDI Awards Ceremony following the publication of the survey findings and will be profiled on the WDI website and in communications. Companies that win awards (not special mentions) will also receive a physical award to demonstrate their leadership in workforce transparency.

Award categories, and the criteria for each award, are as follows:

Award	Criteria
The WDI Award	The company/ies with the most complete response
Best First-time Responder	The company/ies taking part for the first time who completed the highest proportion of the survey
Most Improved	The company/ies with the largest increase in the completeness of its/their response
Value Chain Data	The company/ies with the most data covering their value chain (i.e., most complete response across Sections 11-13)
Most Transparent (special mention)	The companies that opt to make their response 100% public
Contingent Workforce Data	The company/ies with the most data for workers on non-permanent contracts (i.e., most complete response across questions 3.3, 3.4, 3.5, 3.6, 3.8, 5.9, 6.2, 8.5, 8.6, 9.5)
Workforce Action (special mention)	The companies that answered the highest number of questions looking at how companies are implementing workforce practices (questions 2.8, 2.9, 4.1, 4.8, 5.4, 5.9, 9.6a/9.6b, 9.9, 10.5, 13.1, 13.2, 13.3)

The 2022 award winners can be viewed at: <https://shareaction.org/reports/workforce-disclosure-initiative-awards-2022>.

General advice and FAQs

The list below includes some of the most common questions from companies when responding to the WDI survey.

Advancing reporting through the WDI survey

I am just getting started with the survey, are there any areas that I should prioritise?

The WDI survey and question guidance is structured in a way to support companies to prioritise their responses and progressively increase the level of workforce data they report as they become more accustomed to responding to the survey. There are three main ways companies can prioritise their response.

Companies should focus on providing data for the [Foundation tier](#) questions, which ask for the most basic and commonly reported workforce metrics. Companies should also aim to respond to as many of the [Core Indicators](#) as possible, as these ask companies for the data that can be most insightful when looking to improve workforce practices. Lastly, the guidance for each question has been structured to highlight what data can be reported when a company is 'getting started' and what would be the more detailed data companies provide as 'next steps'. Even if the company cannot meet every criteria in the guidance, providing data on just the 'getting started' components can help prioritise data collection and responses and establish a foundation for more detailed data in future years.

My organisation has been taking part for a couple of years, how can we improve our WDI response?

Organisations that are looking to advance their workforce reporting should aim to complete as many [Intermediate tier](#) questions as possible. Companies should also aim to report against all [Core Indicators](#).

Companies should also aim to provide more comprehensive data for the questions they are already responding to, for example, by providing data that covers more operating locations and a larger proportion of the workforce. They should be meeting all 'getting started' criteria in the guidance for every data point they provide, as well as aiming to provide data for more 'next steps' criteria. Organisations should also consider how they can provide more data on topics that are traditionally underreported, such as workforce stability.

How can my organisation become a leading WDI responder?

Companies that are looking to establish themselves as leaders in workforce reporting should be aiming to provide data for as many Comprehensive tier indicators as possible. These are questions that reflect the challenges of collecting and reporting information on aspects which are often overlooked. Leading companies should already be providing detailed data against all [Core Indicators](#) and, wherever possible, providing data that covers as large a proportion of the

companies' operations as possible. Leading companies should also be meeting the majority of all guidance criteria (both 'getting started' and 'next steps') for each question.

Question formats and answer structures

The question is asking for an example of something that my company has never done, how should I respond?

Example question: 2.9 Provide an example of how the company has monitored the effectiveness of actions taken to address negative impacts on the human rights of workers in the reporting period, including by consulting with impacted workers and any lessons learned.

Recommended approach: If the company has never carried out the specific actions a question is asking for an example of, companies can outline the steps and procedures the company would take if they were to take that action, clearly indicating that this is what the company would do, not what the company has done. The company should also explain what plans they have, if any, to take this action in the future.

What should I do if my company only has partial data for a question?

Example question: 3.3 Provide the number and/or percentage (%) of the company's employees on each contract type as a proportion of the total direct operations workforce.

Recommended approach: Organisations should provide whatever data they currently have and utilise the 'notes on this topic' questions to provide any further context around the data they have provided. Companies should not feel concerned about providing partial data, as even limited data is greatly valued by investors. Providing partial data can also help the company identify where there are gaps in their data collection and opportunities to progressively build upon the information the company already has, helping the organisation improve its own reporting.

The question is asking for numerical data which my organisation has, but the answer is zero, should I still include this?

Example question: 9.2 Provide the percentage (%) of employees covered by collective bargaining agreements for all locations in the direct operations

Recommended approach: Companies should provide whatever data they have, even if the answer is zero. This is both helpful to investors when looking to understand the company's approach to workforce management, as well as ensuring the company's actual level of workforce data is reflected in its disclosure score. A higher Disclosure Score increases the likelihood the company will be eligible for a WDI [Workforce Transparency Award](#).

A question is not relevant to my organisation and/or we do not publish this data. Should I just put N/A?

Unless specifically stated in the guidance, any answers where companies put 'N/A' or similar (for example, 'not publicly disclosed') will not receive disclosure points. For questions where 'N/A' is included in the guidance, companies will still receive disclosure points for including this in their response.

Sector-specific considerations and relevance

My organisation does not have an extensive supply chain and/or is not involved in manufacturing, do I need to respond to questions looking at the value chain?

All questions in the WDI survey have been designed so that companies from every sector can provide at least some data. It is inevitable that certain topics will be more salient for certain companies than for others, but companies should aim, and be able to, provide data for every section of the survey, including the sections on the value chain. While service-based companies often lack goods-focused supply chains of an equivalent scale to manufacturing organisations, it is extremely unlikely that they will have no value chain to report on at all, as service-based companies often have upstream value chains that consist of other services, tools, software and so on.⁸ As the value chain sections consider the whole value chain, companies can and should also consider the downstream value chain (the process of getting products from the company to the end user), rather than just the upstream value chain (the process of getting materials to the manufacturer) in their answers.

The 'getting started' criteria in the guidance can serve as a helpful guide as to the information that may be more appropriate for organisations with less extensive value chains. Additionally, as the WDI's focus is transparency, and not performance, companies will not be penalised for responding to questions with limited data. Where a question asks about value chain practices that the organisation does not engage in, the company can simply state this.

It is unusual for workers to unionise in my organisation's sector, are questions on collective bargaining relevant to me?

Even in sectors or organisations where unionisation and collective bargaining are less common, companies should still aim to respond to questions addressing these topics. Collective bargaining is fundamental human right for all workers, regardless of sector, as evidenced by its inclusion in numerous national and international legal standards.⁹ Consequently, data on collective bargaining is incredibly important and an area of significant interest for investors, regardless of sectoral prevalence, given its fundamental nature.

The WDI's focus on transparency, rather than performance, results in the survey being inclusive of companies with a range of approaches to workforce management, and so a lower prevalence of certain practices, such as collective bargaining, should not prevent companies from answering questions on these topics. For example, for question 9.2, a company could simply

⁸ Taylor, E. (2014). *Differences in supply chain designs for a manufacturing industry vs. a service industry*. The Houston Chronicle: Managing Employees. <http://smallbusiness.chron.com/differences-supply-chain-designs-manufacturing-industry-vs-service-industry-14610.html>

⁹ Including, for example, the ILO [Freedom of Association and Protection of the Right to Organise Convention, 1948 \(No.87\)](#), the ILO [Right to Organise and Collective Bargaining Convention, 1949 \(No.98\)](#), Article 23.4 of the [Universal Declaration of Human Rights](#)

state that they have 0% collective bargaining agreement coverage across their operations, rather than ignoring these questions.

However, to ensure investors can gain a full understand of how the company engages with workers, companies operating in sectors with low collective bargaining agreement coverage should place a strong emphasis on questions that allow them to demonstrate how they are listening to their workforce, such as Q2.7 and Q9.7, amongst others.

Overview of the sections and topics in the WDI survey

This section provides an overview of the sections and topics covered within the WDI survey, and sets out why disclosure on these areas is important. A full overview of the questions in the survey and the guidance for each question can be found in the WDI survey spreadsheet, which can be downloaded at: <https://shareaction.org/workforce-disclosure-initiative/disclose-as-a-company>

Section 1: Governance – Direct operations and value chain

Why this section is important

Building a productive and engaged workforce within a rights-respecting workplace culture requires leadership from the highest levels of authority in a [company](#). Companies should identify the positions with governance responsibility for [workforce matters](#) and the topics under their mandate to give investors insight on which topics have been prioritised and who is ultimately accountable for performance. This information also gives insight on a company's wider governance structure, culture and values and can highlight any gaps in this structure.

A company's commitment to effectively manage workforce matters can be evidenced by the role of the Board, how regularly Board members receive updates and report on progress towards workforce targets and objectives, and how those with governance responsibility are incentivised to make decisions that support a company's strategic goals. Linking [Key Performance Indicators \(KPIs\)](#) to [remuneration](#) or [compensation](#) schemes can act as a form of accountability and shows a company's commitment to evaluating and incentivising performance on non-financial indicators, such as diversity and inclusion, employee engagement and representation, and [responsible sourcing](#).

Policy commitments are also important for communicating a company's values, commitments and principles. They should set out how a company will take action and influence decision-making within the business to ensure the commitment is fulfilled in practice. Investors also want to understand the process for delegating responsibilities through [senior management](#) and beyond. A clear process is required if practices are to align with a company's overall culture and values.

Establishing appropriate governance structures and accountability mechanisms increases the chance of policy commitments being fulfilled and translating into positive outcomes for the business and its people.

Governance structure and management

Why this topic is important

Effective management of workforce risks and [opportunities](#) requires leadership from the highest levels of authority in a [company](#). Identifying the most senior level of responsibility for workforce issues can help investors understand who is ultimately accountable for workforce risks and opportunities and where there are gaps in the governance structure. It also indicates the degree to which a company prioritises workforce matters at the most senior levels of the organisation, as well as how management of workforce matters shapes the overall business strategy. A clear process is required if policies and practices are to align with a company's overall commitments and objectives.

Board performance

Why this topic is important

For effective workforce management to take place, it's essential that those at the highest levels of authority in a [company](#) with responsibility for [workforce matters](#) have sufficient expertise (or access to information) to steward this vital asset. The use of performance indicators can indicate how committed a company is to improving workforce management. When linked to the monitoring of the areas identified in Q1.2 they can be used to incentivise and hold those at the highest level of a company to account.

Delegating authority

Why this topic is important

While it is important to identify those ultimately responsible for a company's approach to workforce management, it is also important to understand the day-to-day management of workforce matters i.e. the process for disseminating responsibilities through [senior management](#) and beyond. Investors want to ensure that effective procedures are in place to manage workforce matters and that human rights are embedded throughout the organisation.

Human rights policy commitment

Why this topic is important

Companies should have a public commitment to respect universal human rights – at a minimum those set out in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, and the [core International Labour Organization \(ILO\) standards](#) – that is approved by the [highest governance body](#). A policy commitment on human rights 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. A company's human rights policy should commit to respecting the human rights of workers and of other individuals or communities as relevant to the industry.

In line with the UNGPs, where a company has caused or contributed to a negative human rights impact, it must address the harm by providing a remedy. The form of remedy (e.g. [compensation](#), reimbursement of unpaid wages) must be identified in consultation with

impacted workers. As a first step, a company should have a public commitment to provide a remedy where it is linked to harm to human rights, and should provide details on the [grievance mechanism](#) or channel through which impacted individuals can raise concerns – grievance mechanisms are covered in more detail in Section 10.

Investors want to see that companies are taking responsibility for any adverse impacts they have caused in a fair and prompt manner as the repercussions, especially reputationally,¹⁰ for failing to do so are considerable.¹¹ Consulting the affected [stakeholders](#) is key to understanding which remedial action is most appropriate and fair, as well as providing scope for a [Just Transition](#) to a low-carbon future.

A growing number of countries have introduced mandatory reporting on the steps companies take to identify and prevent modern slavery and other forms of [forced labour](#). Even if operating in jurisdictions without applicable legislation, companies have a duty to publicly prohibit forced labour, modern slavery and human trafficking across their business operations and relationships and to set out clear actions on how they are fulfilling this commitment.

Section 2: Risk assessment and human rights due diligence – Direct operations and value chain

Why this section is important

Investors want to understand a [company's](#) processes for assessing, identifying and managing risks to the business and to people impacted by a company's [business activities](#). A robust risk management process indicates that a company is well-positioned to anticipate and respond to risks before they become adverse impacts, while proactively seeking to generate [opportunities](#) that could benefit its workforce and business strategy. This is particularly relevant as companies transition their business activities to align with a low carbon economy. Companies must give due consideration to the relationship between workforce and climate-related risks and opportunities in order to ensure the transition is both just and socially inclusive.¹²

[Human rights due diligence](#) is the starting point for any meaningful identification of risks to people. In line with the UN Guiding Principles on Business and Human Rights (UNGPs), companies have a responsibility to assess and identify their [salient human rights issues](#) (these

¹⁰ Harvard Law School Forum on Corporate Governance, “The Wells Fargo Cross-Selling Scandal” by Bryan Tayan, accessed 20th June 2020, <https://corpgov.law.harvard.edu/2019/02/06/the-wells-fargo-cross-selling-scandal-2/>.

¹¹This is Money, “Toxic tactics by Ryanair crashed our shares, say investors suing airline for staff strife and walkout by pilots”, accessed 20th June 2020, <https://www.thisismoney.co.uk/money/markets/article-7391071/Toxic-tactics-Ryanair-crashed-shares-say-investors-suing-airline.html>.

¹² Section B in Final TCFD Recommendations Report, “Recommendations of the Task Force on Climate-related Financial Disclosures”, page 13, accessed 24th June 2020, <https://www.fsb-tcfd.org/wp-content/uploads/2017/06/FINAL-2017-TCFD-Report-11052018.pdf>.

are the most severe potential or actual negative impacts in connection with a company's operations or [value chain](#)), take action to prevent and mitigate adverse impacts, and provide a [remedy](#) where it has caused or contributed to harming [human rights](#). Conducting human rights due diligence should be an ongoing process that considers all people potentially impacted by a company's activities, with particular attention being paid to vulnerable groups.

Investors are keen to understand this as a company's salient human rights issues likely correlate with risk to the business, "as seen in the many instances where they lead to reputation-damaging campaigns, disruption and delays to operations, increased costs of managing conflict, litigation and other costs or loss in value to the business."¹³

Findings from the company's human rights due diligence process should inform wider risk management strategies. In line with the UNGPs, "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".

Human rights due diligence

Why this topic is important

It is crucial that all companies have a robust, well documented and ongoing [human rights due diligence](#) process to ensure they fully understand, identify and account for the positive and negative impacts they're having on people and society. Investors are keen to understand how companies are managing this as the failure to identify, prevent and address adverse human rights impacts may lead to reputational, operational, financial and legal risk, which impacts a company's share price. As employers and customers, companies have a responsibility to identify and assess human rights risks and impacts and to communicate openly and clearly with all [stakeholders](#). Further, as the public becomes more concerned about companies' impact on human rights,¹⁴ it's in companies' interests to be transparent on these issues. As the European Union moves to introduce mandatory human rights due diligence, companies that already have these processes established will be significantly better placed to comply with any proposed legislation.

