

THE CASE FOR INVESTMENT IN WORKFORCE DATA

Investors are increasingly reviewing companies' commitment to sustainability, diversity and inclusion when deciding where to place their clients' money. The Workforce Disclosure Initiative from ShareAction is one of the places they go to find out how the corporates measure up.

The Workforce Disclosure Initiative (WDI) was established six years ago by the investment industry in response to growing calls from its clients to choose investments that were not only financially profitable, but answered their clients' concerns around social issues, too. It seeks to provide a framework for increased accountability, improved jobs and, ultimately, better-run companies providing more value to their shareholders.

Reckitt has participated in the WDI for the past four years. In 2019, over 80% of the WDI's investor signatories used the data to influence their investment decisions.

Transparency and performance

Rosie Mackenzie, Senior Company Engagement Manager for the WDI, says the survey has two key objectives: firstly, to improve the quality and quantity of corporate workforce data and, secondly, to ensure investors use the data in their investment decisions and push companies to be better employers.

"The idea is to stretch companies to do better, and to identify trends by sector and geography that enable investors to take governance, diversity and working practices into account when they make decisions on where to invest," she explains.

"Investors have a fiduciary duty to make responsible decisions for their clients and are increasingly paying attention to social as well as financial statistics when choosing where to invest."

"The longer we go on, the more companies learn from the process and try to plug any data gaps they have."

Reliable, independently reviewed data is important for investors: they need to know how the landscape looks as a whole and not solely rely on companies' own reporting.

"Over the years a number of companies have been caught up in workforce scandals while at the same time expressing total confidence in their responsible employment practices," says Rosie.



WORKFORCE DISCLOSURE IN 2021 TRENDS AND INSIGHTS

\$10 trillion

Value of assets under management of the investors that make up the WDI

173 companies

Number of companies that reported in 2021

13 themes

131 questions and 230 data points across 13 themes including:

- Governance
- Risk assessment
- Workforce composition
- Diversity and inclusion
- Workforce wage levels and pay gaps
- Stability
- Training and development
- Health, safety and wellbeing
- Worker voice and representation
- Grievance mechanisms
- Supply chain transparency
- Responsible sourcing
- Supply chain working conditions

25 countries

Includes data from companies in 25 countries and 11 economic sectors

3X data

Companies that report to the WDI are making three times as much data available for scrutiny than those that do not engage with the report

For more information, visit [WDI](https://www.wdi.org).

THE CASE FOR INVESTMENT IN WORKFORCE DATA continued

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Fairer society

"Gender issues are probably the number one factor for the majority of our investors. Fair pay and working practices between men and women are top of mind with most investors, perhaps because they're the most straightforward comparisons to make in terms of available data."

The most-reported gender data point in the most recently published survey (2020) was the breakdown between numbers of men and women in leadership. Data for senior management roles was much more available than further down the workforce, indicating that companies are focusing on their leadership functions before moving down the pipeline.

The number of companies participating in the report increases every year, from 34 in 2017, to 173 in 2021. The WDI is beginning to have constructive discussions with more companies in the belief that increased participation by bigger and more prominent companies will influence others to join the drive for greater disclosure.

"From a UK perspective, for the first time, half of the companies in the FTSE 100 took part in the 2021 survey, so the UK figures compare more favourably to the global average," Rosie reveals. "But UK legislation on transparency and disclosure is more advanced, which accounts for some of that, too."

Data not just important for investors

Although the data is designed and presented for use by professional investors, the WDI is looking to make the publicly available data more accessible so that potential employees, customers and other stakeholders can use it to make informed decisions about where they work and who they buy from. Ultimately, companies that do well on the key data points can legitimately present themselves as role models for smaller businesses and leaders in their markets on workforce transparency.

Reckitt is ahead of the curve in reporting on gender pay gaps in 10 global markets, but Rosie says WDI-contributing companies are realising that the requirement for legal disclosure of data is only going to increase, both in terms of markets served and depth of information required.

"Legislation will probably be implemented in most of the developed world in the next decade or so," says Rosie. "Companies are realising they need to get systems in place now to comply with that future requirement. The fact that businesses like Reckitt are pushing things in those other jurisdictions is really helpful."

WDI: number of responding companies from 2017 to 2021

2021		173
2020		141
2019		118
2018		90
2017		34

