WORKFORCE INCLUSION AND VOICE: INVESTOR GUIDANCE ON WORKFORCE DIRECTORS

This document provides thoughts from investors to firms on how to take a meaningful approach to including the worker voice at board level. This includes circumstances in which it might be useful to consider appointing workforce directors to company boards.

RAILPEN

CONTENTS

EXECUTIVE SUMMARY

Employees are fundamental to the long-term success of companies. Taking care to have an engaged workforce, and intentionally including the worker perspective in strategic decision-making and corporate governance processes, is likely to pay off.

As investors, we do not believe there is a single 'right' way to incorporate the worker perspective that suits every firm. However, we believe more companies should at least consider appointing a workforce director to the board. In our view workforce directors can efficiently provide significant benefits, including enhancing the cognitive diversity of the board. It should additionally be noted that evidence shows workforce directors work best as part of a broader, coherent and intentional approach to workforce engagement and alongside other mechanisms.

Recently, Railpen has been asked by a growing number of its portfolio companies for advice on workforce directors. This document responds by setting out some thoughts – following discussions with companies, regulators, workforce representatives, academics and others – as to how companies can take a meaningful approach to considering appointing one or more board directors from the broader workforce. The intended audience is primarily companies in the US and UK, where the discussion on workforce directors is at an earlier stage than elsewhere, but not exclusively.

Investors, company boards and workers all have mutual interests in a company's long-term success. Here we recognise our responsibilities as long-term institutional shareholders to:

- share our learned experiences with company or scheme boards,
- listen to companies' perspectives and explanations,
- engage with other market participants to support an environment conducive to workforce directors, and
- be vocal in our support of companies where a meaningful approach has been undertaken

Our views are outlined in the form of practical advice for firms that are thinking about workforce directors. This guidance is split across "Role", "Recruitment", "Retention" and "Reporting" and, while in places we express a clear preference for particular approaches, this guidance is not intended to be prescriptive: instead, we encourage companies to think about the workforce engagement and director approach that will best suit them.

Investor Guidance on Workforce Directors

ROLE

- Consider alongside other engagement mechanisms
- Be clear that role has the same fiduciary duties as other directors
- Consider broader impact on board composition
- Appoint on same contractual basis as other directors
- Support on management of conflicts of interest

RECRUITMENT

- Explicitly incorporate input from the workforce
- Consider involving board recruitment firms
- Consider selection vs. election (we prefer a hybrid approach)
- Undertake outreach to workforce during process
- Act early on succession planning

RETENTION

- Ensure a structured induction and training process
- Work closely with the board Chair to create an inclusive environment
- Be mindful of workforce directors' priorities when setting meetings
- Ensure that board meeting discussions do not become 'segregated'

REPORTING

- Discuss approach on a 'comply or explain' basis
- Disclose in line with best practice reporting on workforce issues
- Include the workforce director(s) in the plan for reporting on progress back to the workforce

THE CASE FOR GREATER WORKFORCE ENGAGEMENT

The Covid-19 pandemic has emphasised the extent to which the economy, society and the environment are inextricably entwined.

More specifically, it has shone a light on the wide variety of company responses and approaches to supporting their workers through challenging circumstances. It has also renewed momentum towards creating an economic system that works in the interests of workers, customers and suppliers as well as shareholders. Companies that focus on creating and delivering value for all stakeholders could in the long run become more productive and successful, which is in turn likely to benefit shareholders[1].

Workforce engagement in 'The Great Resignation' era

In the era of 'The Great Resignation[2]' – when workers are voting with their feet where they do not feel valued or looked-after at a company, or where they are considering a change of career or sector – it is more important than ever for companies, including senior executives, to effectively engage with and listen to the voice of their workers. This should be through a variety of workforce engagement mechanisms as appropriate to a company's local circumstances. Doing so is not only important for workers and the firm, but also for a firm's investors. This reflects the emerging financial materiality of having an engaged, fulfilled and skilled workforce to sustainable value creation over the long-term[3].

As investors, we do not believe there is a single 'right' way to incorporate the worker perspective that suits every firm.

However, we believe more companies should at least be considering the possible benefits of appointing one or more workforce directors to the board. This is based on the emerging body of evidence[4] that suggests formal incorporation of the employee voice at board level can:

- improve the cognitive diversity of the board;
- provide a valuable information set;
- increase trust and the sense of co-ownership;
- encourage employees to feel more empowered and engaged.

Certain jurisdictions, such as Germany and France, have long required employee representation on a board or advisory panel once a company reaches a particular size[5]. Conversely, some of the national economic models that are centred on shareholder primacy (such as the UK and US) and a unitary board structure have not traditionally encouraged the use of workforce directors. However, we note that a unitary board system is, in itself, no barrier to this practice. Sweden, Norway, Spain, Greece and Ireland all have single-tier board structures but also greater rights around workforce directors at board-level[6].

The momentum towards a stakeholder capitalist model

Strine et al. (2021) argue that what the new normal requires is "an approach to corporate governance that expects that boards of directors will not just respect stockholders' need for a fair return, but also other corporate stakeholders, such as workers, the company's communities of operations, its consumers, and society as a whole." And there is evidence of a broader shift towards a 'stakeholder capitalist' model, even in countries with traditionally 'Anglo Saxon' approaches to capital markets.

1 *Please also see Grow the Pie: How Great Companies Deliver Both Purpose and Profit (Edmans, A. 2020).*

2 *A term coined by Anthony Klotz, an academic at the Texas A&M University, in May 2021 in an interview with Bloomberg to describe a wave of people resigning from their jobs at the time of the Covid-19 pandemic.*

3 *Understanding the Worth of the Workforce – a Stewardship Toolkit for Pension Funds (PLSA, 2016) provides a summary of this evidence.*

4 *Please see Further resources for some of the available academic and case study evidence on workforce directors.*

5 *In Germany, the Codetermination Act of 1976 applies to firms with over 2000 employees and mandates quasi-parity on the supervisory board for companies that put codetermination in place before 1994. Companies reaching the size threshold after that time are required to have workers elect one-third of board representatives. In France, the proportion of workforce directors depends on the size of the company, so varies from two directors to half the board.*

6 *Further details on the status of workforce directors across different European countries can be found in Workers on Boards (TUC, 2013).*

In the US:

- the Business Roundtable statement on stakeholder capitalism has arguably helped to set the mood music and shape the backdrop to greater trade union activism since March 2020[7 8],
- both Republicans and Democrats have introduced bills that would require greater workforce representation at the board level[9],
- 2021 and 2022 have also seen shareholder resolutions aimed at encouraging some of the largest US companies to appoint or consider directors from across the wider workforce[10].

In the UK:

- the Conservative Party manifesto in 2017 was supportive of workforce directors,
- changes to the 2018 UK Corporate Governance Code explicitly suggested workforce directors as one of three primary mechanisms for workforce engagement,
- new reporting requirements of companies were introduced in relation to directors' Section 172 duties i.e. their duty to "promote the success of the company for the benefit of its members as a whole".

