

Retention: A key challenge for investors in the long-term care, cleaning, and security sectors



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Executive Summary

01

In the midst of the so-called Great Resignation, with workers leaving their jobs in droves following the COVID-19 pandemic, retention and labour shortages have risen to the fore of company and investor attention.

For investors, retention and turnover represent the tip of the iceberg to understand the company culture and practice in workforce management. Some companies may deliberately choose to maintain a high turnover rate, reflecting an underlying culture viewing its workforce as expendable and replaceable. Doing so creates mounting costs for both companies and their investors. Turnover comes

with direct costs of staff replacement and training; indirect costs of staff shortages, departures of experienced staff, and ultimately risks to workforce effectiveness, service quality and business reputation. High staff turnover also creates hidden costs in the prioritisation of resources and impact on the reputation of a sector as a whole. Ultimately as seen in recent headlines, it can generate operational risks with the failure to met current demand and prospects for future growth, calling into question the sustainability of any business model built on perpetual churn of the workforce.



The services sectors, particularly those labour-intensive sectors hailed as essential during the pandemic, epitomise these issues. Within Europe, challenges in retention and turnover are acute and persistent in the private long-term care sector, and the property services sectors of cleaning and private security. These sectors have long struggled to attract and retain a sufficient workforce, but because of the low-paid workforce, this high turnover was previously not subject to the same level of attention. The shifting labour market today not only exacerbates these issues, but highlights the long-standing concerns.

To effectively address the issues in turnover and retention in these sectors, company strategies must address the underlying drivers of failing to attract and retain sufficient workers. Across the three sectors, the key drivers are the same: wages, working arrangements including health and safety and contracts and scheduling, wages, training and progression opportunities and social recognition of the sector. Underlying all of these factors, freedom of association, collective bargaining and representation are key to raise the bar in their role as serving as “enabling rights” that allow for realising these other improvements. Workers and trade unions have the expert knowledge on the problems workers face, and the ability to design and implement effective solutions to all of the other factors together with

companies. For these issues that cut across individual companies in Europe, sectoral social dialogue plays a particularly important role to address the issues across the sector as a whole.

UNI Global Union’s research surveying and reviewing the publicly reported data of 14 companies with more than 2.2 million employees in these

sectors found that **all companies that produce an annual report name turnover or retention as a key risk to the business.**

Company reporting, however, showed significant variation in levels of disclosure on both qualitative and quantitative indicators, with the most available reporting in the care sector. Nine of the 14 companies report their levels of turnover to some degree, although two only for their country of headquarters. These showed some degree of comparability by sector – with the greatest similarities seen in the long-term care sector, followed by the cleaning sector, and significant variations in the security sector. Overall, company disclosure of targets on retention – both overall and on specific elements of the strategy – is extremely low, which could either reflect a reticence to disclose internal targets or strategies adopted without targets in place. Only two companies, for example, disclose a specific target on turnover or retention, and one additional company a broader ambition.

Companies had considerable variation both between the topics and between each other in how they consider in their strategies the underlying factors identified of wages, working arrangements including health and safety, training and progression, social recognition of the sector, and freedom of association and collective bargaining. Working arrangements, including health and safety, had the highest number of companies reporting strategies and indicators. The second highest area of company attention in their reporting was training and progression. On the remaining areas of wages, social recognition of the sector, and freedom of association and collective bargaining an equal number of six companies reported on these as part of their strategies. However, on freedom of association and collective bargaining, more companies reported indicators than wages and social recognition. This may reflect a sense of the outcome of strategies on these areas as more dependent upon external factors, and so companies are less inclined to set targets or report indicators.

For the care sector, investors should consider participating in the [Investor Initiative for Responsible Care](#), which is backed by more than 130 investors with \$3.8 trillion in assets under management, and aims to improve working conditions and quality of care in the care sector. For each of these three sectors, property owners including many publicly listed Real Estate Investment Trusts (REITS), play an instrumental role and investors should also consider potential stewardship activities with these actors. Finally, alongside encouraging investee companies to do so, investors should also consult and collaborate with trade unions at national level and global trade union federations throughout the design and implementation of stewardship strategies.

With both the materiality and potential social impact of addressing retention and turnover, investors should use their stewardship to encourage both further disclosure and effective strategies from companies to improve their levels of retention.

Intro- duction

02



The COVID-19 pandemic illuminated the importance of workers in sectors often previously overlooked. Workers in many low-paid roles became considered “essential” from supermarket workers to cleaners in hospitals, carers looking after the elderly, and security guards now enforcing health and safety guidelines.

This pandemic spotlight has highlighted and exacerbated long-standing issues in the attraction and retention workers in these labour-intensive sectors, a challenge often swept under the rug in low-paid sectors. Now, the issues this creates in labour shortages and other operational risks have hit the headlines across many countries in what is dubbed the Great Resignation - from US restaurants unable to supply disruptions from a lack of lorry drivers in the UK.