Risks and opportunities

Why this topic is important

A company's activities will impact human rights in various ways, both positive and negative. Companies with large-scale operations will have multiple human rights risks and impacts, potentially across different geographies. As part of their ongoing human rights due diligence,

¹³ Business and Human Rights Resource Centre, "Caroline Rees of Shift explains why companies should address salient human rights issues", accessed 25th July 2020, <https://www.business-humanrights.org/en/latest-news/caroline-rees-of-shift-explains-why-companies-should-address-salient-human-rights-issues/>.

¹⁴ Accenture, "From Me to We, the Rise of the Purpose-led Brand", accessed 14th July 2020, https://www.accenture.com/_acnmedia/thought-leadership-assets/pdf/accenture-competitiveagility-gcpr-pov.pdf#zoom=50.

companies should be identifying the salient human rights issues. They should be defined by their scale (the gravity of the impact on human rights), scope (the number of individuals that are or could be affected) and remediation (how difficult it would be to rectify the resulting harm). Investors are interested in understanding if a company has a distinct risk assessment process in relation to the [direct operations](#) workforce; how this relates to other processes such as ongoing human rights due diligence and wider enterprise risk management; and how robust this process is. Equally, investors are keen to see how companies are making the most of new opportunities to innovate, expand and add value to their business.

Once the salient human rights issues have been identified, companies need to take action to stop risks to human rights from becoming adverse human rights impacts and/or to mitigate the harmful impact. The objective of [human rights due diligence](#) is to prevent the occurrence of harm which can amount to a breach of human rights. Sometimes, a company may be able to modify its own behaviour to prevent such harm occurring. However, where the potential or actual harm involves third parties, companies should use any leverage it has over that third party to mitigate the harmful impact.

Responding to human rights risk across the value chain

Why this topic is important

In line with the UNGPs, where a company has caused or contributed to a negative human rights impact, it must address the harm by providing a remedy. The form of remedy (e.g. compensation, reimbursement of unpaid wages) must be identified in consultation with impacted workers. As a first step, a company should have a public commitment to provide a remedy where it is linked to harm to human rights, and should provide details on the grievance mechanism or channel through which impacted individuals can raise concerns – grievance mechanisms are covered in more detail in Section 10.

Investors want to see that companies are taking responsibility for any adverse impacts they have caused in a fair and prompt manner as the repercussions, especially reputationally,¹⁵ for failing to do so are considerable.¹⁶ Consulting the affected stakeholders is key to understanding which remedial action is most appropriate and fair, as well as providing scope for a Just Transition to a low-carbon future.

¹⁵ Harvard Law School Forum on Corporate Governance, “The Wells Fargo Cross-Selling Scandal” by Bryan Tayan, accessed 20th June 2020, <https://corpgov.law.harvard.edu/2019/02/06/the-wells-fargo-cross-selling-scandal-2/>.

¹⁶ This is Money, “Toxic tactics by Ryanair crashed our shares, say investors suing airline for staff strife and walkout by pilots”, accessed 20th June 2020, <https://www.thisismoney.co.uk/money/markets/article-7391071/Toxic-tactics-Ryanair-crashed-shares-say-investors-suing-airline.html>

Section 3: Workforce composition – Direct operations

Why this section is important

The workforce is often cited as a [company's](#) most valuable asset and investors increasingly demand greater transparency on workforce composition.¹⁷ Investors seek clarity on the scale and geographic scope of a company's workforce and look for detail on the various contract types used to employ those who contribute to [business activities](#) and business value.¹⁸ To offer a comprehensive understanding of the workforce model, companies should adopt a broad interpretation of their [direct operations](#) workforce so that their headcount includes [employees](#), [contractors](#) and [non-employee direct operations workers](#) who provide regular company services.

The combination of this emphasis on transparency and the growing number of workers employed on non-permanent contracts has enhanced public and regulatory scrutiny of workforce models and related risks.¹⁹ Heightened dependency on employees on [fixed-term](#) or [non-guaranteed hours](#) contracts is indicative of a less secure workforce with access to fewer employment benefits than comparable permanent employees.²⁰

Enhanced scrutiny of workforce models and their related risks has only increased demand for more information at a disaggregated level. Investors are particularly interested in understanding a company's use of various contract types in combination with workforce demographics, such as female employees, which tend to be prevalent in different contractual working arrangements.²¹ Demands for greater transparency also come at a time when third-party organisations for recruitment and contracting are widely used.²² Companies' lack of oversight of employment practices in these arrangements presents specific challenges, particularly due to workers' increased exposure to [labour rights](#) risks, demonstrating the need for more comprehensive reporting across the entire workforce.²³

¹⁷ Integrated Reporting, "Creating Value: The Value of Human Capital Reporting", page 4, accessed 15th July 2020, https://integratedreporting.org/wp-content/uploads/2015/12/CreatingValueHumanCapitalReporting_IIRC06_16.pdf.

¹⁸ Financial Reporting Council, "Workforce Related Corporate Reporting: Where to next?", page 3, accessed 15th July 2020, <https://www.frc.org.uk/getattachment/59871f9b-df44-4af4-ba1c-260e45b2aa3b/LAB-Workforce-v8.pdf>.

¹⁹ EY Global, "How the Gig Economy is Changing the Workforce", accessed 16th July 2020, https://www.ey.com/en_gl/tax/how-the-gig-economy-is-changing-the-workforce.

²⁰ National Institute of Economic and Social Research, "International Trends in Insecure Work", page 5, accessed 19th July 2020, <https://www.niesr.ac.uk/sites/default/files/publications/InternationalTrendsInInsecureWork.pdf>.

²¹ Trades Union Congress, "Experiencing Workplace Insecurity in the UK", page 13, accessed 17th July 2020, <https://www.tuc.org.uk/sites/default/files/insecure%20work%20report%20final%20final.pdf>.

²² International Labour Organisation, "Non-standard Employment Around the World", page 49, accessed 17th July 2020, https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_534326.pdf..

²³ See previous footnote, page 203.

An effective workforce model can drive increased productivity, worker wellbeing and operational benefits for companies.²⁴ Conversely, an over-reliance on temporary staff and lack of oversight of workforce issues has the opposite effect and creates potential reputational, financial and legal risks.²⁵

Structure and location of direct operations

Why this topic is important

It is important for investors to have an accurate understanding of both the overall volume and the geographical spread of workers delivering core services on behalf of a company. Knowledge of the number of employees involved in a company's activities provides crucial insight into the potential scale of impacts which may arise from workforce issues.²⁶ Awareness of the key [locations](#) in which a company's [direct operations](#) take place gives investors a contextual understanding of the information disclosed by companies throughout the survey. With increasing understanding of the value workers contribute to a company's performance and share price, investors seek more transparency as to its structure in order to understand how this resource is being utilised.

Contract Types

Why this topic is important

The rapidly changing employment environment and increased use of contingent contracts has resulted in investors placing a greater focus on the types of contracts companies use.²⁷ Investors look for a breakdown of the contract types used in order to gain insight into the different types of labour a company uses to realise its business objectives.

Whilst the flexibility of non-standard working arrangements may be desirable to some workers, increasing dependence on contingent work contracts results in increased job insecurity²⁸ as demonstrated by the lack of employment benefits received by [contingent workers](#) which permanently contracted employees are usually entitled to (e.g. holiday leave, sickness pay, and training and development opportunities).²⁹ With women making up a greater proportion of the

²⁴ Integrated Reporting, "Creating Value: The Value of Human Capital Reporting", page 3, accessed 15th July 2020, https://www.integratedreporting.org/wp-content/uploads/2015/12/CreatingValueHumanCapitalReporting_IIRC06_16.pdf

²⁵ See previous footnote, page 8.

²⁶ GRI, "Guidance for Disclosure", section 102-8-d, page 10, accessed 15th July 2020, <https://www.globalreporting.org/standards/media/1037/gri-102-general-disclosures-2016.pdf>.

²⁷ European Foundation for the Improvement of Living and Working Conditions, "Non-permanent Employment, Quality of Work and Industrial Relations", accessed 17th July 2020, <https://www.eurofound.europa.eu/publications/report/2002/non-permanent-employment-quality-of-work-and-industrial-relations>.

²⁸ ILO, "The Consequences of Job Insecurity for Employees: the Moderator Role of Job Dependence", page 1, accessed 27th July 2020, http://www.oit.org/wcmsp5/groups/public/---ed_dialogue/---actrav/documents/meetingdocument/wcms_161364.pdf.

²⁹ National Institute of Economic and Social Research, "International Trends in Insecure Work", page 5, accessed 19th July 2020, <https://www.niesr.ac.uk/sites/default/files/publications/InternationalTrendsInInsecureWork.pdf>.

contingent workforce than men, the rise in non-permanent contracts poses a real threat to [gender](#) equality in the workplace.³⁰

Investor concern about growing reliance by companies on subcontracted workers and those recruited by agencies is heightened when such third-party organisations are located in high-risk geographies or employ a high proportion of vulnerable workers. The lack of company oversight over employment practices exacerbates workers' exposure to [labour rights](#) risks. It also means that companies themselves are potentially exposed to legal, financial and reputational risks associated with precarious and exploitative labour practices.³¹

Section 4: Diversity and inclusion – Direct operations

Why this section is important

Diversity is any dimension that reflects people's different identities and backgrounds, including their [ethnicity](#), sexual orientation, [gender](#), social background, religion and beliefs. There is a compelling business case for investing in workforce diversity.³² Workforce diversity enhances the potential for different perspectives on and approaches to issues and how to manage them. More specifically, research on the impact of diverse leadership teams, in terms of gender and ethnicity, has found a positive correlation between greater diversity and company performance,³³ on the basis that companies that commit themselves to establishing diverse leadership are generally more successful.³⁴

However, a diverse workforce alone is insufficient to generate value if the working environment is not also inclusive, that is, one in which people are valued for their distinctive identities, experiences and perspectives and which provides equal opportunity for participation. An inclusive working environment requires a workplace culture that is grounded on equality and equity and respects and protects different demographic groups as well as effectively addressing harms caused by [discrimination](#) and harassment.

Investors want to know what actions a [company](#) is taking to measure and improve workforce diversity in line with its diversity and inclusion (D&I) strategy and to see indications of outcome,

³⁰ Trades Union Congress, "Experiencing Workplace Insecurity in the UK", page 13, accessed 17th July 2020, <https://www.tuc.org.uk/sites/default/files/insecure%20work%20report%20final%20final.pdf>.

³¹ International Labour Organisation, "Non-standard Employment Around the World", page 203, accessed 17th July 2020, https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_534326.pdf.

³² McKinsey & Company, "Diversity Wins: How Inclusion Matters", accessed 19th July 2020, <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-interactive?cid=other-emi-alt-mip-mck&hikid=bebcf0fe25d945f9a125c9175c61a3a0&hctky=9593361&hdpid=d039ebfc-d884-4650-ae7d-9bf849e843aa>.

³³ McKinsey & Company, "Delivering Through Diversity", accessed 19th July 2020, <https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity>.

³⁴ McKinsey & Company, "Why Diversity Matters", accessed 19th July 2020, <https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>.

such as the retention and promotion of minority worker groups and efforts to measure the return on investment in D&I actions.

Composition data disaggregated by different demographic groups allows investors to understand workforce diversity, while disaggregated data on [internal hires](#) can act as a proxy metric for workplace inclusivity.

Monitoring diversity and inclusion

Why this topic is important

There is increasing evidence of a link between diversity and company performance so investors want to see that companies are actively working to improve the diversity of its workforce and leadership.³⁵ Investors also want to know the makeup of a company's workforce to ensure that companies are responding to the needs of workers from different groups through initiatives such as training and other policies and practices, and to ensure that a company is attracting and retaining a diverse talent pool across the [employee](#) base.

Parental leave

Why this topic is important

The extent to which companies provide support and allow agile/flexible working to parents is an important indication to investors that the needs of a diverse workforce are being accommodated, and that working parents are supported and are not discriminated against. It also sheds light on how a company is working towards promoting diversity in its workforce.

Discrimination and harassment

Why this topic is important

The number of incidents raised and resolved are useful figures to understand the scale of the abuses and the effectiveness of a company's approach to dealing with [discrimination](#) and harassment in the workplace. A sustained high number of incidents raised over time, regardless of how many of these are resolved, may suggest the company is failing to address the underlying causes. A low figure may hint at additional concerns over whether workers are able to access and use the mechanisms available to them to raise complaints. Identifying and [remedying](#) reported discrimination and harassment incidents through an effective [grievance mechanism](#) (see Section 10) is essential for fostering an inclusive working environment.

³⁵ McKinsey & Company, "Diversity wins - How inclusion matters", accessed 17 July 2020, <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-interactive?cid=other-eml-alt-mjp-mck&hlkid=beb0fe25d945f9a125c9175c61a3a0&hctky=9593361&hdpid=d039ebfc-d884-4650-ae7d-9bf849e843aa>.

Section 5: Workforce wage levels and pay gaps – Direct operations

Why this section is important

Wage level data gives investors a key insight into how a [company](#) values and compensates its workforce. A fairly compensated workforce is one in which workers earn at least a [living wage](#) and are equally compensated for their work, irrespective of their demographic group.³⁶ Higher wages can result in increased productivity, as a result of improved [employee](#) motivation, job retention, and company reputation, whereas companies with a high proportion of employees on low wages and with excessive pay gaps are vulnerable to higher absentee rates, lower staff engagement and higher staff turnover.³⁷

Disclosing the pay ratio between the highest and lowest paid employee can help to improve transparency and build trust between the [executive level](#) and rest of the workforce.³⁸ Publishing CEO to worker ratios and pay gaps is becoming an increasingly popular practice and in some countries is even a legal requirement. Data on pay ratios, when considered alongside other workforce information, can help investors understand a company's approach to distributing its returns across the organisation. This information is particularly insightful when considered in relation to other sector peers. Investors also want to understand the extent of pay disparity present in a company. High levels of pay disparity can have negative consequences for companies' performance:³⁹ significant disparities can also cause consumers to avoid companies.⁴⁰

Investors are interested in how companies are avoiding exacerbating precarious work and want to see that companies are taking their responsibilities as an employer seriously. It is important for companies to carry out due diligence to ensure workers employed on [fixed-term/temporary](#) contracts, either directly by a company itself or indirectly through third-party [suppliers](#), are paid fairly and are not disadvantaged compared to their permanently employed counterparts. Failure to do so risks creating a two-tier workforce with deficits in workforce morale, engagement and productivity. It also presents potentially damaging legal and reputational risks.

³⁶ Living Wage Foundation, "The Living Wage: Good For Society", accessed 14th July 2020, <https://www.livingwage.org.uk/good-for-society>.

³⁷ Harvard Business Review, "The Case For Good Jobs", accessed 14th July 2020, <https://hbr.org/cover-story/2017/11/the-case-for-good-jobs>.