In addition, a research project on worker voice was recently carried out in the UK by the High Pay Centre (HPC) and abrdn Financial Fairness Trust. It found strong public support in the UK for workforce directors, trade unions and, more broadly, for giving workers a greater say in the running of the companies for which they work[11]. The project also involved a series of stakeholder interviews with business leaders, trade unions and investors. Insights from these interviews revealed that in the small number of UK instances where workforce directors have been appointed, they have been positively received by boards. Businesses also reported largely positive relationships between boards and trade unions.

Moving away from a knee-jerk reaction against workforce directors

We are not calling for workers on boards to be made mandatory for UK and US firms, or elsewhere, where it is not already the case. Nor are we suggesting that one or more workers on the board is optimal for every firm's governance. However, we do want to see a shift away from what seems to be many companies' knee-jerk reaction against the concept of workforce directors on the board[12].

We recognise that as responsible, long-term investors we have our own role to play in encouraging companies to, as the FRC notes, "step outside their comfort zone on what might be potentially beneficial practices[13]".

This document is intended as a step towards doing just that. It incorporates feedback from company executives, academics, trade union representatives and the relevant industry organisations around what good practice might look like, and what companies should consider. We want this to stimulate a renewed dialogue across the value chain and, as investors, we will be proactive in contributing to that dialogue.

We will engage with companies and our asset managers, where relevant, where we believe there may be merit in considering or raising the issue of workforce directors, as well as with policymakers where we think more could be done to create a supportive regulatory environment. We also encourage companies to read through this guidance and, where relevant, consider whether workforce directors might be a suitable workforce engagement mechanism.

After all, if not now – when the pandemic has made us all reconsider the relationship between corporate management, governance and the broader workforce – then when?

[7] For instance, between October 2021 and March 2022, union representation petitions filed at the National Labor Relations Board (NLRB) increased 57% from the same period in the previous year. While unfair labour practice charges increased 14% during the same period. A September 2021 Gallup poll showed 68% of Americans approved of labour unions, which was the highest rate since 1965 (when it stood at 71%). cnbc.com/2022/05/07/why-is-there-a-union-boom.html

[8] It is worth noting that the particular nature of the US policy environment, where corporate law is state law and labour law is federal law, as well as historically low levels of unionisation – though this is changing – places specific and significant barriers to further regulatory or policy intervention on this issue.

[9] Senator Elizabeth Warren (Democrat) has proposed the Accountable Capitalism Act, which calls for employees to elect at least 40% of a company's board. On the Republican side, Senator Marco Rubio and US Representative Jim Banks have introduced the TEAM Act, an update to the 1995 Teamwork for Employees and Managers Act which would require that a large company opting to create an 'employee involvement organisation' (EIO) must also have a non-voting "worker representative", chosen by employees, on its board.

[10] Examples include the 2022 shareholder resolutions at Amazon and Alphabet. Amazon also saw a similar resolution in 2021. The Amazon resolution was proposed by Oxfam America and received 22.2% votes in favour from shareholders. The Alphabet proposal was organised by SOC Investment Group.

[11] See Worker voice in corporate governance (High Pay Centre et al., 2022).

[12] See, for instance, the comments made by several business people in the FT's City Network 2016 transcript, as well as several of the responses to the BEIS consultation on the UK Corporate Governance Code changes (2017) and the low level of use of worker directors in the 2021 report by the FRC, IPA and Royal Holloway on the impact of the UK Corporate Governance Code 2018.

[13] "Workforce Engagement and the UK Corporate Governance Code: A Review of Company Reporting and Practice" (FRC, IPA and Royal Holloway, University of London, May 2021).

WORKFORCE ENGAGEMENT MECHANISMS AND WORKFORCE DIRECTORS

What is a workforce director?

A workforce director, also known as a worker or employee director, is a director of a company board that is drawn from the company's wider workforce or employee base.

In our definition, we do **not** consider the workforce director to be a representative of the workforce. Rather, they have the same set of fiduciary duties and stakeholders to consider as any other director, but they also have current experience of being part of the firm's broader workforce.

The different workforce engagement mechanisms

There is no single 'silver bullet' approach to workforce engagement that will magically solve the issue of ensuring a regular, honest and productive dialogue between a company's wider workforce, senior executives, and the board. Evidence shows that organisations with the best workforce engagement use multiple mechanisms[14].

However, we believe that the appointment of one or more workforce directors can effectively achieve many of the benefits of other formal workforce engagement mechanisms. The table on page 7 provides our assessment of the most common mechanisms (in the US and UK) against some of the potential benefits and outcomes[15].

[14] *Ibid.*

[15] *Our assessment, which is not intended to be definitive, draws on sources and intelligence including company reports, as well as conversations with companies and other investors.*

Workforce engagement mechanism	Workforce perspective directly incorporated into board discussions incl. on remuneration	Direct channel of communication from board to broader workforce	Powerful signal which supports broader cultural shift on workforce	Improves cognitive diversity of board	Improves board engagement with shareholders on workforce issues
Designated Non-Executive Director (NED)	N	Maybe	Y	N	Maybe[16]
Advisory panel or employee forum	N	N	Y	N	N
Board CSR committee (responsibility for workforce engagement)	Y	N	Y	N	N
Whistleblowing channels	Maybe	N	N	N	N
Formal engagement with trade union	Maybe	Y	Y	N	N
Shared board responsibility	Maybe	N	N	N	Maybe
Workforce director	Y	Maybe	Y	Y	Y

[16] *In theory, this should be the case. However feedback from investors and trade unions indicates that it is not often the case that the designated NED is made available to shareholders or union representatives to discuss workforce issues.*

The evidence on workforce directors

Appointing one or more workforce directors has the potential to create shareholder, and broader, value for the company, for two key reasons:

1. A workforce director improves the cognitive diversity of a board, providing a particularly valuable perspective, and diverse boards make better decisions;
2. Workers who feel they have a say in the running of the company are more engaged, are likely to feel more trust and co-ownership, and an engaged workforce is financially material to company performance.

We note that evidence does not show that the presence of workforce directors on a company board guarantees financial outperformance, or instantly solves any existing trust issues between company management and the wider workforce.

However, much of the existing evidence focuses on the German experience of codetermination, a specific approach which we do not suggest should be precisely replicated. And there is other evidence to demonstrate potential positive impacts on productivity and financial performance[17].

In fact, we believe there is sufficient positive evidence to warrant closer consideration of workforce directors by UK and US companies, and to discourage what can feel like wholesale and instant dismissal. This is particularly the case when taken together with:

- Recent examples of positive experiences regarding workforce directors in the UK and US, such as at Delta Airlines, FirstGroup and Capita[18]
- Broader evidence that formal stakeholder representation on decision-making bodies can have positive impacts; and
- Polling evidence that workers and the general public are in favour of workforce directors[19].

We therefore believe that some companies should at least be more open to considering the benefits of workforce directors on company boards and whether this is an approach which may work for their particular firm and situation. This is particularly important in unitary board markets, especially the US and UK, and for larger firms where there may be greater distance between the board/senior management and the wider workforce[20].