This briefing will focus upon the issues of retention of workers within Europe in three of these sectors: the private long-term care sector particularly nursing homes, and the property services sectors of cleaning and

private security. It will summarise of the extent the problem of retaining workers in these sectors, and the impacts of this problem on businesses and in turn their investors. The brief will also examine potential solutions that address the root causes of the issues in retention. For key large, listed companies in these sectors, it will also provide a comparison of the indicators reported and strategies undertaken to address these issues based upon new research in a company survey and review of public company reporting. Finally, it will provide recommendations for investors to act to address this key labour challenge.

This report is based on evidence drawn from [literature review](#) and interviews with trade union representatives across Europe conducted by UNI Europa, as part of the EU-funded RETAIN project (VS/2019/0292). Company data is based upon the latest available publicly reported data as of 22nd June 2022 and additional information provided for this briefing from the companies via a survey conducted in the end of 2021 to early 2022.

**The extent of the
problem: Labour
shortages and
retention in the
care, cleaning and
security sectors**

03

Labour shortages in key sectors have become pronounced in many countries following the re-opening of the economy from the COVID-19 pandemic. In the sectors of long-term care, cleaning, and security, this has exacerbated issues of labour shortages and high rates of labour turnover that were significant issues predating the pandemic, and introduced the new barrier to attractiveness of the sector because of the real and perceived health risks of this contact-intensive work.

For example in property services sectors, in cleaning in 2020 the classification of “Cleaners and Helpers in Offices, Hotels” returned to the European Commission’s list of the most severe shortage occupations, at a higher ranking of shortages than previously in 2017. In private security, The European Confederation of Security Services reports an increasing lack of “skilled labour, both in terms of quantity and quality”, along with an ageing workforce that poses a challenge to the “entire sector” in responding to market demand.ⁱ Problems finding skilled workers affect 78% of private security companies in Germany, making it the most affected sector after temporary employment, and 55% in France.ⁱⁱ

In the long-term care sector, labour shortages are particularly severe due to the significant demand increase with the demographic shifts across Europe, compounded by long-standing problems in recruitment and retention including workers leaving

the long-term care sector altogether. The OECD estimates that in order to continue to provide five care workers per 100 people aged 65 and over, **the numbers of care workers will need, on average, to more than double by 2040 – an increase of 13.5m workers.**ⁱⁱⁱ Despite these needs, many studies have projected the number of long-term care workers to decrease in several countries.

Across Europe’s social services sectors, the Federation of European Social Employers surveyed 47 employers’ organisations and social services providers from 20 EU countries, and the United Kingdom and Norway. They found that 85% of respondents report they currently face staff shortages.^{iv} Close to 1/3 (30%) of respondents report strong staff shortages of more than 10% of unfilled job positions.^v In addition, most respondents (83%) reported an increase or strong increase in staff shortages in their respective countries since 2021. They also found that 73% report workers are leaving the sector entirely.^{vi} In the UK, for example, care home operators have warned that there could be 170,000 unfilled vacancies by the end of the 2021, equivalent to more than 10% of posts.^{vii} A survey by the National Care Forum found that eight out of 10 UK operators stated levels of service are under threat.^{viii}

The impact on business

04

For investors, these retention and labour shortages issues are key to understand on a sector-wide and company level. Turnover figures serve as an indicator that opens the door to understand a company's workforce strategy and wider business model. On a basic level, turnover figures can reflect whether a company takes the approach of viewing employees largely as a cost that can be perpetually replaced or if there a culture or investing and retaining staff to position itself as a business with a higher-skilled staff. These differing business strategies have significant implications for the bottom-line for businesses, and their investors in turn.

Labour shortages and retention have a business impact on several levels through:

1. Direct costs associated with staff replacement and training;
2. Indirect costs of staff shortages and the departure of experienced staff, in terms of workforce effectiveness, service quality and business reputation; and,
3. Hidden costs relating to the prioritisation of business resources and undesirable effects across the industries as a whole.

The direct and indirect costs of turnover can be a substantial cost to a business. Estimates of these costs vary from as at least 30-50% of a



departing employee's annual salary,^{ix} with The Society of Human Resource Management projecting the costs as amounting to 6 to 9 months' salary on average.^x

The direct costs of turnover include the costs incurred of recruiting replacement staff and inducting and training them,^{xi} and the more often overlooked costs of management and human resources time associated with processing staff departures and recruitment,^{xii} covering outgoing employees' hours, sometimes using overtime rates or temporary staff.