³⁸ UK Government, "New Executive Pay Transparency Measures Come Into Force", accessed 14th July 2020, <https://www.gov.uk/government/news/new-executive-pay-transparency-measures-come-into-force>.

³⁹ Kaur et al, "The Morale Effects of Pay Inequality", accessed 14th August 2020, <https://economics.mit.edu/files/10732>.

⁴⁰ Mohan et al, "Journal of Consumer Psychology", accessed 14th August 2020, https://www.hbs.edu/faculty/Publication%20Files/Mohan_et_al-2018-Journal_of_Consumer_Psychology_26084303-75cb-44cb-a6ef-e1ff3e78105f.pdf

Pay gaps and pay ratios

Why this topic is important

Companies that are transparent about their pay ratios can benefit from greater trust from their workforce, and the impact of pay ratios on employee morale and consumer preference make it a particular area of interest for investors.

Information on differences in pay is also revealing when considered for different demographic groups. Most countries have made it illegal to pay women less than men for comparable work; however, the enforcement of those laws varies greatly, and several nations are now taking steps toward greater pay transparency through expanded reporting and availability of pay data.⁴¹ [Gender pay gap](#) reporting is designed to improve transparency on gender pay differences and to drive action to improve gender equality.⁴² Pay gap data can be used to assess levels of equality in the workplace and can shed light on how effectively a company is maximising talent.

Wage levels

Why this topic is important

Wage levels offer investors a unique insight into a company's wider approach to workforce management. Wage levels indicate how, and the degree to which, a company values and compensates its workforce. It's important for investors to understand the distribution of genders throughout wage quartiles to shed light on pay parity between [genders](#) and the potential pipeline of employees for future [leadership positions](#).

Section 6: Stability – Direct operations

Why this section is important

Understanding the stability of a company's workforce using [turnover rates](#) and [internal hires](#) can indicate the degree to which a company is able to retain talent, how effectively a company can promote workforce satisfaction, and whether the working environment is inclusive⁴³. Indirectly, turnover data gives an indication of the financial cost of re-skilling and recruiting new workers; both of which can impact the productivity and the stability of a company.

Turnover rates are particularly useful when considered alongside other workforce data. Investors will be keen to understand turnover data in the wider context of structural changes within an organisation, the organisation's employment model, the different types of labour

⁴¹ Cloudpay, "A Guide To Pay Parity Laws Around The World", accessed 14th July 2020, <https://www.cloudpay.net/resources/a-guide-to-pay-parity-laws-around-the-world>.

⁴² CIPD, "Gender Pay Gap Reporting Guide", accessed 15th July 2020, <https://www.cipd.co.uk/knowledge/fundamentals/relations/gender-pay-gap-reporting/guide>.

⁴³ CIPD, "Turnover Retention Factsheet", accessed 15th July 2020, <https://www.cipd.co.uk/knowledge/strategy/resourcing/turnover-retention-factsheet>.

contracts used, the composition of the workforce and any efforts to create an inclusive workplace (such as workforce development opportunities).

By disaggregating worker turnover data for different demographics, such as [gender](#), companies can identify where there may be challenges in retaining certain types of workers and what further work is required to develop a diverse and stable workforce. Given the rise in the use of [fixed-term/temporary](#) workers, investors also want to see that the data companies collect on turnover rates includes [contingent workers](#)⁴⁴.

It is also important that companies demonstrate they have processes to regularly monitor and anticipate changes in staff turnover, and that they are well positioned to address the underlying causes of unfavourable turnover rates if they present risks to the business or to worker wellbeing.

Employee turnover rates

Why this topic is important

[Turnover rates](#) provide a snapshot of the stability of the workforce. They can indicate the degree to which a company is able to retain talent and the financial costs of re-skilling and recruiting workers, both of which can impact the productivity and the stability of the company.⁴⁵ Disaggregated turnover data by gender or contract type can indicate the level of certainty and satisfaction among different groups in the workforce. It can also highlight where there may be challenges in retaining certain types of workers and what further work is required to develop a diverse and stable workforce.⁴⁶

High levels or expected increases in turnover can lead to a reliance on [contingent workers](#).⁴⁷ This can, in turn, drive insecure or precarious work. Some sectors will naturally experience more turnover than others but [turnover rates](#) above sector norms can indicate an unfavourable workplace. Investors are looking for companies to demonstrate their ability to regularly monitor and anticipate changes in staff turnover and, if possible, to identify any internal mechanisms or processes that can help address the underlying causes of high turnover rates if they present risks to the business or to workers. It is also important for companies to expand data collection on turnover rates to cover contingent workers.

⁴⁴ European Foundation for the Improvement of Living and Working Conditions, “Non-permanent Employment, Quality of Work and Industrial Relations”, accessed 17th July 2020, <https://www.eurofound.europa.eu/publications/report/2002/non-permanent-employment-quality-of-work-and-industrial-relations>.

⁴⁵ CIPD, “Turnover Retention Factsheet”, accessed 15th July 2020, <https://www.cipd.co.uk/knowledge/strategy/resourcing/turnover-retention-factsheet>.

⁴⁶ CIPD, “Diversity Management That Works: An Evidence-Based Review”, accessed 15th July 2020, https://www.cipd.co.uk/Images/7926-diversity-and-inclusion-report-revised_tcm18-65334.pdf.

⁴⁷ CIPD, “Turnover Retention Factsheet”, accessed 15th July 2020, <https://www.cipd.co.uk/knowledge/strategy/resourcing/turnover-retention-factsheet>.

Section 7: Workforce development and adaptation – Direct operations

Why this section is important

The nature of work is rapidly changing, making it essential that workers have the skills necessary to adapt to contextual and organisational developments. Investment in effective training programmes is critical to ensuring that the workforce is well-equipped to adapt to significant changes to the employment environment and meet wider sectoral challenges.⁴⁸ Failure to provide sufficient training programmes which allow employees to upskill in conjunction with long-term goals risks not only disruption to business activities, but also job losses and uncertainty for workers.⁴⁹ Furthermore, if a workforce is insufficiently equipped to meet changing demand some companies may face a lack of consumer confidence with potential financial and reputational consequences.

With many companies now adapting their business models to align with a low carbon future, the workforce must be adequately trained and prepared to support key changes and secure a smooth transition. If not carefully managed, economic changes as a result of the transition to a climate-neutral economy could result in increased social inequality, worker disillusionment, strikes or civil unrest and reduced productivity, as well as less competitive businesses, sectors and markets.⁵⁰ Investors are therefore interested in whether companies have sufficient information to be able to identify and respond to potential impacts from the transition to a carbon neutral economy and whether they are taking the steps necessary to promote positive outcomes.

Technological developments, particularly the increasing use of AI and automation in the workplace, have the potential to significantly enhance organisation's productivity.⁵¹ However, they also pose notable risks to workers when used without sufficient consideration of safeguards, ranging from poorer working conditions⁵² and job displacement to increased

⁴⁸ OECD Employment Outlook 2019, "The Future of Work", page 7, accessed 28th July 2020, <https://www.oecd.org/employment/Employment-Outlook-2019-Highlight-EN.pdf>.

⁴⁹ See previous footnote.

⁵⁰ ILO, "Frequently Asked Questions on just transition", accessed 7th June 2023, https://www.ilo.org/global/topics/green-jobs/WCMS_824102/lang--en/index.htm.

⁵¹ McKinsey, "AI, automation, and the future of work: Ten things to solve for", accessed 7th June 2023, <https://www.mckinsey.com/featured-insights/future-of-work/ai-automation-and-the-future-of-work-ten-things-to-solve-for>

⁵² White House, European Commission, "The impact of artificial intelligence on the future of workforces in the European Union and the United States of America", accessed 7th June 2023, <https://www.whitehouse.gov/wp-content/uploads/2022/12/TTC-EC-CEA-AI-Report-12052022-1.pdf>

inequality and negative diversity impacts.^{53, 54} The potential for reputation, regulatory⁵⁵ and retention impacts as a result of the irresponsible use of new technologies means investors want to know that companies have appropriate oversight over the technologies they are using and are deploying them in a way that is consistent with international and organisational human rights norms and principles.

Training and development

Why this topic is important

Establishing a comprehensive approach to developing employee skills enables a company to develop suitable training plans that align with future business needs, equipping employees with the skills needed to meet strategic targets in a quickly evolving workplace. Improving the skills of employees enhances the organisation's human capital and contributes to employee satisfaction, which correlates strongly with better workforce performance.⁵⁶

In ever-changing markets, companies rely on the adaptability of their employees to keep up with shifting demand.⁵⁷ Employees' ability to adapt is inextricably linked to the existence and efficacy of training and development opportunities and so it is crucial that companies are tracking and evaluating the upskilling programmes they provide. Investors are also increasingly interested to see how companies monitor and assess the effectiveness of their training programmes. Investors look to determine how proactively a company is adapting its programmes as part of the company strategy to match the skills needs of the workforce and to ensure investments in training lead to positive impacts for both itself and to its employees.

Disclosure on the types of training programmes implemented along with the average number of training hours provided gives investors an insight into the scale and ambition of a company's commitment to investing in its workforce. Disaggregated data by gender, job role and contract type can provide additional insights as to how equally training and development opportunities are distributed across the workforce and who benefits from them. The existence of equal development opportunities throughout the workforce often corresponds with higher employee satisfaction rates and, in turn, improved performance.⁵⁸

⁵³ PwC, "How will automation impact jobs?", accessed 7th June 2023,

<https://www.pwc.co.uk/services/economics/insights/the-impact-of-automation-on-jobs.html>

⁵⁴ OECD, "The impact of AI on the workplace: Main findings from the OECD AI surveys of employers and workers", accessed 7th June 2023, <https://www.oecd.org/publications/the-impact-of-ai-on-the-workplace-main-findings-from-the-oecd-ai-surveys-of-employers-and-workers-ea0a0fe1-en.htm>

⁵⁵ For example, the proposed Artificial Intelligence (Regulation and Workers' Rights) Bill in the UK, which would regulate the use of artificial intelligence technologies in the workplace to protect workers' rights: <https://bills.parliament.uk/bills/3464>

⁵⁶ GRI, "Training and Education – GRI Standards Guidance", Disclosure 404-2, page 8, accessed 26th July 2020, <https://www.globalreporting.org/standards/media/1019/gri-404-training-and-education-2016.pdf>.

⁵⁷ Oxford Economics, "Better Workforce, Better Business Performance", page 5, accessed 28th July 2020, <http://www.oxfordeconomics.com/publication/open/261335>.

⁵⁸ LinkedIn Learning, "Workforce Learning Report", page 29, accessed 28th July 2020, <https://learning.linkedin.com/content/dam/me/learning/en-us/pdfs/linkedin-learning-workplace-learning-report-2018.pdf>.

As companies across the globe increasingly rely on non-permanent contracts to employ their workers, there comes the danger of creating barriers to the skill development of employees on such contracts. Typically, employees on fixed-term or temporary contracts have access to far fewer training and development opportunities than their permanent-employee colleagues,⁵⁹ leading to a potential stagnation of skills. Not only can this harm employees' long-term career prospects but it is also damaging to the employees' personal development as the opportunity to upskill may be unobtainable.⁶⁰ At the very least, it is vital that companies who employ contingent workers are monitoring the training and development provisions available, and ideally are supporting these workers to access opportunities that may enable them to find more permanent work.

The just transition

Why this topic is important

The transition to a climate-neutral economy will affect all countries and all sectors of the economy, either directly or indirectly. Without adequate measures in place to ensure this transition is fair and equitable, there is a significant risk that the low-carbon, environmentally sustainable economy that is needed to ensure the wellbeing of future generations won't be achieved. Poorly managed transitions may entrench or exacerbate existing inequalities, or establish new ones, leading to social unrest, decreased productivity and less effective market performance. In contrast, a just transition has the potential to be a new and sustainable engine for growth across all economies, fostering inclusion and helping eradicate poverty.

As a result, there is significant momentum behind investor efforts to understand and address the just transition in companies.⁶¹ Investors therefore want to know that companies understand how the transition to a climate-neutral economy will affect their workforce and can articulate how they will address them, to ensure risks are managed and opportunities are capitalised upon. Companies should also be tracking the impacts the transition to a climate-neutral economy is having on their workforce. The number of workers that have been reskilled, redeployed or had their employment ended as a result of the transition provides a critical insight for investors into whether the organisation is well prepared for the transition or is likely to face potential consequences to its reputation or productivity.

Technology, data and automation

Why this topic is important

⁵⁹ OECD, "Employee Outlook", page 158, accessed 26th July 2020, <https://www.oecd.org/employment/emp/17652675.pdf>.

⁶⁰ ILO, "Non-Standard Employment Around the World", page 207, accessed 28th July 2020, https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_534326.pdf.

⁶¹ Grantham Research Institute on Climate Change and the Environment, "Just zero: 2021 Report of the UK Financing a Just Transition Alliance", accessed 7th June 2023, https://www.lse.ac.uk/granthaminstitute/wp-content/uploads/2021/10/Just-Zero_2021-Report-of-the-UK-Financing-a-Just-Transition-Alliance.pdf

New technologies have the potential to revolutionise the workplace, creating better quality jobs and more efficient companies. However, if these technologies and systems are adopted without an explicit consideration of the potential [human rights](#) impacts they may have on workers, worker support may be withdrawn and companies may face legal risks, operational disruption and reduced productivity.

The COVID-19 pandemic has highlighted the use of [workforce surveillance](#), particularly in response to the increase in home working. There have also been longer-term concerns around the use of surveillance and the impact this has on workers, for example, the use of surveillance to increase productivity and prevent unionisation.⁶² While there may be legitimate reasons for the use of worker surveillance, investors want to know how companies are ensuring these measures are proportionate and do not pose unnecessary restrictions on workers' rights.