We recognise concerns about a potentially "inherent conflict in the idea of a director simultaneously representing a stakeholder group, while observing their directors' duties, which requires them to give weight to the views of all stakeholders[21]". However, in our experience, companies raise few such objections regarding their other executive directors or individuals from a particular constituency – such as the CEO or CFO, an investor director, or a founder of a firm – being on the board. On the contrary, in these instances it is recognised that it is possible for the director to consider the long-term interest of all stakeholders and provide a perspective that has been shaped by their experiences, including as a member of the senior management team, an investor or founder. We believe such open-mindedness should be similarly applied to the concept of workforce directors.

We do not think that appointing one or more workforce directors to the board is a silver bullet, or a one-and-done solution to tackling workforce motivation and engagement levels. We expect companies to take an approach to workforce directors that is meaningful and relevant.

We believe that the most impactful approaches will treat the appointment of workforce directors as just one part of ensuring a wider company culture that;

- demonstrably values its employees, and
- is committed to an ongoing two-way dialogue between the workforce and the most senior levels of a company's governance, which leads to concrete action and impact.

The table below summarises some of the potential benefits of workforce directors for companies, investors and workers themselves – based on the available evidence (please see Further resources for further reading and summaries).

17 We summarise this academic evidence later in the paper.

18 With particular thanks to PIRC for sharing their helpful and informative notes from meetings with workforce directors from these and other companies with Railpen.

19 Public opinion polls on workforce directors indicate majority support. For instance, a Survation poll in 2013 found that 76% of UK employees were in favour of workforce representatives sitting on company boards of directors (this increased to 89% of trade union members) while only 6% were opposed. A recent Survation poll for the High Pay Centre (2022) found that 55% of the respondents agreed with the statement "the UK's biggest businesses should be required to elect someone who has been chosen by their workforce onto their boards".

20 This includes companies in sectors where there is a particularly large gap between pay of senior management and those of the average workers, such as in retail, healthcare, construction, industrial goods and services and outsourcing companies.

21 Investment Association, response to 2017 UK Corporate Governance Code review.

Potential benefits of workforce directors
Provides **greater diversity of thought**, including what is likely to be a broader socioeconomic perspective, which is proven to positively impact decision-making[22]
Can help **enhance productivity, capital formation, market value and resilience**[23]
Gives a powerful signal that workers can be trusted to feed into a company's leadership and governance, which in turn can help with recruitment and retention[24]
Reinforces transparency and trust generated by use of other workforce engagement mechanisms
People issues are more likely to be given appropriate attention at the board table (in a less superficial way, and independently of the HR Director[25])
Can help **'bake in' a stakeholder capitalist approach to culture**, given the board's important role in shaping culture[26], helping to build trust with the workforce through enhancing information flows across the organisation
Can help **tackle a lack of engagement with traditionally 'shop floor' issues**, such as proposed lay-offs or furloughing decisions[27] and can also help support identification of incremental change and operational issues
Can **improve understanding of other stakeholders** such as customers, suppliers and local communities owing to workers' direct contact with these groups
Helps directors to fulfil UK Corporate Governance Code requirement (provision 5) to engage with the workforce
May support more balanced remuneration discussions and decisions which better ensure fair pay arrangements[28]

[22] *Research Report on the Effectiveness of Oversight Committees: Decision-Making, Governance, Costs and Charges (Tilba et al, 2016).*

[23] *A Better Bargain: Worker Voice and Representation (American Compass, 2021).*

[24] *Worker voice in Corporate Governance (High Pay Centre, abrdn Fairness Foundation, 2022).*

[25] *Workforce engagement and the UK Corporate Governance Code (FRC et al., 2021).*

[26] *Governing Culture: Risk & Opportunity? (Tomorrow's Company, 2016).*

[27] *Johannes Huth, KKR, said that "in difficult times, having worker representatives on boards helped to implement furlough type programmes and facilitated communications with the workforce" (FT City Network panel, 2018).*

[28] *Unionised employees in the US earned 13.2% higher wages than non-union employees (controlling for occupation, gender, race, ethnicity, geographic area, education and years of experience). There is also some evidence that unionisation has helped to bring living wages to low-wage jobs and close ethnicity pay gaps (WDI, 2022)*

INVESTOR GUIDANCE ON WORKFORCE DIRECTORS

Role, Recruitment, Retention and Reporting

We encourage companies to demonstrate a genuine commitment to at least considering workforce directors as a way to improve long-term value in the interests of all their stakeholders. Specifically, we expect companies to have regard to the following good practice principles on workforce directors, which we segment into "Role", "Recruitment", "Retention" and "Reporting". We are conscious that some jurisdictions have specific requirements around the processes for recruiting workforce directors and acknowledge that firms must primarily operate within the relevant legal and regulatory frameworks.

We understand that for most companies, particularly in the UK and US, considering workforce directors is a departure from normal board director practice. We would welcome the opportunity to collaborate with and support any company that is thinking about the potential benefits of workforce directors for their organisation.

As global, long-term investors, we can bring our experience from discussions with a wide range of other firms and organisations to a conversation on this issue. We also promise to flag this issue to our managers (where relevant), listen to companies' perspectives and explanations and be vocal in our support of companies – including on relevant management and shareholder resolutions – where a meaningful approach has been undertaken on workforce directors[29].

We provide the following guidance in the spirit of co-operation and partnership, and in response to portfolio companies asking investors for support and suggestions on workforce directors. Although we do offer some specific thoughts, as always we would expect companies to take a tailored approach that works best for them and explain their rationale.

[29] *We also note that there are many examples in the US and UK of unlisted companies with extensive experience of recruiting board directors from the wider workforce. The 2017 ICSA and IA guidance has examples of this, including the John Lewis Partnership. Many of the opportunities (and challenges) faced by private companies will be the same as for their listed counterparts.*

Investor Guidance on Workforce Directors

ROLE

- Consider alongside other engagement mechanisms
- Be clear that role has the same fiduciary duties as other directors
- Consider broader impact on board composition
- Appoint on same contractual basis as other directors
- Support on management of conflicts of interest

RECRUITMENT

- Explicitly incorporate input from the workforce
- Consider involving board recruitment firms
- Consider selection vs. election (we prefer a hybrid approach)
- Undertake outreach to workforce during process
- Act early on succession planning

RETENTION

- Ensure a structured induction and training process
- Work closely with the board Chair to create an inclusive environment
- Be mindful of workforce directors' priorities when setting meetings
- Ensure that board meeting discussions do not become 'segregated'

REPORTING

- Discuss approach on a 'comply or explain' basis
- Disclose in line with best practice reporting on workforce issues
- Include the workforce director(s) in the plan for reporting on progress back to the workforce

Role

When establishing the role of a workforce director, there are things we encourage companies to do.

Consider how workforce directors would work alongside other mechanisms for understanding the worker voice.

We would not expect a workforce director to be appointed in isolation from other workforce engagement mechanisms, or to be appointed with a specific remit to represent the workforce in mind. Instead, this role should be complementary to existing mechanisms such as surveys, or interactions with relevant trade unions, which exist specifically to represent the broader workforce perspective.

Be clear that workforce directors have the same fiduciary duties as other directors, and are not there to represent 'the entire workforce'.

Workforce directors should not be considered a 'delegate' of the workforce, nor should they be considered able to represent the views of the whole workforce. As with any other director, they have duties to ensure the success of the company more broadly, In the UK, this is encapsulated through the concept of section 172 duties. They also have a duty of confidentiality to the company i.e. information acquired as a director should not be disclosed other than with permission or in the interests of the company.