The indirect costs of high turnover and staff shortages can include losses of efficiency and productivity.^{xiii} For example, a study of the comparably labour-intensive London hotel industry, found that turnover created an outflow of important skills and experience, reductions in real and perceived managerial effectiveness, and interference in the personal development of employees and the quality of their training.^{xiv} Where persistent labour shortages lead to decisions to use outsourcing, this was found to contribute to a loss of expertise and joined-up working in the organisation that is outsourcing.^{xv} A broad review of academic literature found increased pressure on remaining staff from high labour turnover, along with reduced staff morale, and losses to "organisational memory".^{xvi} Cleaning specialists 4M point out how high turnover brings both decreased return on investment in employees and productivity losses during the learning

curve for new hires, as they get used to new duties.^{xvii}

A high churn of the workforce can also lead to damage to the reputation of a business and its

services, resulting from the perception among clients and service beneficiaries or the actuality of service inconsistency – for example, through inadequate performance of tasks by incoming staff.^{xviii} For example, an anonymised example of a major multinational private security company reports that competitors leveraged the bad image lent by high rates of attrition to successfully engage a client to terminate some contracts.^{xix} While high-turnover rates have in some settings been accepted in low-wage sectors because of the lower direct costs, these reputational impacts on quality are particularly pronounced in the sectors of cleaning, security and long-term care.

Cleaning and security both depend on customer satisfaction to retain and attract large clients, which is highly dependent of staff morale as well as sufficient personnel. Private security has particular challenges on the safety of the work, given the risks of the work and so accompanying need for training and good staff morale. Studies have found a link to financial performance. For example, a study of 30 private security firms in Kenya found that there was a statistically significant inverse correlation between financial performance and turnover

impact on service offered to customers and technical expertise, in addition to recruitment costs and lost productivity.^{xx}

In long-term care, a lack of staff and high levels of turnover creates serious risks in delivering quality care to residents creating financial risks from lower occupancy rates, regulatory fines or lawsuits, an even ultimately a social licence to operate in a sector highly dependent on government funding. Consistency of a caregiver makes a significant impact on the wellbeing of residents. On the flipside, understaffing, which can stem from an inability to attract and retain enough staff, has been tied to severe impacts for residents. For example, in the wake of the allegations at Orpea, LeMonde highlighted how earlier inspections by the regional health authority showed concerns in the treatment of residents based on the “use of short contracts and a significant ‘instability’ of the teams, which is accompanied by gaps in the supervision of new employees, who are ‘not trained in the prevention of mistreatment.’”^{xxi}

In the COVID-19 pandemic, for example, extensive academic evidence found lower staffing ratios significantly impacted the contagion of the disease, which had a severe impact also on the reputations of individual facilities and the sector as a whole. For example, in the UK, higher staff-to-resident ratios were associated with a lower risk of coronavirus infections, with a ten-percentage point increase in the bed-to-staff ratio associated with a 23% increase in infection.^{xxii} US studies

found a similar link, with a study finding that for every 20 minutes of additional registered nursing staffing time was associated with a 22% decrease in COVID-19 cases.^{xxiii}

Finally, there can also be a number of hidden costs of turnover. Foremost, Eurofound reports that **staff shortages and the financial burden of staff replacement can reduce the operational capacity of firms and require them to turn down and restrict services, limiting their growth potential.**^{xxiv} At a wider level, high turnover rates create dysfunctional workplaces and can taint the image of an industry, which can discourage new entrants to the workforce and encouraging others to leave, heightening the issue.

These business impacts have significant implications for investors. For example, research by Li et al shows that employee turnover is significantly associated with financial performance by firms. Higher employee turnover is linked to lower returns and increases operational uncertainty for future financial performance. The study was based on turnover data over a 10-year period of 3,612 companies and obtained from a leading labour market analytics company that continuously tracks and compiles data from the online profiles and resumes of employees.^{xxv} In addition, Morgan Stanley Investment Management,^{xxvi}

in partnership with Harvard Business School, analysed employee retention of nearly 2,000 public firms, finding a statistically significant relationship as well as strong evidence of causality between employee retention rates and stock returns.

Firms in the top quintile of employee retention had cumulative gains that were 25% higher, or 2.8 percent annualized, than those in the bottom quintile.

For the top quintile a year-over-year improvement in a company's employee retention implied positive alpha for its stock in the subsequent year 58.5% of the time. For the bottom quintile a year-over-year deterioration in a company's employee retention implied negative alpha in the subsequent year 77% of the time. The researchers attributed these relationships to result from links between employee retention with talent continuity, internal development, and cost efficiencies.



The tip of the iceberg: Turnover, retention and the business model

05

In addition to the business impacts of turnover and retention in themselves, they are key indicators for investors as they can represent the tip of iceberg to understand a company's workforce management approach. UNI's research on retention in the long-term care, security and cleaning sectors identified key underlying root causes of high turnover and sectoral-wide labour shortages as wages; and working arrangements including working conditions, health and safety, and precarious contracts and scheduling. Underlying all of these factors, freedom of association, collective bargaining and representation are a key enabler to solutions to raise the bar on these factors. This report will summarise these factors at play in these sectors, with further details available on these and the additional key factors of training and progression and social recognition of the sector in the literature review found [here](#).