Automation is increasingly playing a key role in shaping the employment landscape. It can lead to job losses through some roles focusing on repetitive and routine tasks being made obsolete.⁶³ It will also transform the nature of other jobs, with an emphasis on roles that require creativity, critical thinking and complex decision making potentially leading to more rewarding jobs, while also requiring some workers to adapt their skills and acquire new ones to remain relevant in the evolving jobs market.⁶⁴ As a result, investors want to understand how companies' workforces are being impacted by automation. Quantitative data on the numbers of workers who have been reskilled, redeployed, or had their employment ended can demonstrate whether the organisation is actively taking steps to adapt its workforce in the face of automation and can maximise the return on investment in the technology.⁶⁵

By automating processes, optimising operations, and generating actionable insights, AI can reduce costs, increase efficiency, and drive revenue growth.⁶⁶ However, when deployed irresponsibly, it can have wide ranging impacts on companies' workforces. Algorithmic biases can create or exacerbate biases,⁶⁷ and an overreliance on AI technologies without sufficient oversight and intervention can mean that workers are subject to opaque decisions about their employment with a limited ability to understand and contest these decisions.⁶⁸ To demonstrate to investors that they are managing the legal, reputational and operational risks that this entails,

⁶² For example: The Independent, "Amazon uses worker surveillance to boost performance and stop staff joining unions, study says", accessed 15th June 2021

<https://www.independent.co.uk/news/world/americas/amazon-surveillance-unions-report-a9697861.html>

⁶³ World Economic Forum, "These are the jobs most likely to be lost – and created – because of AI", accessed 8th June 2023, <https://www.weforum.org/agenda/2023/05/jobs-lost-created-ai-gpt/>

⁶⁴ World Economic Forum, "Future of Jobs Report", accessed 8th June 2023, https://www3.weforum.org/docs/WEF_Future_of_Jobs_2023.pdf

⁶⁵ Forbes, "Trade Unions Can Help To Drive Mutually Beneficial Automation", accessed 8th June 2023, <https://www.forbes.com/sites/adigaskell/2023/02/14/trade-unions-can-help-to-drive-mutually-beneficial-automation/>

⁶⁶ Forbes, "Understanding The Benefits And Risks Of Using AI In Business", accessed 8th June 2023, <https://www.forbes.com/sites/forbesbusinesscouncil/2023/03/01/understanding-the-benefits-and-risks-of-using-ai-in-business/>

⁶⁷ The New Statesman, "Automation and the trade unions", accessed 8th June 2023, <https://www.newstatesman.com/spotlight/2021/09/automation-and-the-trade-unions>

⁶⁸ Wales TUC, "Negotiating the future of work: Automation and New Technology", accessed 8th June 2023, https://www.tuc.org.uk/sites/default/files/2021-12/Negotiating%20Automation%20-%20report_0.pdf

companies should monitor how AI is used and be taking steps to safeguard workers' rights and mitigate any negative impacts it may have.

Section 8: Health, safety and wellbeing – Direct Operations

Why this section is important

A safe and healthy working environment is fundamental to ensuring that workers can carry out their duties in the workplace effectively and without fear of harm. Strong [company](#) performance on [health and safety](#) requires policy commitments, controls and systems to track and improve progress over time. Failure to do this can expose a company to legal risks and operational disruptions. Monitoring and effectively combatting health and safety risks ensures that a company is well placed for a [Just Transition](#).

Mental wellbeing is essential for [employee](#) morale and productivity. If a company pays significant attention to non-physical health issues it can serve as an indication of their approach and commitment to employee welfare.⁶⁹ Investors are interested to know how companies understand and prioritise employee wellbeing, especially since a high employee wellbeing rate indicates a favourable work culture and a workforce committed to a company's objectives.⁷⁰

Occupational health and safety

Why this topic is important

The most severe health and safety issues expose workers to the threat of serious harm or even death, in turn exposing a company to legal and operational risks.⁷¹ A commitment to [occupational health and safety \(OH&S\)](#) needs to be supported by a robust system of risk management, including preventative measures to ensure workers are safe and well at work. Companies should also monitor incidents across their [business activities](#). The health and safety metrics below provide two measures of a company's health and safety performance for different workers.

Just as companies must ensure the health and safety of employees, they must apply the same diligence to [contingent workers](#) who are increasingly common in many companies' workforces. Companies should be able to report health and safety performance for all workers, including contingent workers who work on-site.⁷²

⁶⁹ BITC, "Mental Health at Work Report 2019", accessed 16th July 2020, <https://www.bitc.org.uk/wp-content/uploads/2019/10/bitc-wellbeing-report-mhawmentalhealthworkfullreport2019-sept2019-2.pdf>.

⁷⁰ Centre for the Understanding of Sustainable Prosperity, "Wellbeing & Productivity A Review of the Literature", accessed 16th July 2020, <https://www.cusp.ac.uk/wp-content/uploads/pp-wellbeing-report.pdf>.

⁷¹ Linder Meyers Solicitors, "Employer sued for ignoring health and safety in the workplace", accessed 17th July 2020, <https://www.lindermeyers.co.uk/employer-sued-for-ignoring-health-and-safety-in-the-workplace/>.

⁷² Harvard Public Health Review, "Contingent Workers and Occupational Health: A Review on the Health Effects of Non-Traditional Work Arrangements", accessed 17th July 2020, <http://harvardpublichealthreview.org/garry/>.

Mental health risks and safeguarding

Why this topic is important

Unaddressed [mental health](#) issues and a lack of safeguarding can impact both the wellbeing of workers and the performance of companies.⁷³ Investors have identified mental health and safeguarding as a key risk for portfolio companies and increasingly look for comprehensive information about how companies engage with these issues.⁷⁴ Investors are also aware that the more effective a company is at addressing mental health risks, the more effective it is at attracting and retaining employees.⁷⁵

Worker well-being

Why this topic 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.⁷⁶

Work-life balance

Why this topic is important

Supporting workers to have a healthy work-life balance can promote a more productive workforce, with better mental and physical health and reduced [turnover](#).⁷⁷ It can also positively impact organisational diversity.⁷⁸ Following the Covid-19 pandemic in particular, flexible working has emerged as a key mechanism for supporting better work-life balance. Investors therefore want to know whether, and to what extent, companies are enabling workers to work flexibly. They also want to know which workers are covered by flexible working measures, as often the workers that experience the least healthy work-life balance are least able to access measures

⁷³ World Health Organisation, “Mental Health in the Workplace”, accessed 17th July 2020, https://www.who.int/mental_health/in_the_workplace/en/.

⁷⁴ European Agency for Safety and Health at Work, “Investing in occupational safety and health for successful and sustainable businesses”, accessed 11th August 2020 <https://osha.europa.eu/en/publications/investing-occupational-safety-and-health-successful-and-sustainable-businesses>.

⁷⁵ British Association of Supported Employment, “Staff Retention”, accessed 18th July 2020, <https://www.base-uk.org/staff-retention>.

⁷⁶ CIPD, “Health and Wellbeing at Work”, accessed 18th July 2020, https://www.cipd.co.uk/Images/health-and-well-being-at-work-2019.v1_tcm18-55881.pdf.

⁷⁷ Harvard Business Review, “The Surprising Benefits of Work/Life Support”, accessed 5th June 2023, <https://hbr.org/2022/09/the-surprising-benefits-of-work-life-support>

⁷⁸ Harvard Business Review, “The Surprising Benefits of Work/Life Support”, accessed 5th June 2023, <https://hbr.org/2022/09/the-surprising-benefits-of-work-life-support>

to improve it, such as the [contingent workforce](#), despite the potential impacts this has on recruitment and retention.⁷⁹

Section 9: Worker voice and representation – Direct Operations

Why this section is important

For workers to speak out to improve conditions for themselves and the wider workforce, they must be adequately represented and have the resources to make their voices heard. The concept of worker voice and representation encompasses the fundamental rights of [freedom of association](#) and [collective bargaining](#); key enabling rights which allow workers to defend and claim their workplace entitlements and provide the foundation for [employees](#) to improve working conditions. As the exercise of these rights requires an enabling environment,⁸⁰ investors seek assurance that a [company](#) is taking the necessary steps to secure adherence with these fundamental standards for its workforce.

Not only can freedom of association and collective bargaining directly promote improvements in working conditions, they can also contribute to broader economic and social development and consequently to better business performance.⁸¹ A dialogue-based workplace which allows for employee input has been shown to empower and engage its workers, in turn enhancing morale and leading to improvements in productivity and performance.⁸² Where a company proactively seeks to secure the rights to collective bargaining and freedom of association, this indicates a willingness to work together with employees and create an environment built on mutual confidence and trust.⁸² Investors also look for evidence that companies are considering the everyday experiences of their workforce by providing effective mechanisms for obtaining feedback and employee opinions. A company's willingness to incorporate feedback into operational developments can indicate a strong commitment to providing a better workplace.

Bargaining and negotiation opportunities and [trade union](#) meetings should be viewed as part of companies' [human rights due diligence](#) process (that is a way to identify, assess and act upon actual or potential adverse [human rights](#) impacts) and part of a company's approach to

⁷⁹ Forbes, "Why Employers That Neglects The Contingent Worker Experience Risk Losing The War For Talent", accessed 5th June 2023, <https://www.forbes.com/sites/forbeshumanresourcescouncil/2022/07/13/why-employers-that-neglect-the-contingent-worker-experience-risk-losing-the-war-for-talent/>

⁸⁰ ILO, "Freedom of association and the effective recognition of the right to collective bargaining", accessed 3rd August 2020, <https://www.ilo.org/declaration/principles/freedomofassociation/lang--en/index.htm>.

⁸¹ ILO, "Freedom of Association and Collective Bargaining Q&A", page 1, accessed 3rd August 2020, https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_decl_fs_5_en.pdf.

⁸² Ethical Trading Initiative, "Freedom of Association in Company Supply Chains", page 5, accessed 3rd August 2020, https://www.ethicaltrade.org/sites/default/files/shared_resources/foa_in_company_supply_chains.pdf.

enhancing social dialogue.⁸³ Given the need for business to continuously adapt in order to maintain competitiveness and respond to wider socio-economic challenges, engagement with trade unions can ensure the needs of workers are accounted for in all significant business decisions and plans. With increasing pressure on companies to align their business strategy with goals to achieve a low-carbon future, it is essential that workers are adequately included in the process to secure a smooth and equitable transition for all involved.

Freedom of association and collective bargaining

Why this topic is important

[Collective bargaining](#) is a key mechanism 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 significantly from country to country. In some contexts, the rights of [freedom of association](#) and collective bargaining are protected by law while in others there may be legal restrictions preventing workers from freely exercising these rights. Due to the varying degrees by which the rights to collective bargaining and freedom of association are protected around the world, investors seek more detail as to how companies are securing such rights for their workers to give a clearer picture of how effectively workers are able to communicate about workforce practices and contribute to corporate decision-making.

Freedom of association and collective bargaining are enshrined in international law as fundamental [human rights](#) at work. As such, investors look for evidence that these fundamental values are present in the workplace through the existence of effective employer-employee consultation mechanisms and [collective bargaining agreements](#).⁸⁴ Disclosures regarding the [collective bargaining coverage rate](#), that is the proportion of workers covered by mutually acceptable collective agreements following a voluntary negotiation process between employees and [workers' representatives](#), provides an insight into how proactive a company is in securing such rights across its operations. A higher coverage rate is indicative of a more involved, engaged and adequately represented workforce.

Increasing numbers of workers are engaged outside the traditional employment relationship, presenting a major challenge to collective bargaining.⁸⁵ Investors therefore seek to understand what companies are doing to secure adherence to fundamental rights for those workers employed via labour providers and [suppliers](#).

⁸³ ITUC-Csl, “The UN Guiding Principles on Business and Human Rights and the Human Rights of Workers to Form or Join Trade Unions and to Bargain Collectively”, page 15, accessed 3rd August 2020, https://www.ituc-csi.org/IMG/pdf/12-11-22_ituc-industrial-ccc-uni_paper_on_due_diligence_and_foa.pdf.

⁸⁴ ILO, “Freedom of Association and Collective Bargaining Q&A”, page 1, accessed 3rd August 2020, https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_decl_fs_5_en.pdf.

⁸⁵ Ethical Trading Initiative, “Freedom of Association in Company Supply Chains”, page 31, accessed 3rd August 2020, https://www.ethicaltrade.org/sites/default/files/shared_resources/foa_in_company_supply_chains.pdf.

Worker voice

Why this topic is important

Investors are interested in the degree to which workers can express their opinions on [workforce matters](#), as well as their involvement in decision-making processes at the company level. It follows that better and more informed decision-making, successful implementation of collaborative ideas, and attraction and retention of skilled and engaged staff results in a workforce which is better able to cope with change.⁸⁶ This ability to adapt is arguably more important than ever if a company is to successfully align its business plan with goals to achieve a low-carbon future. Obtaining a long-term ambition is dependent upon workers being sufficiently involved in the transition process or else a company runs the risk that the workforce will be unable to keep up with crucial changes.

Employee engagement is vital in retaining valuable talent and minimising the risk of employer/employee disputes and claims against the company.⁸⁷ As such, investors look for evidence that companies are proactively seeking feedback from their workers and incorporating this feedback into visible outcomes. Investors want to understand how a company incorporates employee views into decision-making going beyond an employee satisfaction score alone to demonstrate continuous engagement with the workforce.⁸⁸

Section 10: Grievance mechanisms – Direct operations and value chain

Why this section is important

Where a [company](#) has caused negative impacts on workers' [human rights](#) through its activities, investors need to know that it will provide fair and effective [remedy](#) to those affected. [Grievance mechanisms](#) form part of a company's responsibility to respect human rights by providing access to a remedy where individuals have been potentially or actually negatively impacted by a company's activities. They can also be important early warning systems for companies and can provide critical information for broader [human rights due diligence](#) processes. Without them, companies can be exposing themselves to serious reputational and financial risk.⁸⁹

⁸⁶ Forbes, "Five Powerful Steps to Improve Employee Engagement", accessed 4th August 2020, <https://www.forbes.com/sites/brentgleeson/2017/10/15/5-powerful-steps-to-improve-employee-engagement/>.

⁸⁷ Deloitte, "Employee Engagement and Retention", accessed 4th August 2020, <https://www2.deloitte.com/us/en/insights/focus/human-capital-trends/2016/employee-engagement-and-retention.html>.

⁸⁸ CWC Guidelines, "Guidelines for the Evaluation of Worker's Human Rights and Labour Standards", page 12, accessed 31st July 2020, https://www.workerscapital.org/IMG/pdf/cwc_guidelines-workers_human_rights_and_labour_standards_final_may17.pdf

⁸⁹ Reuters, "Back whistleblowers to stop abuses, says UK anti-slavery tsar after Boohoo fallout", accessed 22 July 2020, <https://uk.reuters.com/article/boohoo-suppliers/back-whistleblowers-to-stop-abuses-says-uk-anti-slavery-tsar-after-boohoo-fallout-idUKL8N2EG32L>.

Grievance mechanisms provide the workforce with the opportunity to raise concerns or complaints in such instances. If concerns are not identified and addressed, they may lead to major disputes or systematic rights abuses. Companies must ensure that workers are aware of and familiar with the company's grievance mechanism and that the mechanism is independent and locally adaptable. How easy these mechanisms are to access, how well they are monitored, and the protections in place for whistleblowers are all key indications to investors of how open the company is to scrutiny and of the extent to which it wants to provide a safe and decent working environment.

Effective and accessible grievance mechanisms are key in ensuring that a company is held to account and concerns can be quickly and objectively remedied. This is essential if companies are to fulfil their responsibilities to respect human rights. The number of grievances raised and resolved are useful figures to understand the scale of the abuses and the effectiveness of a company's grievance mechanisms in dealing with them. Putting in place effective and accessible grievance mechanisms now means companies will be well-placed to cope with a [Just Transition](#) to a low-carbon future.

Grievance mechanisms

Why this topic is important

Companies likely have a variety of mechanisms, channels and processes through which workers and other people can raise concerns about their activities. These can include [worker representative bodies](#), whistle-blowing processes, Speak-Up hotlines and specific reporting mechanisms for issues such as sexual harassment. Companies should be clear about what issues can be reported through which mechanism(s) and how workers are consulted in the design in line with the UNGPs.

