HR Network

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HR Network

The Growing Importance of 'S' in ESG



What is the 'S' in ESG?





- ESG rating agency, S&P, defines the 'S' in ESG in terms of the social factors that pose a risk to an organisation's financial performance
 - how it treats and interacts with its own employees and how it treats people in wider society
- 'S' in ESG looks at an organisation's workforce composition, working conditions and its working environment
- Supply chain management implementing codes of conduct within the supply chain which set out minimum standards in respect of employment rights, working conditions as well as commitment to human rights (anti–slavery and human trafficking)



What is Social Taxonomy?



- Growing momentum at European level for the development of a Social Taxonomy which would facilitate the assessment of an organisation's social performance using an agreed set of measures
- Final Report on Social Taxonomy was published in February 2022
- Social Taxonomy Report proposes a system to classify decent work, adequate living standards, wellbeing and inclusive sustainable communities
- 'Decent work" objectives include pay transparency, paying the living wage, decent working hours, formal working relationships, equal opportunities, reduction of pay gaps and job creation for young people

ESG Strategy



- Organisations can address the 'S' in ESG by putting in place a comprehensive ESG strategy:
 - Assess policies and procedures (bullying and harassment, health and safety, whistleblowing, diversity, equity and inclusion)
 - ➤ Identify areas for improvement
 - While Irish employment legislation sets minimum standards, the 'S' in ESG involves going beyond minimum legal compliance to implementing policies and practices that promote a more diverse, inclusive, equitable and sustainable workplace with a transparent reporting system

Business Case for 'S' in ESG



- 'S' in ESG is becoming increasingly important for companies striving to meet the expectations of employees, investors and consumers
- Higher ESG rating = higher employee engagement and retention rates, lower sick leave, greater profits
- Marsh and McLennan study most attractive employers have ESG ratings 25% higher than the global average
- ethical standards, (ii) that give employees a clear connection to a corporate purpose, (iii) that are diverse and have an inclusive culture and (iv) that promote a flexible working environment

ESG and Work Life Balance



Work Life Balance and Miscellaneous Provisions Act 2023

- statutory right to request remote working
- statutory right to request flexible working for caring purposes
- unpaid leave for medical care purposes (5 days)
- paid domestic violence leave (5 days)
- extension of the current entitlement to breastfeeding breaks

Code of Practice on the Right to Disconnect

- right not to routinely work outside normal working hours
- right to not be penalised

ESG and Working Conditions



Transparent and Predictable Working Conditions Regulations 2022

- Additional written terms of employment that employers must give to employees on commencement of employment and a new timeframe for providing them
- Maximum probationary period: 6 months (12 months for public servants)
- Employers will no longer be able to require exclusive service from their employees without justification
- Mandatory training must be at the employer's cost and take place during working time where possible
- Employees who have completed their probationary periods may request 'more predictable and secure working conditions'

ESG and Gender Pay Gap Reporting





Gender Pay Gap Information Act 2021 and Regulations

- GPG reporting began in December 2022 for companies with 250 or more employees, reducing to 150 or more in 2024 and 50 or more in 2025
- In scope employers are required to select a 'snapshot date' in June each year on which they will report GPG information relating to the preceding 12-month period. They are required to publish their GPG data within 6 months from that date.
- In scope employers must publish a statement outlining the reasons for the GPG and the measures they will take to eliminate or narrow the GPG

ESG and Pay Transparency



The EU Pay Transparency Directive

- Lack of pay transparency identified as one of the key obstacles to achieving equal pay
- Mandatory gender pay gap reporting in all EU member states
 - Additional gender pay gap reporting requirements in respect of 'category of employees'
 - Joint pay assessment (equal pay audit) if gender pay gap of 5%+ cannot be justified on objective or gender-neutral factors
- Pay transparency for job applicants and prohibition on employers asking job applicants about their pay history
- Employees right to information on individual pay level and the average pay levels broken down by gender
- Prohibition of pay secrecy clauses

European Sustainability Reporting Standards



Corporate Sustainability Reporting Directive

- Requirement for all large companies and listed companies to adopt and report on European Sustainability Reporting Standards
- Directive came into force in January 2023 and, over the next five years, the requirements of the Directive will be introduced on phased approach
- In scope employers are required to publish information in their management reports on:
 - equal opportunities (including gender equality, equal pay, training and development and employment of people with disabilities)
 - working conditions (to include secure and adaptable employment, wages, involvement of the worker, worklife balance and working environment)

What steps can employers take to improve the 'S' in ESG?



- Promote diversity, equity and inclusion in the workplace
 - Implement inclusive hiring practices to attract a diverse talent pool
 - Unconscious bias training
 - Workplace accommodations for employees with disabilities
- Support work-life balance by offering flexible work arrangements
- Implement employee assistance, return to work and wellness programmes
- Ensure that transparent and equitable reward and incentive schemes are in place
- Assess and monitor supply chain risks related to employment rights, working conditions and human rights practices
- Support community initiatives that align with the organisation's values and address social issues

Questions?



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Early resolution of workplace disputes using informal procedures and mediation



Dispute Resolution and Mediation



- 30 years of disputes and litigation
- Collective v Individual
- Internal Process
- External Process

Mediation



- Mediation Policy
- Mediation Training
- Workplace Relations Act, 2015
- Mediation Acts, 2017
- Zalewski case
- Circular 17/2017 use of mediation as an alternative dispute resolution mechanism in the resolution of workplace, contract and other disputes.

Mediator



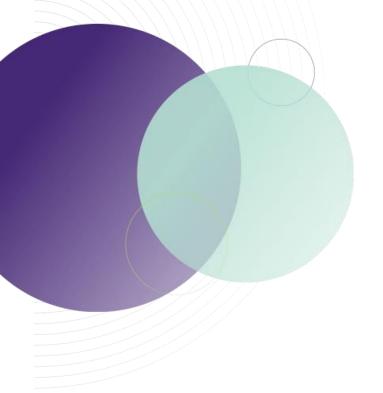
- Mediator's Role
- Facilitate the parties
- Options what does life without this dispute look like?
- Settlement Terms

Mediator



- Mediation Agreement
- Confidentiality
- "Without Prejudice"
- Pre-Mediation position paper/summary
- Costs

Factors



- Advisers; HR and Legal
- Authority to settle
- Insurers
- Non-Disclosure Agreements (NDA's)
- Emotions and personalities

Questions?



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