Although there will naturally be some tension for the workforce director(s) given their dual role as worker and director, training on confidentiality may well be sufficient to address this issue.

For companies which are diverse either geographically or operationally, it may be helpful to have more than one workforce director. However, we do not think that having an employee who operates in a different jurisdiction to where the company is headquartered is an insurmountable barrier to appointment as a workforce director. It is quite common for international companies to have international boards, with director training specifically designed to include background on the relevant governance and director duties.

Consider the impact on broader composition of the board.

We would not want to see workforce directors form the majority of board directors. We believe this would have negative implications for the ability of the board to exercise independent oversight that incorporates a diverse range of viewpoints.

Workforce directors will not be considered independent directors. Companies should consider the implications for the proportion of independent vs. non-independent directors on the board, in the context of market norms and investor expectations. We would not expect the appointment of one or more workforce directors to 'tip' the board into a majority of executive or non-independent directors[30].

However, we encourage companies appointing workforce directors to use the "explain" mechanism in their relevant Corporate Governance Code. That is important if they believe the benefits of appointing a workforce director outweigh the drawbacks of having a minority independent board, or if there are any implications for the diversity of the board and relevant thresholds. As investors, we commit to remaining open-minded, to carefully considering any such explanations and to shaping our voting policies in a way that means we do not inadvertently vote against workforce directors. We will also communicate our views on this to the proxy adviser community[31].

Previous research has suggested some workforce directors felt unfairly excluded from Audit Committee and Remuneration Committee discussions[32]. Our usual preference is for fully independent Audit and Remuneration Committees, but we would consider thoughtful rationales for the appointment of a workforce director to these committees. This is especially the case for inclusion of a workforce director in Remuneration Committee discussions, where we think that a broader perspective could be particularly helpful[33].

More broadly, appointment of one or more workforce directors should also be complementary to existing good corporate governance practices[34]. This includes putting the workforce directors, to an annual shareholder vote as would happen with any other director. This means that shareholders are given the opportunity to express their view on the (re-)appointment. We believe that both shareholders and workers should be given the opportunity to express a view and input into the workforce director recruitment and (re-) appointment. Please see the Recruitment section for more details.

[30] This is what happened at JD Wetherspoon in 2021, where NEDs are now outnumbered 6:4 as a result of the changes and appointment of new workforce directors. Please also see Further resources for further details.

[31] One suggestion that we would encourage all proxy advisers to consider is potentially removing workforce directors from the independence assessment (though care would also need to be taken to ensure the director is genuinely drawn from the wider workforce). We note that Glass Lewis has done so in its 2023 Policy Guidelines for the United Kingdom. In the interim, we encourage other investors to make allowances for workforce directors within their own assessments of board independence, tenure and diversity.

[32] Good for Business? Worker Participation on Boards (TASC, 2012)

[33] Companies may wish to consider a hybrid role for the workforce director(s) on a Remuneration Committee, for instance where the director is present but does not have a formal voting role on the Committee, or where there is a duty for the Committee or a Committee representative to consult with the workforce director(s) separately.

[34] The UK case studies in particular (please see Further resources) indicate that appointing a workforce director at a company that is unwilling to tackle existing issues in corporate governance, for instance where the board is unable to exert genuine oversight on a founder CEO or CEO/Chair, will rarely be impactful.

Appoint workforce directors on the same long fixed-term contracts as other directors to align their interests with those of long-term shareholders.

Firms should aim for consistency of approach, including on issues such as term limits, shareholding guidelines and other incentivisation measures. We leave it to firms to work out the appropriate compensation package, but encourage consideration of similar package for a workforce director as for any new director with commensurate responsibilities[35]. As the employer, it would be necessary to agree and support additional time off for travel, training and board meeting attendance.

Companies should consider the appropriate term limits for workforce directors. We suggest a similar approach to those for non-executive directors, but in any case no less than three years given the need for training and settling in.

Companies should also consider what would happen upon cessation of employment at the company, given that it will take time for a workforce director to be fully on-boarded and the importance of a continuity of perspective and institutional understanding.

Ensure an appropriate process for managing the specific conflicts of interest that arise.

As with any other director, the workforce director should operate within the parameter of common directors' duties i.e. to promote the success of the company. This will entail maintaining the confidentiality of board discussion, including on issues such as a potential merger, acquisition or takeover.

Companies, and particularly the board Chair, should ensure the workforce director receives full training on conflicts, as they would with other directors. As previously stated, we do not see any reason why workforce directors should be considered particularly susceptible to conflicts, over and above other executive directors such as a CEO or CFO.

Recruitment

When recruiting a workforce director, there are things we encourage companies to do.

Explicitly incorporate input from the workforce on the choice of workforce directors.

To be truly effective, the workforce director needs the trust and buy-in not only of the board directors, but also the broader workforce. The whole workforce should have an opportunity to feed in thoughts on the process, role and potentially the individual themselves at some stage in the recruitment process. This could be through surveying members, or through using existing workforce engagement forums[36]. It is important not to rely on previous relationships and channels, as these may only reach a sub-section of the workforce. Inclusivity and transparency throughout the process is key.

We do not support a recruitment process where workers have no say in the appointment or selection. Our opposition is not only principle-based. Anecdotal evidence suggests that where the recruitment of a workforce director is purely driven by the board, some successful candidates feel a sense of loyalty "upwards." Such loyalty is likely to be detrimental to the level of healthy debate and challenge on the board.

Consider whether to use their usual board recruitment firms in the appointment of workforce directors.

The use of familiar board recruitment firms may ensure that those supporting recruitment are already familiar with the company and its directors. It may also mean they are well-placed to understand the precise skills and attributes a workforce director should bring to the discussion, beyond the broader workforce experience.

However, we note ongoing concerns from some companies that their recruitment firms may not have the right skillset to recruit diverse candidates i.e. they may not have the appropriate contacts or understand the company-specific communications mechanisms that will best reach the whole workforce.

Where board recruitment firms are used, evidence shows that effective recruitment and advertisement processes will combine this experience and perspective with input from across the wider workforce. As investor signatories, including some scheme investors with member-nominated trustees on their own pension scheme boards, we would be happy to discuss this guidance and share thoughts with recruiters where portfolio companies think it would be helpful[37].

[35] *In some industries, the director remuneration is likely to be significantly additive (proportionately) to the worker's overall salary package. This emphasises the need for a transparent, robust recruitment process.*

[36] *For instance, First Group's main board employee director is nominated from a forum of 14 local employee directors, who have been elected by the workforces in their respective operating companies.*

Consider whether selection or election is the appropriate approach to the initial candidate appointment[38].

There are merits to both approaches and the appropriate choice will depend on the nature of any potential electorate. A selection process which aligns as far as possible with the usual approach to director recruitment could maximise the chances that a workforce director has the range of skills and attributes required of most directors[39]. An election process would enhance buy-in from the workforce.

However, experience from UK and US companies indicates that a hybrid approach, combining elements of both selection and election, can be effective and supports the successful recruitment of high-quality candidates who understand their commitment to all stakeholders and are fully committed to the long-term, sustainable success of the company more broadly[40].