In order to understand whether a company's grievance mechanism or channel is effective, that is that those potentially impacted by a company's activities can actually lodge a concern or complaint and that it can provide access to remedy, the mechanism should be evaluated in line with the effectiveness criteria in Principle 31 of the UNGPs.

Section 11: Value chain transparency – Value chain

Why this topic is important

Understanding the structure and complexity of the [value chain](#) is the first step in identifying potential and actual risks to business and workers. A thorough understanding of a [company's](#) value chain also enhances that company's capacity to recognise new and unforeseen opportunities for workers and business.⁹⁰

⁹⁰ CBI, "Transparency in Supply Chains", accessed 18th July 2020, https://www.cbi.org.uk/media/3459/transparency-in-supply-chains_cbi-response_final.pdf.

Companies with extensive value chains need to be able to prioritise their efforts to manage and address risks to [workers' rights](#). One notable way of doing this is by carrying out an assessment – typically as part of [human rights due diligence](#) – to identify where the risks to workers is greatest. Investors want to know whether a company has identified the point in the value chain where workers are most at risk, and therefore where the risk to business is greatest. Investors are aware that all companies are exposed to labour risks, including the most extreme forms of exploitative labour such as [forced labour, modern slavery and human trafficking](#), and it's important that they are transparent about how they monitor and [remedy](#) these incidences.

Value chain transparency reinforces business accountability and credibility.⁹¹ Therefore, it is key that companies are clear about the structure of their value chain from the outset. It is important that investors understand which part of the value chain is being addressed in this disclosure. Information on the number and location of [suppliers](#) is paramount for investors to get a sense of the scale, structure and reach of a company's supply chain and its influence over its suppliers' workers.

Value chain structure and location

Why this topic is important

When companies are transparent about their value chain structure, they make significant progress toward being fully accountable to external [stakeholders](#) such as consumers, civil society and unions. At the same time, companies demonstrate leadership in a complex and sensitive area which inevitably bodes well with investors.⁹²

While it is important to recognise that companies operate through different business models with varying levels of engagement with their value chain workforce, which may not extend to lower-[tier](#) suppliers, it is worth noting that demand for value chain transparency is growing rapidly. Companies across all sectors should be working towards understanding the length and complexity of their value chain, beyond direct suppliers, to mitigate the risk of blind spots and drive internal discussion and more effective action on global workforce issues.

Value chain numbers

Why this topic is important

Companies with global value chains can find it difficult to identify the numerous actors that contribute to the delivery of their business. However, this opaqueness can obscure the poor labour practices and [human rights](#) abuses that are often present but hidden deep in a company's [value chain](#).⁹³ Investors are interested in knowing how companies are proactively

⁹¹ CBI, "Transparency in Supply Chains", accessed 18th July 2020, https://www.cbi.org.uk/media/3459/transparency-in-supply-chains_cbi-response_final.pdf.

⁹² CBI, "Transparency in Supply Chains", accessed 18th July 2020, https://www.cbi.org.uk/media/3459/transparency-in-supply-chains_cbi-response_final.pdf.

⁹³ PRI, "Managing ESG Risks in the Supply Chains of Private Companies and Assets", accessed 18th July 2020, https://www.act.is/media/1747/pri_managing-esg-risk-in-the-supply-chains-002.pdf.

seeking to better understand their value chain, not only to mitigate these risks, but to build a better understanding of how labour practices can be improved so that they generate efficiencies and benefits for both business and the supply chain workforce. Sourcing locations, the number of [first-tier supplier organisations](#), the number of workers in the first-tier supply chain and the demographic composition of these workers are all key data points which can help to establish supply chain transparency.

High-risk value chain areas

Why this topic is important

Ensuring that a company's activities do not harm [human rights](#) is paramount to a company's long-term success, reputation and attractiveness as an employer. Not addressing human rights abuses can have severe consequences not only for the victims involved, but also for both investors and companies.⁹⁴ Whether the consequences are immediate or the result of retrospective scrutiny, the damage to business can be irrecoverable. Because of this, investors are looking for companies to demonstrate how they are actively trying to identify, mitigate and prevent [forced labour, modern slavery and human trafficking](#). Knowing which products, services and raw materials in the value chain are most at risk is crucial to business continuity and effectively addressing these issues.

Section 12: Responsible sourcing – Value Chain

Why this section is important

Heightened awareness of the duty companies have towards the [human rights](#) of those working in their [supply chains](#) has led to growing investor demand for businesses to behave responsibly.⁹⁵ This demand for responsible behaviour relates not only to the way in which a [company](#) conducts its business relationships but, importantly, it creates the expectation that companies are proactively engaging with their human rights responsibilities prior to the onset of a business arrangement, when sourcing new [suppliers](#).⁹⁶

The sourcing strategies of public companies can have a significant impact on the ability of suppliers to respect [workers' rights](#) and provide decent working conditions for their workforce. [Responsible sourcing](#) and purchasing takes into account the sourcing country's record on protecting [human](#) and [labour rights](#), uses criteria to select and reward suppliers based on their

⁹⁴ UN Guiding Principles Reporting Framework, accessed 20th July 2020, <https://www.ungreporting.org/resources/salient-human-rights-issues/>.

⁹⁵ Business, Human Rights and the Environment Research Group, "Modern Slavery and Human Rights in Global Supply Chains", page 5, accessed 17th July 2020, <https://static1.squarespace.com/static/56e9723a40261dbb18ccd338/t/5857c23dcd0f68bab21a76b6/1482146488056/Modern+Slavery+and+Human+Rights+Risks+in+Global+Supply+Chains+Insights+for+HEIs+2016.pdf>.

⁹⁶ CIPS, "Ethical and Sustainable Procurement", page 2, accessed 19th July 2020, https://www.cips.org/Documents/About%20CIPS/2/CIPS_Ethics_Guide_WEB.pdf.

track record on labour standards and incentivises purchasing teams to meet company commitments on workers' rights and responsible sourcing. A robust selection process that considers performance on human and labour rights issues alongside other criteria, such as price, determines the character of the future relationship between company and supplier.

Whilst having a responsible sourcing strategy in place is a crucial starting point, it is desirable that companies can give examples of positive action taken to ensure that their suppliers are providing at least the minimum decent working conditions that employers should deliver.⁹⁷ Specifically, investors look for evidence that a company has gone beyond the mere implementation of a responsible sourcing policy to the proactive monitoring and assessment of the suppliers it has chosen to enter a business relationship with. Investors seek assurance that responsible sourcing strategies lead to decent working conditions in practice; a request which can only be satisfied where those strategies are subject to comprehensive and legitimate evaluation methods.⁹⁸

By disclosing information to this section, companies can demonstrate to investors their understanding of how sourcing decisions affect the quality of jobs for their supply chain workforce. Poor sourcing strategies and purchasing decisions can increase a company's exposure to operational and reputational risks particularly if suppliers are under pressure to deliver within tight margins and severe time pressures, and are unable to maintain and adhere to labour practices.

Sourcing strategy

Why this topic is important

As a company's visibility and presence diminish throughout each tier of a supply chain, so does its ability to identify and prevent [labour rights](#) violations.⁹⁹ As such, it is crucial that a potential supplier's propensity to uphold a company's workers' rights commitment is considered when deciding whether to enter into a new business relationship.¹⁰⁰ Investors look for such considerations in a company's responsible sourcing strategy as this demonstrates a company's understanding that its sourcing and purchasing decisions impact the behaviour and practices of suppliers and, in turn, have direct consequences for workers.

Strong coherence between a company's sourcing strategy and its workers' rights commitment helps ensure the procurement of suppliers does not in itself undermine that company's human rights commitments. It also ensures suppliers can meet company expectations as well as their own labour rights responsibilities. Investors are particularly interested to see evidence of

⁹⁷ For example, this may be part of a company's aspiration to achieve UN Sustainable Development Goal 8: 'Decent Work for All', <https://sdgs.un.org/topics/employment-decent-work-all-and-social-protection>, accessed 19th July 2020.

⁹⁸ CCLA Good Investment, "Find It, Fix It, Prevent It: An investor project to tackle modern slavery", page 13, accessed 17th July 2020, <https://modernslaveryccla.co.uk/>.

⁹⁹ Know the Chain, "Resource and Action Guide for ICT Companies", page 8, accessed 16th July 2020, https://knowthechain.org/wp-content/uploads/2016/09/KTC_ICT-Sector-Guidance-Small_16September2016.pdf.

¹⁰⁰ Know the Chain, "3.1 Benchmark Methodology", accessed 16th July 2020, https://knowthechain.org/wp-content/uploads/KTC_BenchmarkMethodology_Oct2017_v3-1.pdf.

responsible sourcing practices as a means of setting minimum standards for decent working conditions throughout the entirety of a company's workforce. As well as complying with international labour rights standards, improving labour practices in supply chains can increase productivity, reduce absenteeism and enhance quality control.¹⁰¹

Intertwined with the sourcing strategy is the process of responsible purchasing; investors look for evidence that companies use due diligence when negotiating prices with suppliers. As companies have greater power to control prices, agreeing a fair price for goods is crucial if a supplier is to manufacture its product safely while still meeting its labour standards obligations to its workforce. When purchasing prices drop to an unsustainable level, it is the workforce which feels the results in the form of unsafe working conditions and excessive working hours.¹⁰² This is exacerbated further by growing consumer demand for speedier production and delivery of goods, making it imperative that those making sourcing and pricing decisions are taking such risks into account with due diligence and accountability.¹⁰³

While the specifics of responsible sourcing methods may differ between sectors, requiring suppliers to meet a minimum set of labour standards as part of their contractual obligations with a company is an important first step to ensure suppliers' and companies' human and labour rights commitments are aligned.¹⁰⁴ Beyond this, providing incentives to those [employees](#) responsible for making sourcing decisions can be an effective method of ensuring that responsible sourcing standards are upheld.¹⁰⁵

Monitoring suppliers

Why this topic is important

Whilst a responsible sourcing strategy is a crucial first step in securing adherence to human rights standards throughout the entire workforce, investors look for evidence that companies are adopting a proactive approach when it comes to enforcement of this strategy. With [forced labour](#) occurring frequently in supply chains across the globe,¹⁰⁶ investors urgently seek information on how companies are monitoring their suppliers' human rights performance. Although contractual obligations provide the basis for ongoing supplier due diligence and are essential for holding suppliers to account, investors look for further evidence that companies are

¹⁰¹ Ethical Trading Initiative, "Integrating Ethical Trade Principles into Core Business Practices", page 2, accessed 19th July 2020,

https://www.ethicaltrade.org/sites/default/files/shared_resources/integrating_ethical_trade_principles_in_core_business_practice.pdf.

¹⁰² OECD, "Due Diligence Guidance for Responsible Supply Chains in the Garment & Footwear Sector", page 75, accessed 29th July 2020, https://www.oecd-ilibrary.org/oecd-due-diligence-guidance-for-responsible-supply-chains-in-the-garment-and-footwear-sector_5j8z4fxjpnr7.pdf?itemId=%2Fcontent%2Fpublication%2F9789264290587-en&mimeType=pdf.

¹⁰³ Ethical Trade Initiative, "Guide to Buying Responsibly", page 12, accessed 29th July 2020,

https://www.ethicaltrade.org/sites/default/files/shared_resources/guide_to_buying_responsibly.pdf.

¹⁰⁴ See previous footnote.

¹⁰⁵ CIPS, Ethical and Sustainable Procurement, page 6, accessed 19th July 2020, https://www.cips.org/Documents/About%20CIPS/2/CIPS_Ethics_Guide_WEB.pdf.

¹⁰⁶ In 2016, the International Labour Organization estimated that 40.3 million people were in modern slavery, including 24.9 million in forced labour: <https://www.ilo.org/global/topics/forced-labour/lang-en/index.htm>, accessed 19th July 2020.

taking practical steps to prevent labour rights abuses through practices such as effective monitoring or auditing methods. Arranging unannounced audits of suppliers, reviewing relevant documentation and carrying out interviews with workers are just some of the ways in which a company can show investors that it is going beyond the bare minimum in adhering to labour rights responsibilities.¹⁰⁷

In order to prevent the occurrence of human rights abuses throughout the supply chain, the expectation that suppliers will provide decent working conditions as a minimum ought to be positively reinforced throughout a company's business relationships.¹⁰⁸ Incentivising suppliers is a powerful way of aligning policies and practices between a company and its suppliers; this signals to investors that a company is committed to building stable and lasting supplier relationships, where possible.¹⁰⁹ In incentivising suppliers to improve labour conditions by rewarding positive performance, companies can also help minimise their own exposure to operational and reputational risks.¹¹⁰

Section 13: Value chain working conditions – Value Chain

Why this section is important

In addition to effective [mapping](#) and [responsible sourcing](#) practices in the [value chain](#), companies have a responsibility to respect and protect the [human](#) and [labour rights](#) of workers in their value chains. Modern value chains are complex, multi-tiered and span the globe. Production typically occurs in developing countries, where labour rights policy may not be sufficiently evolved or enforced, and workers may not be able to freely negotiate improved working conditions with their employers. Workers face numerous rights infringements, including sexual, physical and verbal assaults, dangerous working conditions and workplace accidents, and gender or ethnicity-based [discrimination](#). Often, the people that suffer the greatest rights abuses in value chains are those who have the most limited ability to call attention to these practices, including workers who are women, children, migrants, or residents of rural or poor urban areas.¹¹¹ Given the scale and lack of visibility in many [company](#) value chains, and the limited ability of those most affected to highlight poor practices, it is imperative that companies work with [suppliers](#) and other [stakeholders](#) to establish robust processes to identify violations

¹⁰⁷ CCLA Good Investment, "Find It, Fix It, Prevent It: An investor project to tackle modern slavery", page 5, accessed 17th July 2020, <https://modernslaveryccla.co.uk/>.

¹⁰⁸ OHCHR, "The Corporate Responsibility to Respect Human Rights", page 48, accessed 21st July 2020, http://www.ohchr.org/Documents/publications/hr.puB.12.2_en.pdf.

¹⁰⁹ Ethical Trade Initiative, "Integrating Ethical Trade Initiatives into Core Business Practices", page 24, accessed 19th July 2020, https://www.ethicaltrade.org/sites/default/files/shared_resources/integrating_ethical_trade_principles_in_core_business_practice.pdf.

¹¹⁰ UN Global Compact, "Supply Chain Business Case", accessed 19th July 2020, <https://www.unglobalcompact.org/what-is-gc/our-work/supply-chain/business-case>.

¹¹¹ Human Rights Watch, "Human Rights in Supply Chains", accessed 19th July 2020, <https://www.hrw.org/report/2016/05/30/human-rights-supply-chains/call-binding-global-standard-due-diligence>.

and protect [workers' rights](#). Poor practices and violations of workers' rights in value chains pose serious reputational and legal risks to companies. Because of this, investors want to know how companies are acting to recognise risks to workers in their value chains and improve suppliers' and other value chain actors' working conditions.