While labour market factors certainly impact labour shortages, turnover and retention, the approach to the workforce has been shown to make a stark difference in the extent of the challenges for a firm or industry.

As PIRC reported on UK labour shortages for example, "Whilst Brexit and the pandemic are factors at play, their influence appears exaggerated: difficulties in attaining and retaining workers in certain jobs are, in fact, longstanding."^{xxvii} In contrast, their research surveying 1000 workers in the UK Hospitality, Social Care and Logistics and Transport sectors found a majority were considering leaving their jobs due to poor working conditions in their sectors. For example, 55% of respondents stated 'low pay' as a reason for considering leaving their job, and 42% of respondents stated that 'the job is bad for my mental health,' while this rose to 48% in social care.^{xxviii}

It is also worth noting that high turnover can not only reflect poor working conditions but can contribute to perpetuating them as company culture does not focus on making longer-term improvements and workers leave rather than stay in roles long enough to focus on securing improvements.



Wages

All three sectors of long-term care, security and cleaning are low-paid sectors - a key factor behind workers leaving the sector for alternative employment.

In long-term care, the OECD found that workers receive a median wage of EUR 9 per hour, compared to EUR 14 for workers in the same occupation in the hospital sector.^{xxix} In many countries workers earn an hourly rate similar to the minimum wage.^{xxx} In the UK, the Low Pay Commission has flagged social care as a sector of concern in terms of compliance with

the national minimum wage.^{xxxi} In UNI Global Union's survey of more than 3,000 care workers from 37 countries, more than half of workers said their pay did not provide them with a decent standard of living, meaning they were unable to secure basic needs such as housing, food, and transportation.^{xxxii} This has been found to have a clear impact on retention. For example, in the Federation of European Social Employers survey of 47 employers' organisations and social services across Europe, 90% agree or strongly agreed that low wages were the reason for workers

leaving or not applying for positions in social services^{xxxiii} On the other hand, substantial evidence from the last decade indicates that in the UK, US, France and Korea wage increases in long-term care have led to “employment of more workers, longer job tenure and lower turnover.”^{xxxiv}

Pay in property services, including cleaning and private security, is also often unattractively low. Across European OECD countries, median earnings for cleaners are between the 10th and 20th percentile of the earnings distribution, while those of security guards are between the 40th and 50th percentile.^{xxxv} There is again widespread evidence that increasing these low wages and benefits can be a major factor in lower labour turnover and improved

recruitment. For example, a study surveying 4,102 security officers in Turkey’s private security sector found a statistically significant impact on both job satisfaction and intention to quit according to their wages.^{xxxvi} Surveys of cohorts of officers in Singapore^{xxxvii} and in three Kenyan cities^{xxxviii} all reinforced the similar impact of wages on retention. As an example of the practical implications, one year-long trial of a \$3 per hour increase for guards at 12 Detroit public schools found turnover dropped from 57% to zero.^{xxxix}

It is worth noting that in each of these sectors, private sector employers also generally offer lower wages than public sector equivalent roles, creating additional challenges in attraction and retention in the private sector.

Working arrangements: Working conditions and Health and Safety (H&S)

Working conditions and H&S have been found to play a significant role in driving turnover and labour shortages in all three sectors. These issues are exacerbated by understaffing, which is a particularly acute problem in the long-term care sector, but worsens working conditions across all three sectors. This is in part a downward

cycle both caused and creating poor retention and labour shortages, but also can stem from cost-cutting decision to increase the pace or workload. For further information on understaffing in the long-term care sector, see UNI Global Union’s briefing on the [sector](#).

Working conditions play a key role in job satisfaction across each of these sectors. In Eurofound's 2020 indices of job quality, long-term care scores worse than average for physical environment, working time quality, social environment, monthly earnings and work intensity, with only 22% of long-term care workers being 'very satisfied' with their working conditions.^{xi} In the Federation of European Social Employers survey of 47 employers' organisations and social services across Europe, 90% agree or strongly agree physical and mental exhaustion linked to the pandemic was a reason for workers leaving or not applying for positions in social services.^{xli} In the private security sector, studies from Kenya and the US have found that the routineness of job duties has been associated with lack of job satisfaction. Lack of challenges at work, as well as monotony and boredom outside of peak hours, particularly during night work, has been linked with dissatisfaction and inattentiveness.^{xlii} In industrial cleaning, lone working patterns, dispersion over multiple sites and atypical or split-shift working patterns create risks for workers' mental wellbeing.

