

Investor Approaches to the Future of Work: Investing in Resilient and Equitable Companies

The future of work requires resilient and equitable companies

The COVID-19 pandemic forced an earlier-than-expected stress test for public companies that aspire to the principles of “**stakeholder capitalism**.” In many ways, the pandemic also offered a sobering reality check on the durability of shareholder-centric business models.

Stakeholder capitalism is the idea that companies have a responsibility to maximize value not just to shareholders but also to stakeholders, including employees, customers and their local communities. This might include:

- Delivering value for customers.
- Promoting fair treatment of employees and suppliers.
- Supporting communities.
- Generating long-term value for all stakeholders.

Source: Business Roundtable.

<https://www.businessroundtable.org/business-roundtable-redefines-the-purpose-of-a-corporation-to-promote-an-economy-that-serves-all-americans>



But the “new normal” we live in has also provided opportunities for corporations to redesign the workplace to promote resilient, innovative, secure and inclusive cultures and best practices in designing personal career journeys for the future. Identifying companies that illustrate resilient and equitable work cultures and workforces is ever more important as we transition back from the pandemic and seek to build on lessons learned from the last two years.

Using the framework on the following page as a lens can be an effective tool for those seeking to invest in companies that design long-lasting jobs with the power to attract, retain and empower employees.



Investor solutions to determine quality jobs

Sustainable and impact investors can use several proxies to assess a company’s ability to offer quality jobs. Amid growing investor demand and Securities and Exchange Commission “human capital” disclosure requirements for public companies, the dataset for social policies and programs that support quality jobs will continue to evolve and help inform improved investment decision-making. The chart below outlines various considerations in evaluating corporate treatment of stakeholders.

Security	<ul style="list-style-type: none"> ● Living wage: Does the company pay its workers a level of income sufficient to afford the basic needs of life? ● Healthcare: Does the company offer employees access to paid sick leave and provide adequate health and safety training?
Viability	<ul style="list-style-type: none"> ● Controversy screening: Has the company experienced any significant labor rights controversies? ● Community relief fund: Has the company provided financial assistance to the communities in which it operates?
Equity	<ul style="list-style-type: none"> ● Diversity, equity and inclusion considerations: Does the company offer programs and policies that promote inclusivity for women and people of color? What do hiring, promotion and retention rates look like? ● CEO-to-median-worker pay ratio: Does the company disclose executive compensation? How did executive leadership manage compensation during the pandemic?
Flexibility	<ul style="list-style-type: none"> ● Work-life balance: Does the company offer access to benefits for caretakers (e.g., parental leave, back-up dependent care, eldercare)? ● Training and education: Do company benefits include assistance for employees to pursue training and education to advance their careers?

Source: Investor proxies based on Security, Viability, Equity, and Flexibility framework from the NYU Center for Sustainable Business. “Quality Jobs and Worker Wellbeing Initiative.” March 2021.

¹ “New human capital disclosure rules: Getting your company ready.” PwC. April 29, 2021. https://viewpoint.pwc.com/dt/us/en/pwc/in_the_loop/assets/04292021itlhumancap.pdf



The future of the S in ESG investing

At Glenmede, we work to identify clients' investment and impact priorities, provide them with tools and resources to design customized portfolios, and set tangible goals and track progress against them. As data around corporate America's response to the pandemic continues to evolve, we anticipate being able to increasingly track the potential link between stakeholder-centric companies and performance. If we can gain any wisdom from the last couple of years, it is that resiliency, agility and flexibility are required for any modern company seeking to endure this challenging period and to rebuild stronger.

For information on investing in resilient and equitable companies, contact us at SustainableAndImpactInvesting@glenmede.com.



This article is intended to be an unconstrained review of matters of possible interest to Glenmede clients and friends and is not intended as personalized investment advice. Advice is provided in light of a client's applicable circumstances and may differ substantially from this presentation. Any opinions, expectations or projections expressed herein are based on information available at the time of publication and may change thereafter, and actual future developments or outcomes (including performance) may differ materially from any opinions, expectations or projections expressed herein due to various risks and uncertainties. Information obtained from third parties, including any source identified herein, is assumed to be reliable, but accuracy cannot be ensured. In particular, information obtained from third parties relating to "ESG" and other terms referenced in this article vary as each party may define these terms, and what types of companies or strategies are included within them, differently. Glenmede attempts to normalize these differences based on its own taxonomy, but those efforts are limited by the extent of information shared by each information provider. Definitional variation may therefore limit the applicability of the analysis herein. Any reference herein to any data provider or other third party should not be construed as a recommendation or endorsement of such third party or any products or services offered by such third party. Any reference to risk management or risk control does not imply that risk can be eliminated. All investments have risk. Clients are encouraged to discuss the applicability of any matter discussed herein with their Glenmede representative.