Undertake outreach to the workforce during the recruitment process.

Companies should take time to advertise and speak to the workforce about the director role in an informal and inclusive setting. Doing so helps manage expectations about what the role entails and should ensure a better-tailored pool of candidates. However, care should be taken to articulate and explain the role to individuals who may not have the 'typical' board director background to ensure a wide pool to choose from. Emphasising the transferable skills that would be developed, as well as the existence of an extensive, tailored training programme and other available support, will be important to attract candidates.

Act early on succession planning.

Consideration of one or more workforce directors should be incorporated into the usual director succession planning process. However, additional time may be required to develop the pipeline of suitable candidates. It may be useful to create a 'pool' or 'shadow board' using candidates who fail to be appointed as a workforce director in the first instance, but who still have many of the attributes required or demonstrate particular promise. This would allow for development and training in advance of future selection rounds.

Retention

To support retention of workforce directors, there are things we encourage companies to do.

Ensure an appropriately structured induction and training process for workforce directors.

A workforce director might not have any prior experience of board behaviours, governance or company law. Companies should commit to ensuring the appropriate environment for workforce directors to succeed and set up training at least a few months in advance of the director(s)' first meeting.

Companies should also encourage workforce directors to take ownership of their own training plans and be open to training suggested by the workforce directors themselves.

An appropriate approach and environment could involve fostering a culture of mentoring[41]– including reverse mentoring – between existing directors and the workforce director(s)[42]. We would also suggest work is undertaken to help build a good relationship between the workforce director(s) and the company's HR or People Director. This will be important for helping the workforce director understand the implications and use of people data.

Work closely with the board Chair to create an inclusive atmosphere.

The Chair of the board is key to ensuring all directors feel able to contribute to the best of their ability, and should keep a close eye on board dynamics, including through the Board Effectiveness Review. Specifically, the board Chair should help develop and monitor the development of workforce directors. The Chair should ensure other directors understand and respect what the workforce director brings to the board, recognising that some adjustment may be needed.

Be mindful of the workforce director(s)' priorities when arranging meetings.

Depending on the nature of the workforce director(s)' employee roles, seniority, lifestyles and other commitments, they may have a schedule that diverges from those of the other directors. Care should be taken to ensure attendance at meetings – an important part of effective corporate governance – is made possible for all directors.

[37] *Contact details for the group of investor signatories can be found at the end of this document.*

[38] *Please note that this is separate from the opportunity for workforce directors to be part of the usual director election/re-election process by shareholders: an approach we support.*

[39] *Although a hybrid approach to workforce directors is considered to be most effective, where a company chooses to go for a pure selection process, they should do their utmost to ensure that the individual selected is independent-minded and able to offer a frank and, where necessarily, constructively critical voice at times.*

[40] *This transcript of prominent business voices from 2016 gives a useful insight into characteristics of successful recruitment of workforce directors FT City Network transcript: Workers on boards | Financial Times*

[41] *"Reverse mentoring" is where a professional who is earlier in their career mentors someone more well-established (senior). It is likely that a workforce director will have less experience as a director than their peers on the board and, given their closeness to the broader workforce perspective, it is also likely that reverse mentoring could be particularly valuable.*

[42] *In their 2017 guidance on the stakeholder voice, ICSA and the IA note the example of the John Lewis Partnership where "the three independent non-executive directors act as informal mentors to the five directly elected employee (partner) representatives on the board, meeting with them and being available before board meetings to discuss matters on the agenda and how any concerns or issues might be addressed."*

Ensure that the practice of board meetings does not become 'segregated'.

There is some evidence that a few companies with workforce directors (and unitary boards) in practice take a two-track approach to discussions. This includes one set of 'private' discussions where sensitive issues are discussed, excluding the workforce director(s), and then the broader, 'full' board meeting which includes the workforce director(s). We would strongly discourage this approach. It is contrary to the concept of inclusive boards that consist of equal peers, and runs counter to the concept that a workforce director has the same duties as any other. Taking this approach is likely to demotivate the workforce director(s) and risks signalling to the broader workforce that a company's approach to workforce engagement at board-level is only skin-deep.

Reporting

When it comes to reporting on workforce directors, there are things we encourage companies to do.

Discuss their approach to the appointment of workforce directors in investor-facing communications on a "comply or explain" basis.

We are mindful that many UK listed companies are already required to explain their approach to workforce engagement mechanisms under the UK Corporate Governance Code (2018 update). Companies from all jurisdictions should consider building on the disclosures of their engagement mechanisms. Where companies have chosen to appoint a workforce director, an explanation outlining why the organisation has chosen this specific engagement method and how they will monitor their current arrangement to ensure it remains effective could be included.

Disclose in line with best practice reporting on 'people'.

Where companies have appointed one or more workforce directors, we would welcome a discussion of the recruitment process and rationale for the approach taken in their Annual Report. This should include any lessons learned and next steps, where relevant. We recognise that in the wake of Covid-19 many companies have sought to expand their 'people' discussions in their public disclosures. However, Railpen's recent work with the Chartered Institute for Personnel and Development (CIPD), High Pay Centre and the Pensions and Lifetime Savings Association (PLSA) found that, while quality and level of workforce reporting has improved, some companies failed to substantiate their claims about the extent of their workforce engagement with concrete examples and learnings i.e. in a way that helps investors assess whether a meaningful approach was taken[43].

For UK companies specifically, what is listed as a workforce concern within a s.172 table or discussion should then be addressed in the report, instead of focusing the discussion on other workforce issues. Clarity on the s.172-specific workforce issues that have been raised by workers themselves, as opposed to views from senior management, is also welcome.

Include the workforce director(s) in the plan for reporting on progress back to the workforce.

It is highly likely that, with their experience of being part of the wider workforce, the workforce director(s) will have particularly useful input on the best way to communicate and achieve a genuine two-way dialogue with company workers. It may also be appropriate for the workforce director(s) to become 'the face' of the board to the workforce, although this would need to be carefully managed, with messaging that makes clear that board decisions are a collective board responsibility.

[43] *Our group offers further guidance on what best practice workforce reporting looks like, including on workforce engagement and voice in the report: How do companies report on their 'most important asset' (2022).*

NEXT STEPS

Just as there is no single ‘right’ way to incorporate the worker perspective more broadly, so there is no single best approach to workforce directors.

