



Workforce-related corporate reporting

Questions for companies

January 2020



Governance and management

In order to help investors understand how boards consider and assess workforce matters, including what information they see, companies should ask themselves...

- What arrangements does the board have in place for assessing and considering workforce-related matters?
- Who has responsibility for workforce-related matters and how often are workforce-related issues considered?
- What insight does the information on workforce matters give the company and how is it being integrated into strategic planning?
- What information and metrics do the board monitor in relation to the workforce?
- How does the board get comfort over the metrics being used to monitor and manage the relevant matters? Who prepares the information the board receives in relation to the workforce?
- What is it like to work in the company, and how does the board get sight of the workforce's views? How does the board interact with the workforce without management present?
- Which workforce-related matters does the board consider it might be helpful to change? Is this informed by workforce feedback?
- Does the board consider the workforce-related reporting to be fair, balanced and understandable?

Companies should then:

- Describe the board's oversight of workforce-related matters and how the board has engaged with the workforce
- Describe management's role in considering and managing workforce issues
- Describe what impact the board's consideration of workforce matters has had on strategic decisions

Examples

One approach is to explain what information the board sees and the effect of this engagement on board decisions or of the involvement of Committees in workforce-related matters

Barratt Developments plc, RBS plc

One approach is to report how the board engages on workforce matters, and changes they have made as a result

Rolls-Royce Holdings plc

Business model and strategy

In order to help investors understand what the workforce is and how it contributes to the success of the business model, whether it is considered a strategic asset, how it is invested in, and what changes might need to be made to strategy in order to capitalise on workforce-related opportunities, companies should ask themselves...

- Is the workforce viewed as a strategic asset?
- What is the company's workforce, for example, does it include contractors, franchisee staff, supply chain, employees?
- How does the employment model enhance the business model?
- What workforce-related matters are relevant to the company's business model and strategy? What process has been followed in order to assess the impact of the workforce?
- How does the workforce help generate or preserve value in the company? How does the company invest in the workforce, and what expenditures are needed to ensure that the workforce continues to help the company generate and preserve value?
- How is the workforce enhanced and incentivised to deliver value?
- How do workforce matters affect key divisions, markets and/or revenue/profit drivers? Over short, medium or longer-term horizons?
- How does the information gathered, particularly the workforce's views, factor into strategic planning?
- What triggers would require a change of direction?
- How do workforce-related risks and opportunities impact the financial statements?

Examples

An approach is for a company to report what it considers to be its workforce, including by segment or site	SAP SE, ConvaTec Group plc, Fresnillo plc, Carnival Corporation & plc
One approach is to present links between the workforce and their view on strategy	AstraZeneca plc
An approach is to present links between key performance indicators and strategy in consistent ways across formats	Taylor Wimpey plc, Rentokil Initial plc
An approach is to explain the employment model in the context of the business model(s) or outline workforce strategy and links to culture	InterContinental Hotels Group plc, Admiral Group plc
One approach is to link investment in inclusion to performance and strategy	SSE plc
One approach is to discuss how some of the challenges the company faces are being addressed	Marks and Spencer Group plc
One approach is to disclose how a company addresses employee feedback, and plans for the next year in the context of risk	Pearson plc
One approach is to link disclosures to definitions and personnel expenses	SAP SE

Companies should then:

- Describe who the company considers its workforce to be (including total headcount, demographics and employment composition such as direct employees, contractors and/or others in the supply chain)
- Describe whether, and how, the company invests in the workforce as a strategic asset
- Describe how the workforce creates value for the organisation and what opportunities there are to grow that value
- Describe how the workforce model supports the business model and strategy
- Describe how the workforce-related risks and opportunities the organisation has identified affect the company's business, strategy and financial planning

Risk management

In order to help investors understand the risks and opportunities presented by the workforce and how the company is responding to them, companies should ask themselves...

- What systems and processes are in place for identifying and assessing workforce-related risks? How is a consideration of workforce-related risk integrated into this process?
- How are the risks related to the workforce being monitored, managed and mitigated?
- Which risks related to the workforce are most relevant to the business model and strategy? How are these identified and where are they in the business?
- What opportunities does the workforce provide to enhance the value of the company?
- Over what horizon have the risks been considered and risk assessments carried out? Why is this an appropriate horizon with reference to the business model?
- How is the assessment of the company's viability over the longer-term taking into account workforce-related issues?

Companies should then:

- Describe the organisation's processes for identifying, assessing and managing workforce-related risks and opportunities
- Describe which workforce-related risks and opportunities are most relevant to the company
- Describe where the risks and opportunities sit in the business and how they are managed

Examples

An approach is to link risk to other parts of the business, with descriptions of how the impact of workforce risks is changing and who owns the risk

Fresnillo plc, Just Eat plc, Pearson plc, SSE plc

One approach is to explain the supply chain, and some of the inherent risks

SSE plc

Metrics and targets

In order to help investors understand what is measured, monitored and managed in relation to the workforce, including more data and financially-relevant information, companies should ask themselves...

- What information is most relevant to an understanding of the workforce? How are these identified and how do they link to the strategy and business model?
- **What metrics are monitored in relation to the company's culture?**
- What do the metrics being monitored and managed indicate about the future direction of the company? How are they being integrated into day-to-day business management and reporting?
- **What is the company doing to maximise workforce satisfaction and progression and how is this measured and monitored?**
- What is the scope and boundary of the information presented? Is this the same across all information presented?
- **To what level of oversight or assurance are the metrics subjected?**
- What external data, or external expertise, is the company relying upon?
- **Are the metrics disclosed calculated consistently? Is trend data provided?**
- Which methodology is used for constructing the metrics? Is this comparable to other companies in the sector?
- **What is the company trying to achieve in relation to its workforce and what targets has it set? Have the targets been achieved, and what comes next?**
- How are metrics being integrated into the remuneration policy? Is this the most effective linkage possible?

Examples

One approach is to explain how the company engages with employees and the feedback received	InterContinental Hotels Group PLC
An approach is to report what a company considers to be its workforce, including by segment or site	SAP SE, ConvaTec Group plc, Fresnillo plc, Carnival Corporation & plc
An approach is to refer to external providers of information or external data sources	EasyJet PLC, Go-Ahead Group plc, Rentokil Initial plc
An approach is to present granular information with trend data, plus targets with definitions for clarity	SAP SE, Stora Enso OYJ, SSE plc, Rolls-Royce Holdings plc
One approach is to relate metrics to peer results	Coca-Cola HBC AG
One approach is to present interesting metrics like turnover, work patterns and promotion rate, by gender and location	National Grid plc

Companies should then:

- Describe the metrics most relevant to an understanding of the workforce, including how they were identified
- Describe how the company is enhancing and incentivising its workforce to deliver value, including targets used to manage workforce-related challenges and performance
- Describe how the desired culture is being driven from the top including how 'buy in' has been achieved from the workforce
- Disclose employee engagement numbers, retention or turnover statistics (both planned and regrettable), values applied in the working environment or other measures used to monitor workforce culture
- Describe remuneration and other benefits and disclose training and development and progression statistics