Health and safety has long been a critical issue in these sectors, and its importance has been heightened in the context of the COVID-19 pandemic. In the UK for example, data from the Office for National Statistics (ONS) covering 2020 showed elementary occupations, those considered the "least skilled," as the group with the highest Covid-19 mortality rates with security occupations facing the second highest rates within this group.^{xliii} Caring,

leisure and other service occupations followed elementary occupations as the group with the second highest rates.^{xliiv} Globally, the ILO noted that care workers were disproportionately affected in the first phase of the pandemic.^{xliiv} UNI Global Union's research from February 2021 of the UK, Australian, Canadian, Irish, and US government data of care worker COVID-19 cases and deaths found grave risks to workers across these countries.^{xliiv}

In addition to the pandemic related risks, workers bear general health and safety risks in these sectors. In long-term care, more than 60% of long-term care workers report being exposed to physical risk factors at work across OECD countries.^{xliiv} Musculoskeletal conditions, such as back pain when lifting patients and bending over a bed while providing care, are widespread. In addition, 46% of long-term care workers are exposed to mental well-being risk factors that generate high psychological stress.^{xliiv} The greater-than-average emotional demands of care work have also been linked with burnout and intention to leave.^{xlix}

According to UNI Global's care worker survey, 65% of respondents who had dealt with the infection or death of a resident or client said there was no support from employers for mental health issues associated with their work, heightening the mental health risks.ⁱ

In the cleaning sector, health and safety risks are also pronounced. The European Agency for Safety and Health at Work reports significant health and safety risks: “the physical and psychological workload coming from non-regular working times... physically demanding work processes and rather monotonous work tasks.” Chemical health hazards are also a major reason for occupational disability

and employee turnover.^{li} This results in high levels of absenteeism, higher-than-average proportions of workers who think that their work negatively affects their health,^{lii} who report being exposed to physical risk factors at work, and who report poor general health. Posture- and movement-related risks have also been associated with industrial cleaning.^{liv}

Working arrangements: Precarious contracts and scheduling

In all three sectors, precarious scheduling and contracts such as shift work, part-time or temporary contracts are common practices. In the long-term care sector for example, almost 45% of workers in OECD countries work part-time, twice the average rate in the economy.^{lv} Eurofound found that of those working on average 24 hours per week, approximately one in three want to increase their working hours, constituting 13% of the workforce.^{lvi} Almost 20% of long-term care workers have a temporary contract, a much higher share than in the hospital sector (11%).^{lvii} **In France, for example, one-third of institution-based long-term care workers were temporary agency workers.**^{lviii} Around a quarter

of Sweden’s care workforce and the UK’s total adult social care workers are employed under hourly or zero-hour contracts, and this rises to 58% in home care services in the UK.^{lix} On average, half of long-term care workers engage in shift work across 25 OECD countries.^{lx}

These practices also are common in the cleaning and security sectors. In cleaning for example, a 2019 study found 50% of cleaning workers had contracts of fewer than 15 hours per week in Germany, and 42% in Denmark, with as many as 70% of Danish part-timers holding multiple jobs in order to earn enough to live on.^{lxi} Cleaners and security guards in the UK are two to three times more likely to be on zero-hour contracts

to the workforce as a whole.^{lxii} In Germany, about 56% of newly hired cleaning workers had a fixed-term contract, and in Denmark, studies found many cleaning companies typically terminate employees' contracts when they renew or bid on new contracts as part of the tendering process, typically every second or third year.^{lxiii}

These precarious contracts typically mean that workers have less access to training, do not always have benefits, suffer from low job security and have less access to social protection, which

may drive workers to leave their roles. In the UK for example, research has found a strong positive relationship between the use of zero-hour contracts in long-term care and turnover rates and job vacancy rates.^{lxiv} They also found that workers with casual hours, involuntary hours, or hourly pay with variable hours are more likely to report higher intention to leave, while permanent contracts and salaried pay are negatively associated with turnover intention.^{lxv}

Shift work has also been found to be associated with a wide range of



health risks, such as anxiety, burnout and depressive syndromes. While long-term care and private security often require round-the-clock staffing and so some degree is unavoidable, irregular shift patterns of alternating and rotating shifts have been found to be particularly problematic for workers and linked to labour shortages.^{lxvi} The OECD noted that in Australia, social care management models that allow greater flexibility to the workers in scheduling and choice over shifts have led to a reduction in turnover.^{lxvii} From the private security sector, a US study found that guards discussed poor scheduling as a key problem in their job satisfaction, and proposed that

shift design could be a critical factor in retention, alongside staffing levels, annual leave requests, training and family-work balance.^{lxviii}

More broadly, there is substantial evidence that the introduction of family-friendly policies can assist in reducing turnover,^{lxix} and on the flipside there is substantive evidence in LTC of the impact of low work-life balance and high work-family conflict on turnover.^{lxx} In all three sectors, evening, night and weekend work are substantially more common than across the economy, which can be difficult for worker to balance with family or other caring responsibilities.

Collective bargaining and trade union representation

Social dialogue with trade unions, underpinned by respect for freedom of association and collective bargaining, is an integral component to strategies to address retention, and the underpinning issues of wages, working conditions, and precarious scheduling and contracts discussed.