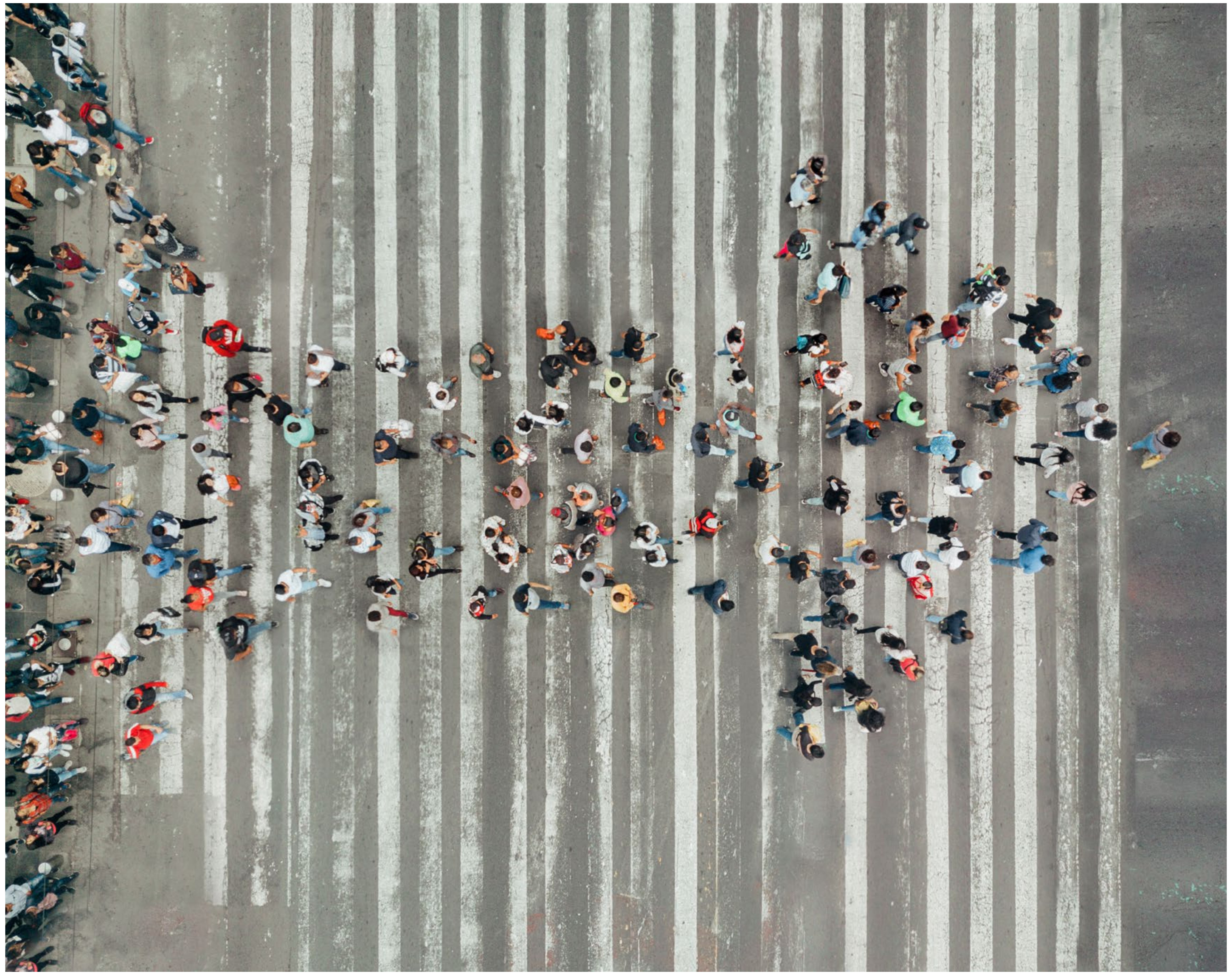
However, we hope that our guidance – which builds upon both academic and practical evidence – is helpful in demonstrating the characteristics of what is likely to be a meaningful way forward for companies who are interested in incorporating the workforce director perspective into board discussion and decision-making.

We recognise the extensive steps policymakers in the UK, US and elsewhere have already taken to encourage consideration of workforce directors as a valuable engagement mechanism. We look forward to engaging further with regulators and government officials, as well as financial market participants, to consider other opportunities for creating an environment that supports companies to take a meaningful approach that works in the interests of firms, investors and workers alike.

For further information, or to arrange a conversation with Railpen or any other investor signatories on this issue, please contact:

Caroline Escott,
Senior Investment Manager
– Sustainable Ownership,

@ caroline.escott@railpen.com



FURTHER RESOURCES AND EVIDENCE

For companies, investors and other stakeholders who are interested in finding out more on workforce directors, here are a selection of case studies, survey results and academic evidence.

For companies, investors and other stakeholders who are interested in finding out more on workforce directors, there are a selection of case studies, survey results and academic evidence below.

Summaries are in our own words, but we have included details of the source documentation and encourage readers to refer to those where the original research is of particular interest

This list is not intended to be exhaustive. There is a wide variety of models that have been implemented by companies so far, some of which differ from the proposed approach we outline here.

On academic papers specifically, some research starts from a fundamentally different concept of a workforce director to our preferred model i.e. that their role is to be a 'workforce representative' and not, as we suggest, where a workforce director has the same fiduciary duties as any other director, but happens to also bring experience of being a member of the broader workforce.

Case studies and surveys

Workforce Engagement and the UK Corporate Governance Code (Financial Reporting Council, Royal Holloway University of London and the Involvement and Participation Association, 2021)

Explored here are evolutions in UK company practice on workforce engagement since the 2018 update to the UK Corporate Governance Code. The report provides case studies of worker directors, including information gathered through discussion with companies. It notes "the few examples of worker directors offer valuable lessons that confirm this approach is not incompatible with the UK corporate governance framework. Worker directors played a valuable role in the firms we looked at, engaging fully in board deliberations and discharging their legal duties without issue, as well as honouring the trust placed in them with confidential information."

Good for Business? Worker Participation on Boards (Think-tank for Action on Social Change (TASC), 2012)

This report, which focused on worker directors in Ireland, built on the findings of discussions with a focus group of nine worker directors, as well as interviews with non-worker board members, company executives and independent experts.

Findings included that:

- over 75% of respondents viewed worker director contributions as "positive and unique"
- more than 50% of those interviewed said it was important to have a contrary voice on the board in conjunction with the need to avoid groupthink and promote diversity.

However, while a significant majority of interviewees felt that the worker director system should be extended across the public sector, a small majority felt that this would not be appropriate in the private sector.

FT City Network – Workers on Boards (Financial Times, 2016)

This is a transcript of a conversation that took place in 2016, at the time of then Prime Minister Theresa May's plans to put employee representatives on company boards. The City Network brought together over 60 senior City figures to answer whether "the City [should] be for or against the idea of employee representatives on Boards?"

A range of different views were shared. Johannes Huth, a Partner at KKR, said "We have always found the employee representatives well-informed about the business that they were in and the discussions constructive. In difficult times, having worker representatives on boards helped to implement furlough type programmes and facilitated communications with the workforce." Simon Walker, then Director-General of the IoD, said, "broadening the pool of potential directors should – hopefully – acknowledge that [employees...are perhaps more vulnerable when things go wrong], as well as providing a useful antidote to groupthink."

However, Paul Manduca,then Chair of Prudential,said that, "having chaired a pension fund I found those without professional expertise unable to contribute significantly but those trustees may possibly have given some comfort to scheme members.[44]" And Dame Alison Carnwath, the LandSec Chair, called the proposals "sketchy" and noted that "the government has more important issues to deal with".