Value chains are also often the site of the most severe [human rights](#) risks, such as [forced labour](#), human trafficking and modern slavery. Investors are aware that the vast majority of companies' value chains include forced labour,¹¹² and want to understand how companies are working to identify, [remedy](#) and prevent this. Modern slavery conditions are often found beyond [tier](#) one of the supply chain, so companies that are leading in this area are those whose work to improve working conditions extends beyond tier one.

Improving working conditions in the value chain

Why this topic is important

Companies are expected to demonstrate that their efforts are actually reducing the risk to workers or achieving the desired outcome, and that companies are willing to work collaboratively to improve value chain workers' lives.¹¹³ Investors are interested in understanding what mechanisms companies' have in place to ensure robust standards can be implemented in the value chain, including through protecting fundamental enabling rights such as the right to freedom of association and collective bargaining. They also want to know that companies are actually assessing whether these measures are effective, to ensure resources are being targeted appropriately and impacts are being addressed.

Workers' rights in the value chain

Why this topic is important

In line with the UNGPs, companies have a responsibility to identify and assess human rights risks and impacts across their [value chain](#), integrate and act upon the findings of an assessment, and track and communicate how effective actions have been. It is crucial that companies, particularly in light of the growing expectation on companies across all sectors, have a robust, well-documented and ongoing [human rights due diligence](#) process and report publicly on their findings and efforts to remediate rights violations to all workers, not just those in their [direct operations](#).

As global value chains are often opaque, it is essential that companies actively engage suppliers and other value chain actors in efforts to address worker's rights. Companies should also take steps to ensure workers throughout their value chains can access the tools and resources they need to assert their rights.

¹¹² CCLA, "Engagement expectations - Find It, Fix It, Prevent It: An investor project to tackle modern slavery", accessed 25 July 2020 <https://modernslaveryccla.co.uk/sites/default/files/2020-05/Modern%20Slavery%20Engagement%20Expectations%20Final.pdf>.

¹¹³ CCLA, "Engagement expectations - Find It, Fix It, Prevent It: An investor project to tackle modern slavery", accessed 25 July 2020, <https://modernslaveryccla.co.uk/sites/default/files/2020-05/Modern%20Slavery%20Engagement%20Expectations%20Final.pdf>.

As well as more general action on working conditions in the value chain, investors are interested in understanding how companies are addressing specific risks, such as child labour and prison labour.

While not all work performed by children is damaging, [child labour](#) deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development. Despite previous progress on child labour, the number of children in child labour has increased by 8.4 million in the last four years – with 9 million additional children at risk due to the impact of COVID-19.¹¹⁴ Investors are keen to understand what steps companies are taking to address child labour in their value chains. In addition to the severe consequences for children engaged in child labour, instances of child labour can often act as a proxy for broader workforce issues. Additionally, investors want to understand how all companies are tackling this issue, as while certain sectors are at particularly high risk, some risk is near universal, with almost a fifth of children in situations of child labour working in the service sector.¹¹⁵

Similarly, free [prison labour](#), or work that is performed voluntarily, can be a valuable activity for detained people but it becomes exploitative when there are elements of coercion, force, and threat of punishment against detainees. The natural power dynamics in prisons, and the often opaque nature of work in prisons, can create circumstances where risks to workers' rights are more acute, particularly around practices such as forced labour and modern slavery. Investors want to know what approach companies are taking to prison labour, and if prison labour does make up part of their value chain, how the company ensures that work is enriching and not exploitative.

¹¹⁴ ILO, Unicef, “Child Labour: Global Estimates 2020, Trends and the Road Forward”, accessed 15th July 2021, https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/publication/wcms_797515.pdf

¹¹⁵ ILO, Unicef, “Child Labour: Global Estimates 2020, Trends and the Road Forward”, accessed 15th July 2021, https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/publication/wcms_797515.pdf

Appendix I: Alignment references

Framework initials	Framework name
CHRB	Corporate Human Rights Benchmark
CWC	Committee on Workers' Capital
DJSI	Dow Jones Sustainability Indices
ESRS	European Sustainability Reporting Standards
ETI RF	Ethical Trading Initiative Reporting Framework
GRI	Global Reporting Initiative
ILO	International Labour Organization
ISO 26000	ISO 26000: Social Responsibility
ISO 30414: 2018	ISO 30414: Human Resource Management
KTC	KnowTheChain
OECD	Organisation for Economic Co-operation and Development
PRI	UN Principles for Responsible Investment
SDGs	UN Sustainable Development Goals/Global Goals for Sustainable Development
SEBI BRSR	Securities and Exchange Board of India Core Business Responsibility and Sustainability Reporting
SFDR	Sustainable Finance Disclosure Regulation
UNDHR	UN Universal Declaration of Human Rights
UNGC	United Nation Global Compact
UNGP	United Nations Guiding Principles
UNGPRF	UN Guiding Principles Reporting Framework
WBA CSI	World Benchmarking Alliance
WGEA	Workplace Gender Equality Agency

Appendix II: Glossary

Word/Phrase	Definition
Agency workers	Workers employed indirectly through a third-party labour agency or business or recruitment agency to undertake tasks that are supervised or controlled by the user company rather than the third-party agency. The agency worker works under the supervision and direction of the user company but only has a contract (an employment contract or a contract to perform work or services personally) with the third-party agency.
Artificial intelligence	The use of computer systems to enable problem solving and complete tasks normally requiring human intelligence, such as visual perception, speech recognition, and decision-making.
Automation	The application of processes or systems using technology (software and/or hardware) to do repeatable or predictable workflows without requiring manual intervention or direct human input.
Basic salary	The fixed, minimum amount paid to an employee for performing his or her work duties. This excludes any additional remuneration such as payments for overtime working or bonuses. ¹¹⁶
Business activities	Actions and processes that contribute to the different revenue streams the company reports in its financial reporting, as well as those undertaken by a company in the course of fulfilling the strategy, purpose and objectives of the business.
Category of workers	Breakdown of employees by: <ul style="list-style-type: none"> > level (such as senior management, middle management); and/or > function (such as technical, administrative, production); and/or > contract type (such as indefinite/permanent workers, contractors etc.).
CEO to median worker pay ratio	The ratio of the compensation of the company’s Chief Executive Officer (CEO) to the median compensation of its employees, excluding the CEO. Companies are directed to the SEC guidance on the calculation of the company pay ratio: ‘ SEC Adopts Rule for Pay Ratio Disclosure ’ (August 2015) and the GRI Disclosure 102-38 ‘Annual total compensation ratio’.

¹¹⁶ GRI Standards Glossary 2018 ‘basic salary accessible at: <https://www.globalreporting.org/standards/media/1913/gri-standards-glossary.pdf#page=5>.

Child labour	<p>Work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development. It refers to work that:</p> <ul style="list-style-type: none"> > is mentally, physically, socially or morally dangerous and harmful to children; and/or > interferes with their schooling by: depriving them of the opportunity to attend school; obliging them to leave school prematurely; or requiring them to attempt to combine school attendance with excessively long and heavy work. <p>For the purpose of this definition, a child refers to a person under the age of 15 years, or under the age of completion of compulsory schooling, whichever is higher.</p>
Civil society organisation (CSO)	Non-state, not-for profit, voluntary entities which are formed by people in the social sphere and are separate from the State and the market. CSOs can include community-based organisations and non-governmental organisations. In the context of the WDI, CSOs do not include business or for-profit associations.
Collective bargaining	Collective bargaining refers to the voluntary negotiation mechanism through which companies and trade unions determine mutually acceptable terms and conditions of work, including details of pay and working time, and engage in discussions to regulate relations between employers and workers.
Collective bargaining agreements	A written legal agreement between an employer and the body representing the employees (e.g. a trade union), which arises as a result of negotiations between the two parties and sets out the terms and conditions of employment.
Collective bargaining coverage rate	The percentage of workers whose terms and conditions of employment are covered by one or more collective bargaining agreements as a percentage of the total number of workers.
Company	The financial reporting legal entity which consists of subsidiaries, joint ventures and associates or affiliates and employs workers directly and/or indirectly.
Compensation	The total remuneration payable by the employer to the employee in return for work done by the employee during the employment period. Compensation may be direct, including wages and salaries, or indirect, including contributions to social insurance schemes, overtime pay and annual leave.
Contingent workers	Workers not on a permanent contract i.e. those who are hired on a per-project or fixed-term basis. Contingent workers include fixed-term/temporary workers , non-guaranteed hours employees, contractors , agency workers and any third party on site workers not on a fixed-term contract.
Contractors (independent, self-employed)	An organisation or individual that is working for a company and is bound by a direct contractual arrangement other than a contract of employment with the company. The contract is for a fixed duration and ends at the expiration of a specified time period, or when a specified task with an estimated duration is completed.

Core ILO standards	The core human rights which constitute the minimum ‘enabling rights’ people need in order to protect and improve their rights and conditions at work, to work in freedom and dignity, and to develop in life. These are freedom from forced labour ; from child labour ; from discrimination at work; and to form and join a union and bargain collectively. These core standards are enshrined in eight International Labour Organisation (ILO) conventions.
Core indicator	<p>Core WDI indicators are a small set of WDI metrics which capture the fundamental data companies need to be able to understand and improve the conditions of their workforce.</p> <p>Core indicators are not the most rudimentary or basic information a company should report on their workforce. Instead, they are indicators that provide data that, when not collected, significantly hampers a company’s ability to meaningfully improve working conditions and/or data that is indicative of a company’s broader approach to managing its workforce. It is, essentially, the data that acts as a ‘key’ to unlock better corporate action on workforce issues.</p>
COVID-19	The infectious disease caused by the strain of coronavirus that was discovered in 2019.
Direct operations	Operations that are core to the delivery of the company’s business activities as stated in the company’s financial reporting. For the purposes of the WDI, the direct operations workforce encompasses employees, contingent workers and other on-site workers.
Disability	A physical or mental condition that limits a person’s movements, senses, or activities.
Discrimination	Discrimination in employment refers to any distinction, exclusion, preferential or unequal treatment granted to a person/s because of characteristics which are unrelated to their merit, work performance or the inherent requirements of the job.
Employee	An individual who is party to a direct employment relationship with the company, according to national law or its application. The relationship includes permanent, temporary , fixed-term , full-time , part-time employment.
Employer Pays Principle	The principle that no worker should pay for a job; all recruitment costs and associated fees should be borne by the employer and not the worker.
Ethnicity/ethnic group/race	A group of people whose members identify with each other through a common heritage, often consisting of a common language, common culture (which can include a religion) and/or an ideology which stresses a common ancestry.
Ethnic minority	A group of people from a particular ethnic group living in a country or area where most people are from a different ethnic group.

Ethnicity pay gap	<p>The ethnicity pay gap shows the difference in the average hourly rate of pay between ethnic minority employees and non-ethnic minority employees.</p> <p>In Q5.3 specifically the median ethnicity pay gap is requested, which refers to the ratio of the median compensation of the company’s non-ethnic minority employees to the median compensation of its ethnic minority employees</p>
Executive management/committee	<p>Top ranking member of the management team who are responsible for the day-to-day management of the company. They possess the highest level of responsibility for decision-making in relation to the company’s operations and resources. The Executive Management team includes the Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer. It can also be termed C-suite management.</p>
Fatalities as a result of work-related injury	<p>The death of a worker occurring as a result of an disease or injury sustained or contracted during the performance of work duties which are controlled by the organisation, or which are performed in a workplace that the organisation controls.¹¹⁷</p>
First-tier supplier	<p>An organisation with which the company possesses a direct contractual relationship.</p>
Fixed-term/temporary contract employees	<p>Refers to a temporary employment contract between an employee and the company. The contract is for a limited duration and ends when a specific time period expires, or when a specific task that has a time estimate attached is completed.</p>
Forced labour, modern slavery and human trafficking	<p>Forced labour refers to all work or service which is exacted from any person under the threat of penalty and for which the person has not offered himself or herself voluntary. The term encompasses all situations in which persons are coerced by any means to perform work, and includes both traditional ‘slave-like’ practices and contemporary forms of coercion where labour exploitation is involved, which may include human trafficking and modern slavery.</p> <p>Modern slavery refers to situations of exploitation that a person cannot refuse or leave because of threats, violence, coercion, deception, and/or abuse of power. Modern slavery encompasses a wide range of situations including human trafficking, forced labour, debt bondage, descent-based slavery, child slavery, and forced and early marriage.</p> <p>Human trafficking refers to the act of recruiting, transporting, harbouring, transferring or receiving persons by threats, coercion, fraud, deception, abuse of power or payment for the purposes of exploitation. It describes any circumstances in which these</p>

¹¹⁷ GRI Standards Glossary 2016 – ‘work-related fatalities’
<https://www.globalreporting.org/standards/media/1035/gri-standards-glossary-2016.pdf>

	<p>conditions are met, which may include forced labour, but also extends beyond situations involving labour.</p> <p>For the purposes of the WDI, only labour-based forms of modern slavery and human trafficking will be relevant.</p>
Franchisee worker	<p>Persons that work for individuals or organisations that are granted a franchise or license by the reporting organisation. Franchises and licenses permit specified commercial activities, such as the production and sale of a product. For the purposes of the WDI, it's likely that only on-site franchisee workers will be relevant.</p>
Full-time employees	<p>An employee whose working hours per week, month, or year are defined according to national legislation and practice regarding working time (such as national legislation which defines that 'full-time' means a minimum of nine months per year and a minimum of 30 hours per week).</p>
Full Time Equivalent (FTE) basis	<p>A full-time equivalent (FTE) is a unit used to measure employees in a way that makes them comparable although they may work a different number of hours per week. The FTE unit is calculated by comparing the average number of hours worked by a part-time worker to the average number of hours of a full-time worker. The full-time worker is counted as one FTE and the part-time worker is assigned a score in proportion to the hours he or she works. For example, a part-time worker employed for 20 hours a week where full-time work consists of 40 hours a week is counted as 0.5 FTE.</p>
Freedom of association	<p>Freedom of association is a fundamental human right which enables workers and employers to freely join and establish organisations of their own choosing without prior authorisation or interference by the state or any other entity. The purpose of such association includes, but is not limited to, realising all other fundamental principles and rights at work.</p>
Gender	<p>A socially constructed term used to distinguish differences in the attributes, behaviours, roles and responsibilities of men and women. Gender goes beyond binary categories of biological sex to include non-binary forms of identification.</p>
Gender balance	<p>The percentage of female, male and non-binary workers set out as a proportion of the total workforce or particular contract type.</p>
Gender identity	<p>A person's innate sense of their own gender, whether male, female or something else, which may or may not correspond to the sex assigned at birth.</p>
Gender pay gap	<p>The difference between average hourly earnings of men and average hourly earnings of women expressed as a percentage of average hourly earnings of men. This indicator provides a measure of the relative difference between the hourly earnings of men and those of women. If women do more of the less well-paid jobs within an organisation than men, the gender pay gap is usually bigger.</p>
Grievance mechanism	<p>A system put in place by the company consisting of procedures, roles and rules for receiving complaints, addressing concerns and</p>

	providing remedies. Grievance mechanisms must be legitimate, transparent and accessible to all workers.
Hazard (in the workplace)	A source or situation in the workplace that has the potential to cause injury or ill health.
Highest governance body	The official group of persons formally allocated with ultimate authority in an organisation.
Human rights	Basic international standards aimed at securing dignity and equality for all. This encompasses the universal rights and freedoms to which all persons are entitled, as set out in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights. They also include the principles concerning fundamental rights set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.
Human rights due diligence	An ongoing risk management process that a company needs to follow in order to identify, prevent, mitigate and account for how it addresses its actual and potential adverse human rights impacts. This includes four key steps: assessing actual and potential human rights impacts; integrating and acting on the findings; tracking responses; and communicating about how impacts are addressed.
Indefinite/permanent employees	A contract between an employee and the company for employment for an indeterminate period. The contract may be full-time or part-time work.
Internal hires	The number of open positions which are filled by the company's existing workforce as opposed to external candidates.
Internal hire rate	The number of employees that have moved from one role within the company to another role within the company as a percentage of the total hire rate.
Involuntary turnover rate	The number of employees who leave the company due to dismissal (including redundancy) or death in service as a percentage of the average total number of employees. These are usually unplanned departures, however, in some instances of redundancy, this may not be the case.
Just Transition	A transition to a low-carbon economy that secures the future and livelihoods of workers. It is based on social dialogue between workers and their unions, employers, government and communities.
Key performance indicators (KPIs)	Indicators of progress towards an intended target or result. KPIs should be measurable and time-bound.
Labour rights	See Workers' rights
Leadership positions	Employment positions within a company which come with the authority to direct and guide other workers. In the context of the WDI, leadership positions refers to the Board, executive management and senior management .