In itself, trade union representation has been found to correlate with reduced turnover. In a seminal comprehensive analysis, it was found that union

workplace representation, on balance, impacted positively on organisational performance through: reducing levels of voluntary worker turnover, increasing tenure, increasing firm efficiency and raising productivity.^{lxxi} Subsequent research has confirmed this impact. For example, a 2016 study from the UK and France found that: “In both countries the presence of a union representative in the workplace is associated with a lower quit rate. The effect is robust also when controlling for other factors.”^{lxxii}

Example: Construction of Heathrow Terminal 5

For the construction of Heathrow's Terminal 5, an innovative agreement was reached through social dialogue which provided for 'cascading' of agreed terms and conditions and employment quality standards to second-tier subcontractors and suppliers, together with arrangements for the monitoring of their performance and dispute resolution. The outcomes were notable: "Of the 9.6 million hours worked, no working time was lost to disputes, labour turnover of 1st tier suppliers was 5.4% (the industry average was 15%) and absenteeism was 3.5% of hours worked (the industry average was 4%)."^{lxxiii}

The rights of freedom of association and collective bargaining also serve as enabling rights, allowing the fulfilment of other human rights including on living wages and health and safety. In

this context, **workers' representation and collective bargaining is a sustained channel for improving the underlying factors driving high turnover and challenges attracting sufficient workers.**

During the pandemic, this role came to the fore as trade unions have been found to be a key differentiator in the COVID-19 impacts. A study published in Health Affairs of 13,350 nursing homes

across the continental United States found that unions were associated with 10.8% lower resident COVID-19 mortality rates, as well as 6.8% lower worker COVID-19 infection rates from June 8, 2020, through March 21, 2021.^{lxxiv} This confirmed the authors earlier analysis focusing on homes in New York State.^{lxxv} They note that this impact can come "In general, labour unions give workers a collective voice in workplace decision making and may enable them to notify management of workplace hazards without fear of retribution."^{lxxvi}

This role trade unions played during the pandemic illuminate their importance in addressing the many other long-standing issues in working

conditions. For health and safety more widely, the OECD highlights the instrumental role of worker representatives in creating a culture of health in the workplace. They note that “collective bargaining is needed to ensure long-term care workers receive proper training and have improved working conditions,” and that the lack of collective bargaining coverage holds back progress for the sector. In particular, they cite obstacles to ensuring training and equal standards for temporary or agency workers without trade union representation, which is both an outcome and driver of the challenges of labour shortages. On the other hand, the OECD notes the example of improvements secured in Austria through trade union negotiations: “In Austria, collective bargaining in long-term care led to the approval of improved working conditions: more vacation and free weekends were negotiated in the collective agreement, along with compulsory supervision in the care sector.”

The state of play at key companies: the problems and the strategies

06

With the extent of the challenges and business case for improvement in turnover and retention in the long-term care, security and cleaning sectors, companies have increasingly been recognising this as a risk area and adopting strategies to address this.

The analysis below presents comparative tables of indicators reported by companies in their responses to a survey from UNI Europa or public reporting in their latest annual reports, and analysis of qualitative information on company strategies. Full information on company strategies and how they align with the underlying factors is available in the Annexes to these reports.

The companies reviewed are 14 companies with more than 2.2 million employees, showing the high level of impact in the employment footprint

of these sectors. All companies that produce an annual report name turnover or retention as a key risk to the business. Company reporting however showed significant variation in levels of disclosure on both qualitative and quantitative indicators. Overall, the care sector employers reported the most on this area, which could reflect a more significant level of struggle with this issue as well as higher levels of investor or other stakeholder interest expressed in this area for the sector. It is also apparent that outside of turnover itself, indicators used to measure, and report related indicators vary considerably, limiting comparability. Absenteeism and tenure or retention levels, for example, are reported with different indicators across many of the companies.

Nonetheless, nine of the 14 companies report their levels of turnover to



some degree, although two only for their country of headquarters. These showed some degree of comparability by sector – with the greatest similar seen in the long-term care sector, followed by the cleaning sector, and significant variations in the security sector.

All companies also report some form of human resources strategy in their annual reports, but the substance – and substantiveness – of those reported vary considerably.

Overall, company disclosure of targets on retention – both overall and on specific elements of the strategy - is extremely low, which could either reflect a reticence to disclose internal targets or strategies adopted without targets in place. Only two companies for example disclose a specific target on turnover or retention, and one further a broader ambition.