High Pay Centre/abdrn Fairness Foundation – business leader interviews

As part of their 2022 report Worker voice in corporate governance, the report authors interviewed business leaders at companies in the UK and EU, including some who had worker directors elected by the workforce, or were thinking of doing so. Where business leaders had experience of worker directors, they were universally positive:

"It works, and actually it's stellar for employee engagement, because they go back and they are part of the decision-making process; there's absolutely no question about it. I think we underestimate the ability of the workforce to elect the right people... They genuinely add value –
they add value in the debate, but they also add value in the clarity you put on papers when you know the workforce are going to read it."

"From a diversification point of view, it gives a different view completely. We have seven male board members and one female board member on our board at the moment, so I think a worker director would bring a different perspective."

The researchers also noted that "the majority of business leaders gave arguments against worker directors." These arguments typically centred around concerns as to whether a workforce director could represent a large and diverse workforce, and whether they would have the skillset necessary to follow and contribute to boardroom discussions on complex boardroom issues.

However, the report argues that workforce directors should not be appointed as representatives expected to act as proxies for the entire workforce, but to broaden the range of professional and life experience in the boardroom, and to enhance operational understanding of the company. It addresses the point around technical knowledge, arguing that workforce directors might lack experience of specialist topics but that it is inappropriate to assume that as a result they are unable to follow and contribute to the majority of boardroom discussions; moreover, they would likely add expertise in areas other board members were lacking regarding employee-related issues. The authors note that it is the collective experience/expertise of boards that is most important, rather than that of individual members.

Case study: Delta (USA)

Delta has an arrangement with the collective bargaining representative for Delta pilots, the Air Line Pilots Association International (ALPA),,whereby ALPA can nominate a "Pilot Nominee" for election at the Board's AGM. The current "Delta pilot representative" is "not separately compensated for his service as a director[45]". The current Pilot Nominee is Christopher Hazleton. He sits on the board as well as the Safety and Security Committee (which oversees customer, employee and aircraft operating safety, security and customer and employee health).

Case study: Capita (UK)

Capita appointed two employee directors in 2019. It emphasised the "intensive training course" for its directors, including on areas such as investor relations. This was supplemented with additional specific training, with one employee director taking an accountancy course. The chief executive said "the employee directors bring an understanding of the organisation that is very different to the rest of the board...this has been particularly important over the past year when the pandemic has prompted such a shift in how we do business and how we interact with our colleagues.[46]"

The reaction from investors has generally been positive. Both ISS and Glass Lewis supported the presence of the employee directors on the

[44] *However, we note that this view runs contrary to the experiences of several of the scheme investor signatories to this expectations document, many of which are governed by a trustee board which includes member nominated trustees (MNTs) and who have found significant value is gained from MNTs' insights and experiences.*

[45] *DELTA AIR LINES, INC. - DEF 14A (sec.gov)*

[46] *'We have different input': Capita's first employee directors make their mark | Corporate governance | The Guardian*

Remuneration Committee. However. Glass Lewis has raised concerns about the presence of one of the employee directors on the Audit Committee.

Case study: FirstGroup (UK)

FirstGroup has had an employee director since the company was created in 1992. Each division elects an employee representative to sit on their divisional board. The main board employee director is then elected by this group of divisional employee representatives from their ranks. The current Employee Director, Ant Green is not considered to be independent. He is a member of the Responsible Business Committee, attends the Remuneration and Audit Committees and chairs the Employee Directors Forum[47]. The company also recognises trade unions, and the current employee board director is a union member.

Martin Gilbert, Chair of the FirstGroup Board until 2014, was complimentary about the impact of the employee director. He said: "I can vouch that the non-executives benefited from the presence and input of the employee director. We consulted them when we wanted to find out what was happening at the coalface, and the executive directors regularly bounced ideas off them. Employee directors were also beneficial for internal morale. They were great ambassadors when the board travelled to visit operations, facilitating better connections for us with the workers at the various depots[48]."

Case study: Frasers Group (UK)

In 2018, Cally Price was elected to a *"worker representative"* role at Frasers, before going on to sit on the board[49] *as a "non-executive Workforce Director"*. She is a visible representative of the company, for instance giving quotes in press releases and investor statements about employee matters such as an employee bonus scheme[50].

The 2022 Annual Report notes that the "Workers' Representative has a unique insight into the Group and will speak on behalf of the Group's workforce at all scheduled meetings of the Board, in order to facilitate a healthy and constructive dialogue." The Annual Report carries a statement from Price which also notes that "this year, I have attended both the Remuneration and Nomination committees, so I have full transparency and insight into everything at Board level."

Case study: J.D. Wetherspoon (UK)

In December 2021, J.D. Wetherspoon appointed four worker directors to add "more pub experience" to the board. It noted that it had received more than 100 applications and had appointed two employees to full director status as well as two "associated directors" from amongst the pub managers. The founder Tim Martin said that "a successful pub company depends primarily on gradual improvements, based on suggestions from employees" and that the new directors "will extend this approach to board meetings and will help to preserve the culture of the company for the future".

The 2021 Annual Report[51] noted that "all four worker directors started on the "shop floor" and eventually became successful pub managers. Three have been promoted to regional management roles. They have worked for the company for an average of 24 years." Each worker director has been appointed for a term of three years. The full directors sit on the Board but no Board committees. While NEDs receive £54,000 in compensation, each of the employee directors receives £5,000. Employee directors are, unlike NEDs, not eligible to receive bonuses.

[47] FGP ARA 2022 (firstgroupplc.com)

[48] Martin Gilbert: Workers on our board was a step in right direction | London Evening Standard | Evening Standard

[49] frasers.group/careers/why-frasers (Cally Price video - accessed 1st November 2022)

[50] 'Frasers Group urges shareholders to support £100 million employee bonus scheme | Retail News UK (apparelresources.com)

[51] jdwetherspoon.com/~/media/files/pdf-documents/investors/2022/annual-report-7-october-2022.pdf

Academic evidence (peer-reviewed)

The academic literature on workforce directors is relatively limited, with much of it focused on the impact of co-determination laws in Germany from 1976. These laws which require that, where a firm has more than 2000 employees, half of the firm's supervisory board – must consist of labour representatives.

Although the German approach is not directly analogous to what we propose here i.e. one (or more) workforce directors in a unitary board system of corporate governance, we consider that there are useful lessons that can be drawn more broadly. This is particularly the case when we combine it with some of the wider evidence base on the impact of formal systems of workforce voice and representation.

Evidence has been found both of positive and negative impacts of worker representation specifically, but there is general agreement on the positive impact of good employee engagement on financial performance and employee motivation and productivity.

Co-determination and Innovation
(Kraft, K., Stank, J., and Dewenter, R., 2009)

The authors find that, contrary to "[the frequent supposition] that at the very least co-determination will increase the time needed to reach decisions [which may] negatively affect the introduction time of process and product innovations", there is "no evidence that co-determination slows down technological progress and reduces innovativeness".

Co-determination, Efficiency, and Productivity
(FitzRoy, F.,and Kraft, K., 2004)

The authors use panel data for 179 German firms, from 1972 – 1976 and from 1981-1985, to allow for adjustment to the 1976 law on co-determination. The authors note that, even though both periods contain severe recessions – meaning the sample if anything would be biased towards "exaggerating the costs of co-determination" – the results suggest a "significant, though small, positive influence on productivity from the 1976 strengthening of co-determination laws."

