

Brought to you by **GLENMEDE**

**impactivate**  
THE IMPACT INVESTING EXCHANGE

LABOR & EMPLOYEE  
WELFARE

# Impact Investing for Employee Welfare

Investing Playbook

Planet

Society

Faith

About

SUBSCRIBE



By: Beth Braverman

gender diversity | labor relations | shareholder engagement

February 27, 2020

From the #MeToo movement to the changing nature of work itself, public attention has increasingly focused on the way companies treat their employees. The importance of employee welfare and well-being has not escaped investors, either, as investors are making human capital management one of their “engagement priorities.” In fact, Ernst & Young (EY) reports that over one-third of the investors they surveyed in 2018 said that labor and corporate culture issues should be a “top board focus,” compared to just 6% in 2015.

## Investing and Employee Welfare

According to EY, human capital and culture, along with other “invisible assets,” make up an estimated 52% of a company’s market value. Especially in a competitive employment landscape, this means that thoughtful human capital management practices—or their absence—could have a tangible effect on a company’s bottom line.

The Sustainability Accounting Standards Board’s (SASB) **Materiality Map** identifies the labor issues most likely to impact the financial or operational health of organizations across industries. For example:

- **Labor practices**, including adhering to labor laws and promoting human rights, may be material to a range of sectors, from hospitality to coal operations to electronic manufacturing services.
- **Employee health and safety** are likely to have some level of materiality to most industries, but especially extractives and mineral processing, infrastructure, and transportation.
- **Employee engagement, diversity, and inclusion** may be material to technology and communications, as well as subsectors like e-commerce, asset management, and investment banking, among others.

At the same time, these issues have clear relevance as nonfinancial factors under the “S” umbrella of an environmental, social, and governance (ESG) framework. For instance, **Domini Impact Investments** is an ESG investment advisor that recognizes the importance of employee relations as a social factor. Domini characterizes employees

Want the latest impact investing trends delivered to your inbox?  
Subscribe to

[ THE **impactivate**. NEWSLETTER ]

SUBSCRIBE

## POPULAR ARTICLES



### FOOD SYSTEMS & SUSTAINABLE AGRICULTURE

Charles Wallace 2 years ago

#### As Arable Land Shrinks, Global Need Grows

Arable land is disappearing from the globe at a catastrophic rate. Here's why that matters and what ...

SUBSCRIBE



### SOCIAL INCLUSION & HUMAN RIGHTS

Kali Hawk 2 years ago

#### Diversity in Leadership Positions: Why It's Important at All Levels of an Organization

Companies that seek diversity in leadership positions are better positioned to benefit financially. ...

as “perhaps the most critical” of the “key stakeholder groups that corporations depend upon to operate and generate profits.” In its investment selection process and shareholder engagement efforts, Domini emphasizes issues of compensation, diversity, training, unionization, and health and safety.

*To make an impact on employee welfare, investors need to know where and how to target their efforts.*

## The Role of Data

To make an impact on employee welfare, investors need to know where and how to target their efforts. While companies tend to provide some information on their human capital practices through **corporate social responsibility statements**, EY notes that these voluntary disclosures leave some room for improvement.

Fortunately, third parties have increased access to critical ESG-related data. For example, **Equileap** releases an annual report grading companies on over a dozen gender-equity factors. Meanwhile, **KnowTheChain** publishes benchmarks evaluating companies in three sectors—information and communications technology, food and beverage, and apparel and footwear—on their use of forced labor in their supply chains.

Investors are also using their leverage as shareholders to gain insight into companies’ employment practices. For example, **Trillium Asset Management** has filed several proposals asking companies for better diversity reporting (and practices), while BlackRock’s direct dialogue approach “seek[s] to be constructive while asking probing questions” about human capital management data and processes.

Looking ahead, investors could find themselves with more access to this kind of information, as the Securities and



### FINANCIAL INCLUSION

Beth Braverman 2 years ago

## The CEO Compensation Debate

For many impact investors concerned about sustainable growth and income inequality, inflated CEO com...

Impactivate: The  
Impact Investing  
Exchange Retweeted

Voters want action on  
climate change:  
[nytimes.com/interactive/20...](https://www.nytimes.com/interactive/2020/03/26/us/politics/election-2020-climate-change.html)

SUBSCRIBE

Climate Change Rises a...

Exchange Commission considers a proposal that would make human capital management a required topic of disclosure, according to *IR Magazine*.

*Want to learn more about impact investing and employee welfare? Read:*

- How Investors and Employees Can Work Together to Instill Better Human Capital Management Practices
- A Fresh Take on Gender Equality in the Workplace with Equileap's Diana van Maasdijk
- How Are Tech Companies Addressing Forced Labor in Supply Chains?
- Retaining Knowledge Workers: Can Employee Satisfaction Create Value for Investors?

SIGN UP FOR [THE **impactivate**® NEWSLETTER]  
THE GO-TO SOURCE FOR IMPACT INVESTING NEWS AND TRENDS.

SUBSCRIBE

#### GETTING STARTED

Kerby Meyers | 2 days ago

### Where Do Investors Learn About Impact Investing? 3 Reasons Impact Investing Is Growing

A commitment to quality content by publishers, associations, and universities supports impact invest...

#### SEEING SUCCESS

Meg Massey | 1 week ago

As impact investing grows, so does the need for investment networks to connect the often disparate i...

#### SOCIAL INCLUSION & HUMAN RIGHTS

Sarah Brodsky | 1 week ago

### To Tackle Racial Inequality, Investors Look in the Mirror

Impact investors search for ways to combat racial inequality throughout the economy and within the f...



[Terms of Use](#) [Privacy and Cookies Policy](#) [Contact Us](#)

[Cookie Settings](#)

The views and opinions expressed on our site are those of the author and do not necessarily reflect the opinions and views of Glenmede. Links to any site do not represent Glenmede's endorsement of the material on that site and Glenmede is not affiliated with those entities (unless otherwise disclosed). Some sites may have cookies or other issues: please be sure your security settings are appropriate. In addition the information provided in this material should not be considered a recommendation to buy or sell any of the securities mentioned. To the extent specific securities are mentioned, they have been selected by the authors on an objective basis to illustrate views expressed in the commentary and may or may not represent securities purchased, sold or recommended for Glenmede advisory clients. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy, and is not a complete summary or statement of all available data.

Copyright © Impactivate® ALL RIGHTS RESERVED

SUBSCRIBE