Companies showed considerable variation between the topics and between each other in how their strategies consider the underlying factors identified of wages, working arrangements including health and safety, training and progression, social recognition of the sector, and freedom of association and collective bargaining. Working arrangements, including health and safety, had the highest number of companies reporting strategies and indicators, with 11 of the 14 companies reporting strategies on this area, 12 reporting quantifiable

indicators, and five reporting targets. This could reflect the heightened importance of this during the pandemic and more established reporting requirements and investor engagement upon this topic. The second highest area of company attention in their reporting was training and progression, with 10 of the 14 companies reporting strategies on this area, including five companies reporting targets and an additional company reporting it is in developments, and an additional five companies reporting indicators on this area. On the remaining areas of wages, social recognition of the sector, and freedom of association and collective bargaining an equal number of six companies reported on these as part of their strategies. However, on freedom of association and collective bargaining, eight companies reported indicators, with one reporting a target. For both wages and social recognition of the sector, no indicators are reported and one company reported a target for each category. This may reflect an impression that the outcome of strategies on these areas is more dependent upon external factors, and so companies are less inclined to set targets or report indicators.

Reporting on working with other actors such as trade unions or regulators was highly limited in annual reporting, with most companies responding only to this question if responding to the survey questionnaire. In part, this reflects an overall absence in annual reports of substantive reporting on meaningful stakeholder engagement.

COMPANY

Number of employees

Korian

57,500 employees.

Orpea

68,891 employees.

Eulen

75,882 employees.

Sodexo

412,000 employees, 90,102 in healthcare and seniors.

Sector

Korian

Care.

Orpea

Care.

Eulen

Care and Security: Note all data is not disaggregated by sector.

Sodexo

Care and cleaning: Note all data is not disaggregated by sector.

Source of information

Korian

Company response to survey 03.12.21. and 2021 Universal Registration Document.

Orpea

Company response to survey 03.12.21.

Eulen

Publicly available information in sustainability report.

Sodexo

Publicly available information.

COMPANY

KEY INDICATORS REPORTED

Turnover
rate**Korian**

20.9% in 2021, an increase from 20.2% in 2020, and lower than 22.3% in 2019.

Orpea

20.39% in 2020.

Eulen

15% in Spain in 2017 reporting, with note that EULEN Group currently does not have the systems in place to calculate this indicator in all countries. Not reported in subsequent reports.

Sodexo

Not reported.

Annual
retention
rate**Korian**

Not reported.

Orpea

83.39% of those on permanent contracts.

Eulen

15% in Spain in 2017 reporting, with note that EULEN Group currently does not have the systems in place to calculate this indicator in all countries. Not reported in subsequent reports.

Sodexo

81.9%.

Absenteeism
rate**Korian**

12.4% in 2021, down from 13.9% in 2020.

Orpea

9.15% in 2020.

Eulen

No. of hours of absenteeism due to work-related accidents: 487,863.

% Absenteeism due to work-related accidents: 0.36%

Sodexo

Average number of work-day absences per employee due to work-related accident or illness and non-work-related accident or illness 11.5.

COMPANY

KEY INDICATORS REPORTED

Percentage
staff on
permanent
contracts**Korian**

84.5% in 2021, an increase from 82.7% in 2020.

Orpea

80.07% in 2020.

Eulen

60%.

Sodexo

Not reported.

Total
vacancies**Korian**

1,500 vacancies across all group functions.

Orpea

Not provided, noting that data varies by countries, jobs, and skills required.

Eulen

Not reported.

Sodexo

Not reported.

Other
indicators
reported**Korian**

Number of departures (resignations), Satisfaction rate identified through Korian internal employees survey (called Kommunity Pulse) which is conducted every 2 years in all Europe.

Orpea

Not reported.

Eulen

68% of staff are full time.

Sodexo

Resignations less than 3 months: 25,125.

Resignations after 3 months 74,149.

Employee engagement 78.3%.

% Workforce working part-time 26.9%.

2.1% of employees promoted internally.

The four significant European care companies surveyed together employ nearly 300,000 workers in the care sector. The indicators reported show a comparable level of turnover of those reporting, with distinction between average tenure of workers. All companies name retention or turnover related risks as a risk in their annual reporting and all companies also report some form of strategy to address these issues, although these vary considerably and only one company actually has a target to reduce turnover. The strategies vary considerably on how targeted these are to address the underlying issues. All companies report health and safety indicators, as

a more developed company reporting area, but only one reports a target on this area. Two companies report training and progression targets, while the other two firms report indicators but no targets on this area. Only one company reports a target for social recognition of the sector. On social dialogue, while three companies report an indicator related to social dialogue, only one reports a target on this area. On disclosure levels, absenteeism is reported by a number of different indicators, limiting comparability. Three out of four companies report the percentage staff on permanent contracts.

Security

COMPANY

Number of employees

Securitas

345,000 employees.

Eulen

75,882 employees.

G4S

490,000 employees.

Loomis

23,000 employees.

Brinks

74,500 employees.

Seris

40,000 employees.

COMPANY

Sector

Securitas

Security.

Eulen

Care and Security: Note all data is not disaggregated by sector.

G4S

Security.

Loomis

Security.

Brinks

Security.

Seris

Security.

BACKGROUND INFORMATION

Source of
information**Securitas**

Company response to survey 17.12.21, and publicly available information from 2021 annual report.