Does Good Corporate Governance Include Employee Representation? Evidence from German Corporate Boards (Fauver, L., and Fuerst, M., 2006)

The authors find that when the workforce has a detailed knowledge of firm operations, workforce representation brings "valuable first-hand operational knowledge to corporate board decision-making". The authors show that the "judicious use of labour representation increases firm market value and that the greater the need for co-ordination within the firm, the greater the potential improvement there is in governance effectiveness."

Engaging for success: enhancing performance through employee engagement – a report for Government (Clarke, N., and MacLeod, D., 2009)

The authors cite several other studies in their chapter on the evidence of positive impact of better employee engagement. It says that "those companies with a highly-engaged workforce improved operating income by 19.2% over a period of 12 months, while those companies with low engagement scores saw operating income decline by 32.7% over the same period". It also references a 2006 Gallup poll that found that "more highly engaged employees [take] an average of 2.7 days [sickness absence] a year compared with disengaged employees taking an average of 6.2 days per year."

Employee Representatives on Company Boards in Sweden (Levinson, K., 2001)

This cited a survey of Swedish company executives on their views of "worker board representatives." It found that 61% of managing directors thought the impact of these representatives on their company was positive (only 9% found it negative). 69% of company chairs in the same survey thought that the impact on the company was positive.

Lifting Labor's Voice: A Principled Path Toward Greater Worker Voice And Power Within American Corporate Governance
(Strine, L., Kovvali, A., and Williams, O., 2021)

The authors suggest a "coherent supporting framework" which will allow for greater worker voice within the American corporate structure. They address the challenges facing a minimal co-determination regime in the United States and suggest broader reports "that would increase worker voice and improve worker wellbeing now, while facilitating the eventual adoption of an effective and efficient system of board-level representation for American workers." These steps would include new requirements of large corporations in the US to respect the interests of all stakeholders, including workers, and to focus on sustainable growth as well as enacting labour law reform which would reinvigorate workers' rights to join a union and authorise sectoral bargaining.

Responsible Corporate Governance: Towards a Stakeholder Board of Directors?
(Ayuso, S., and Argandoña, 2009).

The authors argue that diverse stakeholders on the board will not only promote the firm's CSR activities, but will also increase board capital – by which they mean not only human capital but relational capital e.g. ties to strategically relevant organisations or stakeholder groups. They theorise that this could ultimately lead to a better financial performance. Key stakeholder constituencies include the workforce, and they explore other authors' findings on codetermination and the impact on financial performance.

A Team Production Theory of Corporate Law
(Blair, M. and Stout, L., 1999)

The authors argue that workers serving on corporate boards are able to participate in business decision-making and create greater visibility and consideration for the effects of those decisions on workers. This in turn helps build trust which should be positive for financial performance.

Workers on Boards (Edmans, A., 2017)

The author cites other academic evidence including Gorton and Schmid (2004) who find that German firms trade at a 31% valuation discount to those with one-third representation. Edmans also cites studies of US firms where employees "own a large stake and are thus involved in governance" which find that firms "take fewer risks, grow more slowly, create fewer new jobs and exhibit lower labour and total factor productivity." The author argues that "it is difficult for a worker representative to "represent" all workers" and that "worker representation is not a panacea".

SOURCES

All Aboard: Making Worker Representation on Company Boards a Reality (Trades Union Congress, 2016)

A Better Bargain: Worker Voice and Representation (American Compass, 2021)

Board-level employee representation in Europe: State of Play (Gold, M. and Waddington, J., 2019)

Bringing employee voice into the boardroom: a practical way forward (Tomorrow's Company, 2016)

Could Capita's move to put workers on boards fix capitalism's crisis? (Cable, V., City AM, 14th May 2019)

Corporate Governance Reform: The Government Response to the Green Paper Consultation (Department for Business, Energy and Industrial Strategy (BEIS), 2017)

Economic Democracy at Work: Why (and how) Workers should be represented on US Corporate Boards (Palladino, L. 2021)

Employees on Boards: Modernising Governance (LAPFF, 2019)

FT City Network – Workers on Boards (Financial Times (transcript), 2016)

Governing Culture: Risk & Opportunity? (Tomorrow's Company, 2016)

A Hidden Purpose at JD Wetherspoon (Investors Chronicle, 20th January 2022)

How do Companies Report on their 'Most Important Asset' (CIPD, High Pay Centre, Railpen, PLSA, 2022)

Lifting Labor's Voice: A Principled Path Toward Greater Worker Voice And Power Within American Corporate Governance (Strine, L., Kovvali, A., Williams, O., 2021)

New Perspectives on Industrial Policy for a Modern Britain (Ed. Bailey, D., Cowling, K., Tomlinson, P., 2015)

Prosperity and Justice: A Plan for The New Economy (Institute for Public Policy Research, 2018)

Research Report on the Effectiveness of Oversight Committees: Decision-Making, Governance, Costs and Charges (Tilba, A., Baddeley, M. and Liao, Y., 2016)

The Stakeholder Voice in Board Decision Making (ICSA/The Chartered Governance Institute and Investment Association, 2017)

Workforce Engagement Mechanisms (poll) (GC100, 2018, summarised in Practical Law)

Workforce Engagement and the UK Corporate Governance Code: A Review of Company Reporting and Practice (Financial Reporting Council (FRC), Involvement and Participation Association (IPA), Royal Holloway – University of London (2021))

Workers on Boards (Edmans, A., 2017)

Worker Voice and Representation Briefing (Investors) (Workforce Disclosure Initiative (WDI), 2022)

Worker voice in corporate governance (High Pay Centre, abrdn Financial Fairness Trust, 2022)

Workers on Boards: the case for worker voice in corporate governance (Trades Union Congress, 2013)

ACKNOWLEDGEMENTS

We are grateful to the many industry colleagues who took the time to feed through their thoughts, experience and expertise throughout the drafting of these expectations. Our sincere thanks to the following individuals (listed in alphabetical order):

Maureen Beresford (Financial Reporting Council)

Rachel Brougham (High Pay Centre)

Kelvin Ernest (Financial Reporting Council)

Jane Firth (Border to Coast)

Deborah Gilshan (Founder, the 100% Club)

Andy Griffiths (Investor Forum)

Luke Hildyard (High Pay Centre)

Emma Hunt (HSBC Pension Scheme)

Chris Hodge (Institute of Directors)

Bruce Jackson (Universities Superannuation Scheme)

Philipp Kloucek (Universities Superannuation Scheme)

Paul Lee (Redington)

Katharina Lindmeier (NEST)

Rosie Mackenzie (Workforce Disclosure Initiative)

Adam Matthews (Church of England Pension Board)

Tom Powdrill (PIRC)

Chris Rees (Royal Holloway, University of London)

Louis Ryall (NEST)

Victoria Sant (Investor Forum)

Diandra Soobiah (NEST)

Sheila Stefani (TPT Retirement Solutions)

Owen Thorne (Merseyside Pension Fund)

Janet Williamson (TUC)

Ben Willmott (Chartered Institute of Personnel and Development)

100 Liverpool Street, London, EC2M 2AT
SO@railpen.com

RAILPEN