Legal minimum wage	The minimum compensation for employment per hour, or other unit of time, as set out by statutory law. The legal minimum wage may differ according to region and/or employment category.
Living wage	A wage sufficient to provide households with a minimum acceptable standard of living. The living wage goes beyond the legal minimum wage by taking into account the cost of living as well as local living standards and needs. As such, the living wage varies by country and region. The reference guide provides guidance on the living wage principles and global case studies: https://www.livingwage.org.uk/sites/default/files/pi-living-wage-global-overview%20final%20draft_0.pdf
Location	The separate geographical areas which the company carries out financial reporting for. The company may classify the geographical breakdown by country or by region.
Mental health	A state of well-being in which the individual realises his or her own abilities, can cope with the normal stresses of life, can work productively and fruitfully, and is able to contribute to his or her community. Mental health encompasses psychological, emotional and social well-being.
Non-employee direct operations workers	Workers that are not employed directly by the company but for whom the company has oversight responsibilities, especially for those that work on-site. This can include contractors (independent, self-employed), agency workers (e.g. labour agency, recruitment agency workers, franchisee workers) and third party on site workers (e.g. subcontracted service workers, third-party contract workers).
Non-guaranteed hours employees (e.g. casual workers, on-call employees, zero-hours contracts)	Workers who are employed by the company on a contract which does not guarantee a minimum number of working hours. The worker may be required to make themselves available for work, but the company is not obliged to offer the worker any fixed number of working hours per day, week or month. This includes on-call employees, casual workers, and those on a zero-hours contract.
Occupational health and safety	The anticipation, recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers.
Opportunities	Situations, circumstances or parts of the business or workforce where it is possible to do something that could have a positive impact on the workforce and/or the business.
Part-time employees	An employee whose working hours per week, month, or year are less than the legal minimum number of hours required to constitute full-time work as determined by relevant national legislation. For example, where full-time work consists of a minimum of 30 hours of work contributed per week, any worker on a contract for 29 hours per week or less would be classified as a 'part-time employee'.

Prison labour	Work that is performed by incarcerated and/or detained people. This includes people working in both prisons and other forms of state detention, such as immigration detention.
Recordable work-related injuries or ill health (excluding fatalities)	Negative impacts on health arising from exposure to hazards at work that result in any of the following: days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness. It also includes significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.
Remedy	The process of restoring an individual or group that has been harmed by the company's activities to the situation they would have been in had the adverse impact or human rights harm not occurred. Where restoration is not possible, a remedy may involve providing compensation with the aim of making amends for the harm caused. The concept of remedy covers a range of actions including, but not limited to, acknowledgement and apology; restitution and rehabilitation; management-level changes; financial compensation; and the implementation of measures that prevent future occurrences.
Remuneration	Payment or compensation received for services or employment. This includes a base salary and any bonuses or other economic benefits that an employee receives, which could include equity such as stocks and shares and benefit payments.
Religion or belief	Religion means any religion and a reference to religion includes a reference to a lack of religion. Belief means any religious or philosophical belief and a reference to belief includes a reference to a lack of belief.
Reporting period	A 12 month reporting period (not more than 2 years out of date) that is the specific time span covered by the information reported in the company's submission to the WDI. In most cases, companies use the most recently completed financial year.
Responsible sourcing	A voluntary commitment by companies to take into account social and environmental considerations when managing their relationships with suppliers.
Salient human rights issues	The human rights that are at risk of the most severe negative impact because of the company's activities or business relationships. Salient human rights issues should be defined by their scale (the gravity of the impact on human rights), scope (the number of individuals that are or could be affected) and remediation, that is (how hard difficult it would be to rectify the resulting harm). This concept of salience uses the lens of risk to people - not to business - as the starting point, while recognising that where risks to people's human rights are greatest, there is strong convergence with risk to the business.

	In Section 2 of the WDI survey, companies are asked to talk about three of their salient human rights issues.
Scope of disclosure	The part of the business or the workforce that is covered by the company's answer to a specific question or set of questions within the WDI survey.
Second tier and below	Refers to a supplier with whom the company contracts indirectly (a sub-contractor) or the supplier of a direct supplier.
Senior management	Any senior position/individual who directly reports to the Executive management team e.g. team leaders, supervisors.
Sexual orientation	A person's enduring pattern of emotional, romantic, or sexual attraction (or a combination of these). Sexual orientations include gay, lesbian, straight, bisexual, and asexual.
Significant operating location	Countries or regions which are of significance to the company because of, for example, the level of spend, the number of employees and/or the criticality of the location to business continuity.
Stakeholder	Entity or individual that can reasonably be expected to have an interest in or be significantly affected by the company's activities, products and services, or whose actions can reasonably be expected to affect the ability of the company to successfully implement its strategies and achieve its objectives.
Supplier	An organisation or person that provides a product or service used in the supply chain of the reporting organisation.
Supply chain	The network of suppliers who produce and distribute a specific product or service to a purchasing company. It consists of all the individuals, organisations, resources, activities and technology involved directly or indirectly in the creation and sale of a product/service, through to its eventual delivery to the end purchaser. This includes all relationships, direct and indirect, in tier 1 and beyond.
Supply chain mapping	The process of engaging across companies and suppliers to document the exact source and pathway involved in bringing every material, every process and every shipment of goods to market.
Supply chain tier	A description of the multiple levels of suppliers and their relationship to the end-product producer. Suppliers are referred to as Tier 1, Tier 2, Tier 3, Tier-n suppliers, depending on their distance from the end-product producer. Tier 1 or first tier suppliers interact with the main company directly (for example, if Company X supplies a Car Manufacturer with steel, Company X is a Tier 1 supplier) and Tier 2 suppliers provide goods and services to Tier 1 suppliers. Tier 3 suppliers supply Tier 2 suppliers and so on throughout the supply chain.
Third party on site workers	Workers employed indirectly through a third party business to undertake tasks that are supervised or controlled by the third party, but take place on the site or premises of the user company and for which the user company has some responsibility.

Trade unions	A workers' organisation constituted for the purpose of furthering and defending the interests of workers. For example, the trade union could represent its members when determining wages and working conditions and when addressing workers' day-to-day grievances with management.
Turnover rate	The number of employees who leave the organisation voluntarily or involuntarily as a percentage of the average total number of employees.
Value chain	The full range of activities or processes needed to create a product or service. This includes entities with which the company has a direct or indirect business relationship, both upstream and downstream of its own activities, which either (a) supply products or services that contribute to the organisation's own products or services, or (b) receive products or services from the organisation.
Voluntary turnover	The number of employees who choose to leave the company voluntarily, including to retire, as a percentage of the average total number of employees.
Worker	An individual who is party to any kind of employment relationship with the company, according to national law or its application. The relationship may be for direct or indirect employment including permanent, temporary , fixed-term , full-time , part-time employment or as a contractor , agency worker , on-site franchisee worker and other subcontracted workers.
Worker representatives or bodies	An individual, union, works council or other agency selected by workers within an organisation to represent these workers at negotiations or consultations with the employer. Through formal or informal processes and on a cooperative basis, the representative can take part in discussions between managers and workers, information sharing, collective bargaining and have a place in management bodies.
Workers' rights	The core ILO standards as well as other rights that apply specifically to workers, such as the right to enjoy favourable working conditions with fair remuneration , the right to rest and reasonable limitations on working hours and the right to privacy at work.
Workforce matters	The broad spectrum of issues, considerations and all other affairs relating to the management and maintenance of an organisation's workforce in direct operations and the supply chain.
Workforce surveillance	Any form of worker monitoring undertaken by an employer. This can include any of the following: <ul style="list-style-type: none"> > Key logger software > Video surveillance (on premises or working from home e.g., CCTV or through webcams) > Facial recognition software > Screen recording > Audio recording (e.g., of calls) > Geolocation tracking

	<ul style="list-style-type: none"> > Social media monitoring > Physical searches > Timing work activities
<p>Worst forms of child labour</p>	<p>Work where children are enslaved, separated from their families, exposed to serious hazards and illnesses and/or left to fend for themselves. It includes, such as:</p> <ul style="list-style-type: none"> > all forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict; > the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances; > the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties; > work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children (for example, work in a physically dangerous environment).

Appendix III: Survey and guidance changes

Structural changes

Change	Rationale
Companies can choose to respond to the core indicators only.	The WDI survey is long and demanding, and this enables those companies who are newer to workforce reporting or who, for whatever reason, have a particularly limited capacity one year, to still take part in the survey. The core indicators aren't replacing the full survey and companies will be still be able to provide as much data across the survey as they want, and switch with ease between the two sets of indicators.
Section 7 changed from 'Training & development' to 'Workforce development & adaptation'. Training indicators slimmed down, new topics and questions on just transition and technology, data and automation added.	Following a consultation with WDI investors, it was clear there was less demand for detailed training metrics and significant enthusiasm and interest in the emergent workforce areas of just transition and technology.
All supply chain sections (sections 11, 12 and 13) have been reframed to 'value chain' sections.	This is to align with the global reporting landscape (particularly European Sustainability Reporting Standards, which take a value chain approach). It is also to ensure as broad applicability of these sections as possible, as we know for some organisations an exclusive focus on supply chains can mean questions are less relevant to them compared to a full value chain approach.
Section 10 on grievance mechanisms now focuses on the direct operations and value chain.	This reflects the fact that, firstly, grievance mechanisms often cover the full spectrum of a company's operations and so focusing only on the direct operations creates a false distinction. Additionally, given the risks to workers in the value chain, grievance mechanisms are especially important and so should be explicitly considered within this section.

Log of all changes

2023 question		2022 question		Type of change	Description of change	Rationale for change
Section	Question	Section	Question			
1	1.1	1	1.1	Question (incl. guidance and scoring etc.)	1. Gender pay equity changed to pay equity in drop down list. 2. Question wording changed to specify 'workforce and human rights related topics'.	1. Broader, reflects expanded company practice in this area. 2. The more explicit link between workforce and human rights issues reflects global regulation.
1	1.2	1	1.2	Guidance (only)	New guidance point included requiring companies to explain how those with governance responsibilities are held to account.	Makes question significantly more insightful.
1		1		Structure	Subtopic 'performance incentives' renamed 'Board performance'.	Made broader to encompass assessment of knowledge of board.
1	1.4			Question (incl. guidance and scoring etc.)	New question added to include requirement to explain expertise of those with governance responsibilities.	Nowhere in the survey required companies to explain/evidence expertise of those with governance responsibilities on workforce issues, despite this being a key factor in the extent to which the board can scrutinise and advise on these topics.
1	1.6a	1	1.6a	Question (incl. guidance)	Company now selects policies from drop down and provides links in same question.	Companies missing points due to forgetting to input 'n/a' for 1.6b.

				and scoring etc.)		
1	1.6b	1	1.6b	Question (only)	Removed need for company to put 'n/a' if they have all policies.	Companies missing points due to forgetting to input 'n/a' for 1.6b.
1	1.7	1	1.6	Question (incl. guidance and scoring etc.)	Changed to now ask the company if it has commitment to respecting rights.	Companies missing points due to forgetting to input 'n/a' for 1.6b.
1	1.8	1	1.6a	Question (incl. guidance and scoring etc.)	Changed to now ask the company if it has commitment on modern slavery.	Companies missing points due to forgetting to input 'n/a' for 1.6b.
1	1.9	1	1.6b	Question (incl. guidance and scoring etc.)	Changed to now ask the company if it has commitment to provide remedy.	Companies missing points due to forgetting to input 'n/a' for 1.6b.
2	2.1	2	2.1	Question (incl. guidance and scoring etc.)	'Ongoing' swapped for 'regular' in question wording. Guidance updated to include question on regularity and assessing effectiveness.	Company may conduct due diligence periodically and not feel question applies to them.
2	2.1	2	2.1	Guidance (only)	New words added into 'next steps' guidance.	Increase clarity.
2	2.1a	2	2.1a	Guidance (only)	Additional guidance on frequency of due diligence added.	Reflecting best practice.

2	2.2 and 2.3	2	2.2 and 2.3	Guidance (only)	Included reference to trade unions and other worker representative bodies.	No previous link to worker representatives.
2	2.6	2	2.6	Structure	Question made core indicator.	Critical workforce data that is necessary for assessing other data points.
2	2.7	2	2.7	Question (incl. guidance and scoring etc.)	Question framing changed to cover workers, workers representative bodies and trade unions.	Worker representative bodies can incorporate a lot of variety and is also open to a lot of interpretation by companies therefore they may include bodies that are not representative, therefore trade unions should be separated out.
		2	2.10	Structure	Child labour question removed.	Child labour now covered by WDI 2023 13.4.
		2	2.13	Question (incl. guidance and scoring etc.)	WDI 2022 2.13 removed.	Covid-specific question that is no longer relevant.
		2	2.D	Question (incl. guidance and scoring etc.)	Notes on this topic for WDI 2022 2.13 removed.	WDI 2022 2.13 removed so notes on this topic no longer needed.
4	4.1	4	4.1	Guidance (only)	New guidance added in on levels of organisation targeted and human rights standards used.	Reflecting best practice.

4	4.3	4	4.3	Question (only)	Additional question information about legal limits on ethnicity data updated.	To align with guidance.
4	4.4			Question (incl. guidance and scoring etc.)	New question added on the proportion of workers with disabilities.	Reflecting investor priorities and alignment with other frameworks (ESRS).
4	4.5	4	4.5	Question (only)	Additional question information about legal limits on ethnicity data updated to match guidance.	To align with guidance.
4	4.7			Question (incl. guidance and scoring etc.)	New question added on the proportion of workers with disabilities in leadership positions.	Reflecting investor priorities and alignment with other frameworks (ESRS).
4	4.8	4	4.8	Question (only)	Additional question information about legal limits on ethnicity data updated to match guidance.	To align with guidance.
4	4.12	4	4.11	Structure	Disability removed from answer format options and replaced with socioeconomic status.	To align with amendments to other questions on disability.
4	4.13	4	4.11	Question (incl. guidance and scoring etc.)	Framing of question changed from 'shared parental leave' to 'birth and non-birth parents'.	Easier to understand and more explicit, also more inclusive language (previous guidance was very gendered).

4	4.13a	4	4.11a	Guidance (only)	1. New guidance requirement to provide average length of parental leave taken. 2. Birth and non-birth parent used instead of male and female.	1. Average length shows how the policy is being implemented in practice. 2. More inclusive language.
5	5.3	5	5.3	Question (only)	Additional question information about legal limits on ethnicity data updated to match guidance.	To align with guidance.
5	5.5	5	5.5	Question (incl. guidance and scoring etc.)	Included non-binary.	Make more inclusive and reflect possibility of corporate data collection using this category.
5	5.6	5	5.6	Question (incl. guidance and scoring etc.)	Included non-binary.	Make more inclusive and reflect possibility of corporate data collection using this category.
5	5.8	5	5.8	Guidance (only)	New guidance on systemic risks and benchmarks added.	Investor demand for more detailed data, helpful guidance for companies.
6	6.1	6	6.1	Question (incl. guidance and scoring etc.)	Included non-binary.	Make more inclusive and reflect possibility of corporate data collection using this category.
6	6.2			Question (only)	Changed from number and rate to rate only.	Typo in question.

7		7		Structure	Section renamed 'Workforce development and adaptation'.	Training and development alone not a priority for investors, section made broader to encompass just transition and automation/data/AI questions.
7	7.1	7	7.1	Guidance (only)	Guidance expanded to cover the process to identifying skills gaps, gaps identified and how they are addressed, worker involvement, training to support strategy.	Investor demand.
7	7.2			Question (incl. guidance and scoring etc.)	Introduced new question on the number/percentage of employees that participated in regular performance and career development reviews by gender.	Alignment with ESRS.
		7	7.2	Question (incl. guidance and scoring etc.)	Question on how the company identifies and addresses skills gaps removed.	Not a priority area for investors. Similar information requested in 7.1 so key points of guidance integrated there.
7	7.3	7	7.3	Question (incl. guidance and scoring etc.)	Included non-binary.	Make more inclusive and reflect possibility of corporate data collection using this category.

7	7.3	7	7.3	Question (incl. guidance and scoring etc.)	"(male and female only)" removed from question text, "non-binary" box added to table and scoring rule updated to Rule 7	Addition of non-binary category to align this gender question with all the others in the survey and the scoring rule was tweaked to so that full points could still be achieved without having to provide data for all three genders (so aligning it with Q4.7).
		7	7.4	Question (incl. guidance and scoring etc.)	Question on example trainings removed.	Not a priority area for investors. Similar information requested in 7.1 so key points of guidance integrated there.
		7	7A	Question (incl. guidance and scoring etc.)	Removed notes on this topic.	Slimmed down section means two 'notes on this topic' not necessary.
7	7.6			Question (incl. guidance and scoring etc.)	Introduced new question on risks, impacts and opportunities related to climate change mitigation and adaptation.	Key emergent workforce topic, priority area for investors.
		7	7.6	Question (incl. guidance and scoring etc.)	Question on training differences between employees and non-employee DO workers removed.	Not a priority area for investors. Similar information requested in 7.1 so key points of guidance integrated there.

7	7.7			Question (incl. guidance and scoring etc.)	Introduced new question on action the company has taken to address risks, impacts and opportunities related to climate change mitigation and adaptation.	Key emergent workforce topic, priority area for investors.
7	7.8			Question (incl. guidance and scoring etc.)	Introduced new question on the number/percentage of workers that have been reskilled, deployed, or let go as a result of climate change mitigation and adaptation.	Key emergent workforce topic, priority area for investors.
7	7.9	2	2.12	Question (incl. guidance and scoring etc.)	Moved question to section 7 - Workforce Development and Adaptation, amended guidance to include examples.	New section, questions fit better here. Examples make it easier to understand.
7	7.10			Question (incl. guidance and scoring etc.)	Introduced new question on the impact of automation by gender.	Key emergent workforce topic, priority area for investors.
8	8.2	8	8.2	Question (only)	Included explicit union reference.	Reflecting variety of forms of worker representation and trade unions as distinct.
8	8.2a	8	8.2a	Guidance (only)	Included explicit union reference.	Reflecting variety of forms of worker representation and trade unions as distinct.

8	8.2b	8	8.2b	Guidance (only)	Included explicit union reference.	Reflecting variety of forms of worker representation and trade unions as distinct.
8	8.3	8	8.3	Question (only)	Question rephrased to specify 'incidents of' work-related injuries or ill health.	Previous wording implied that incidents of ill health must relate specifically to an injury at work.
8	8.4	8	8.4	Question (only)	Incidents changed to fatalities.	Make question clearer from preceding one.
8	8.5	8	8.5	Question (only)	Question rephrased to specify 'incidents of' work-related injuries or ill health.	Previous wording implied that incidents of ill health must relate specifically to an injury at work.
8	8.11	8	8.11	Question (only)	Health and wellbeing changed to health and/or wellbeing.	Less proscriptive.
8	8.12	8	8.12	Guidance (only)	Removed reference to COVID.	No longer relevant to the point of needing a specific mention.
8	8.14			Question (incl. guidance and scoring etc.)	Introduced question on flexible working.	Widespread workforce practice post-COVID, reflecting investor demand.
8		8	8.14	Question (incl. guidance and scoring etc.)	WDI 2022 8.14 removed.	Covid-specific question that is no longer relevant.
8		8		Structure	Response to COVID-19 topic removed.	Covid-specific section that is no longer relevant.

8				Structure	New 'Work-life balance' subtopic introduced.	Questions make more sense under work-life balance than worker wellbeing, benefits from having own 'notes on this topic' box.
9	9.6a	9	9.6a	Question (only)	Specific union mention added.	Reflecting variety of forms of worker representation and trade unions as distinct.
9	9.6b	9	9.6b	Question (incl. guidance and scoring etc.)	Reframed to cover identification and prevention of risks and include specific union mention.	Reflecting best practice.
9	9.7	9	9.7	Guidance (only)	New guidance on board meeting with employees added.	Investor demand.
9	9.8	9	9.8	Question (incl. guidance and scoring etc.)	Question made less proscriptive on engagement surveys; guidance added around interaction between different types of worker voice.	Reflecting research that suggests companies are using workforce surveys and anonymous feedback mechanisms to replace, surpass or undermine the trade union voice.
10	10.1	10	10.1	Question (only)	Employees framing changed to workers; guidance expanded to make it more rigorous.	Further changes to section make workers framing more appropriate/clearer (introducing follow up question asking which workers are covered).

10	10.2	10	10.2	Question (incl. guidance and scoring etc.)	Question expanded to give choice of multiple types of workers that could be covered, with drop down to select all. Scoring and guidance changed to reflect this.	Section now looks at all workers, not just direct operations workers so question scope needs to be expanded to include value chain workers.
10	10.2a	10	10.2a	Question (incl. guidance and scoring etc.)	Question and guidance expanded to include non-employee direct operations workers and value chain workers.	Scope of parent question has expanded to include other groups of workers.
10	10.2b	10	10.2b	Question (incl. guidance and scoring etc.)	Question and guidance expanded to include non-employee direct operations workers and value chain workers.	Scope of parent question has expanded to include other groups of workers.
10	10.3a	10	10.3a	Guidance (only)	Specific criteria on non-employee direct operations and value chain workers added to guidance.	Scope of section expanded to now include value chain workers.
10	10.3b	10	10.3b	Guidance (only)	Specific criteria on non-employee direct operations and value chain workers added to guidance.	Scope of section expanded to now include value chain workers.
10	10.4	10	10.4	Question (incl. guidance and scoring etc.)	Question expanded and made more granular, now asks for grievances reported and resolved for direct operations and value chain workers.	Scope of section expanded to now include value chain workers. More granular detail is more specific and more helpful in identifying where risks and impacts are occurring.

10	10.6	10	10.6	Guidance (only)	Specific criteria on non-employee direct operations and value chain workers added to guidance.	Scope of section expanded to now include value chain workers.
ss. 11-13		ss. 11-13		Structure	All supply chain sections reframed to value chain.	Value chain framing more clearly demonstrates applicability to all companies. Also supports greater alignment between WDI and ESRS, where value chain framing is used, rather than supply chain.
11	11.3a	11	11.3a	Guidance (only)	Added example of supplier factory list.	Make the guidance clearer.
11	11.7			Question (incl. guidance and scoring etc.)	New question introduced on average length of supplier relationship.	Investor demand, reflecting best practice.
12	12.7	12	12.7	Question (incl. guidance and scoring etc.)	Question reframed to focus on impact of outcomes of sourcing practices rather than processes.	Outcome-oriented indicators are essential for assessing progress/seeing real impact.
13	13.2	13	13.2	Question (incl. guidance and scoring etc.)	Supply chain language replaced with value chain language.	Section 13 is now a value chain section rather than supply chain so questions need to be amended to reflect this.
13	13.3	13	13.3	Guidance (only)	Guidance added on whether there is external validation of ethical sourcing practices.	Reflecting best practice.

		13	13.3	Structure	Question on monitoring supply chain worker access to grievance mechanisms removed.	Now covered under Q10.2 (incl. a+b) as grievance mechanisms scope expanded to cover direct operations and value chain.
13	13.3	13	13.5	Question (incl. guidance and scoring etc.)	Question reframed to focus on assessing impact of measure to improve working conditions, rather than process.	Outcome-oriented indicators are essential for assessing progress/seeing real impact.
13	13.4	13	13.4	Question (only)	Scope of question expanded to cover child labour.	Not necessary to have separate question, reflects disclosure requirements in ESRS standards.
13	13.5	2	2.11	Question (incl. guidance and scoring etc.)	Prison labour question moved to section 13.	Section 13 now value chain section rather than supply chain, prison labour question makes more sense there.
13	13.5a	2	2.11a	Question (incl. guidance and scoring etc.)	Prison labour question moved to section 13.	Section 13 now value chain section rather than supply chain, prison labour question makes more sense there.
13	13.5a	13	13.4a	Structure	Increased word count for answer.	Scope of question expanded to cover child labour so longer answers needed.
13	13.5b	2	2.11b	Question (incl. guidance and scoring etc.)	Prison labour question moved to section 13.	Section 13 now value chain section rather than supply chain, prison labour question makes more sense there.

13	13.5b	13	13.4b	Structure	Increased word count for answer.	Scope of question expanded to cover child labour so longer answers needed.
14	14			Question (incl. guidance and scoring etc.)	New question added 'notes on the survey'.	To allow companies to provide any additional context not previously captured across the survey.

Appendix IV: Core indicators

WDI 2023 2.1	Does the company conduct regular human rights due diligence to identify, prevent, mitigate and account for human rights risks and adverse impacts?
WDI 2023 2.1a	If yes, provide more information (see guidance for what to include).
WDI 2023 2.1b	If no, state why not and any plans to conduct human rights due diligence in the future.
WDI 2023 2.6	What are the company's salient human rights issues relating to workers' rights in the company's value chain? Select the area of the business as applicable.
WDI 2023 3.3	Provide the number and/or percentage (%) of the company's employees on each contract type as a proportion of the total direct operations workforce.
WDI 2023 3.4	Provide the gender balance (as a percentage (%)) for each contract type in Q3,3, as well as the overall gender breakdown of your direct operations workforce.
WDI 2023 3.5	Provide the total number and/or percentage (%) of the company's non-employee direct operations workers as a proportion of the total direct operations workforce.
WDI 2023 3.6	Provide the gender balance (as a percentage ((%) of the figures presented at 3.5) for each contract types.
WDI 2023 3.7	Scope of disclosure (relates to Q3.3-3.6)
WDI 2023 3.8	Has the proportion of workers on contingent contracts (i.e. fixed-term/temporary employees, contractors, agency workers and/or third party on site workers) increased or decreased substantively over the last reporting period?
WDI 2023 3.8a	If yes, explain why and if the company expects this trend to continue in the future.
WDI 2023 3.8b	If no, state if there is likely to be a change in the use of contingent workers in the future.
WDI 2023 4.5	Provide the percentage (%) of the company's total direct operations workforce in leadership positions by gender.
WDI 2023 5.1	Provide the CEO to median worker pay ratio.
WDI 2023 5.2	Provide the company's median gender pay gap for the company's domestic operations.
WDI 2023 5.5	Provide the percentage (%) of employees in the bottom, lower middle, upper middle, and upper pay quartiles by gender.
WDI 2023 5.6	What is the percentage (%) of employees, as a total of the direct operations workforce, whose basic salary is equal to or up to 10 per cent higher the legal minimum wage, split by gender?
WDI 2023 5.7	To what extent does the company pay its employees a living wage or above? Select one option from the drop-down list as applicable.

WDI 2023 6.1	Provide the total, involuntary and voluntary employee turnover rates (as a percentage (%)) during the reporting period by gender.
WDI 2023 6.3	Describe how the company's turnover rate has changed significantly since the last reporting period and explain any increase or decrease for any particular category of workers. If turnover has remained stable, state this.
WDI 2023 8.12	What measures does the company have in place to ensure that workers who are unwell take sick leave, and other necessary leave, and are protected economically if they need to do so?
WDI 2023 8.13	Which workers are covered? Select all that apply from the drop-down list.
WDI 2023 9.2	Provide the percentage (%) of employees covered by collective bargaining agreements for all locations in the direct operations
WDI 2023 9.3	Scope of disclosure (relates to Q9.2)
WDI 2023 9.9	Provide one example of how workers have influenced decision making on an issue of substance in the reporting period.
WDI 2023 10.4	Provide the number of grievances relating to human rights and/or workers' rights reported and resolved in the reporting period in the company's direct operations and in the company's value chain.
WDI 2023 11.4	Provide the number of first tier suppliers in each of the company's top ten sourcing locations (determined by percentage of overall procurement/spend).
WDI 2023 12.5	How does the company assess whether its sourcing and/or purchasing practices allow a supplier to meet its workers' rights commitments e.g. by requesting feedback on the business relationship from suppliers etc?
WDI 2023 13.3	How does the company assess whether it is improving conditions for workers in the value chain? Describe any steps or initiatives the company is taking to improve the working conditions of value chain workers and provide evidence demonstrating the effectiveness of these measures.

General Information

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