Eulen

Publicly available information.

G4S

Publicly available information from 2020 annual report.

Loomis

Publicly available information from 2021 annual report.

Brinks

Publicly available information from 2021 annual report.

Seris

Company response to survey 02.12.21 for Belgian operations, and publicly available information.

COMPANY

KEY INDICATORS REPORTED

Turnover
rate**Securitas**

43% in 2021, 36% in 2020, and 40% in 2019.

Eulen

15% in Spain in 2017 reporting, with note that EULEN Group currently does not have the systems in place to calculate this indicator in all countries. Not reported in subsequent reports.

G4S

24% in 2020, equal to 24% in 2019.

Loomis

Not reported.

Brinks

Not reported.

Seris

4.21% for Belgium.

Average
tenure**Securitas**

Not reported.

Eulen

Not reported.

G4S

Not reported.

Loomis

Not reported.

Brinks

Not reported.

Seris

90.4% for Belgium.

Annual
retention
rate**Securitas**

64%.

Eulen

Not reported.

G4S

Not reported.

Loomis

Not reported.

Brinks

Not reported.

Seris

8.9 years on average (Belgium).

Absenteeism
rate**Securitas**

Not reported.

Eulen

Number of hours of absenteeism due to work-related accidents: 487,863.

% Absenteeism due to work-related accidents: 0.36%.

G4S

Not reported.

Loomis

Estimate 90% (from window between 75%-100%) attendance rate from graph page 74 annual report.

Brinks

Not reported.

Seris

2.64% (Belgium).

COMPANY

KEY INDICATORS REPORTED

Percentage
staff on
permanent
contracts**Securitas**

93% in permanent contracts, increasing from 92% in 2020.

Eulen

60%.

G4S

Not reported.

Loomis

Not reported.

Brinks

Not reported.

Seris

98% (Belgium).

Total
vacancies**Securitas**

Not reported.

Eulen

Not reported.

G4S

Not reported.

Loomis

Not reported.

Brinks

Not reported.

Seris

200 (Belgium).

Other indicators reported

Securitas

86% of staff are full time.

Eulen

68% of staff are full time.

G4S

Global employee survey had an 84% favourable score in 2019.

Loomis

Not reported.

Brinks

72,000 full time staff and 2,300 part time staff.

Seris

8.9 years on average (Belgium).

In addition to the individual company data, ESTA, the European employer association for companies in the cash management sector, also sent a letter in reply on behalf of their members, including Loomis and Brinks. The full response is included in full in Annex 4. Their letter noted that these issues are concerned “worthy of attention for the industry,” but that because of the variations based on local conditions, it should be dealt with locally only. They note that much of the data is not readily available for companies, without substantial resources to collect and report. They also report that “nothing that is in the control of our members” regarding retention and turnover as they believe the predominant factors are local market conditions and personal reasons that workers may leave their roles.

These companies in the private security sector together employ more

than 1 million workers globally. Five out of five companies which publish annual reports named or indirectly reported retention or turnover related risks in their annual report as a key business risk. However, the companies’ reporting in response to the survey and public reporting shows a very variable response across the sector to the issues of turnover and retention, including a high level of variation in turnover levels disclosed, strategies, and overall disclosure on the topic. For example, three companies out of six surveyed report the percentage of workers on permanent contracts, with variation from 60 - 98% of employees. Only one reports a target to reduce turnover, while all report efforts to improve their human resources practices, including four of six reporting specifically on retention and turnover.

The variability of approaches comes through strongly on how companies

report addressing the underlying issues identified and assessed in this report. Two companies report considering wages in their strategies, while none have targets on this area. Health and safety has the greatest company attention. All companies refer to some degree to health and safety and working conditions as part of the company strategy, and three companies report targets on this area and two additional companies report indicators but not targets on this area.

Training and progression are also referred to frequently in company strategies, referenced by four out of six companies. Two companies reported a target on this area and one further company reported a target is in development, and one company reported an indicator on this area. Three out of six companies report

efforts on social recognition of the sector.

Two report attention to freedom of association in their strategies, and all except one company report indicators on this area including percentages of workers covered by collective bargaining agreements, but no companies have targets on this area. Three companies refer to global framework agreements as part of their approaches to social dialogue, while two refer to European Works Councils.

This variability and indeed the level of company activities dedicated to addressing turnover and retention is in contrast to the position of the employers' association that it is predominantly determined by external factors with limited influence from individual companies.

Cleaning

COMPANY

ISS

362,789 employees.

Mitie

75,179 employees.

Dussmann

64,600 employees.

Atalian World

123,600 employees.

Facilicom

30,157 employees (2018).

Number of
employees

Sector

ISS

Cleaning.

Mitie

Cleaning and security (all data in aggregate).

Dussmann

Cleaning and care (all data in aggregate).

Atalian World

Cleaning.

Facilicom

Cleaning.

Source of
information**ISS**

Publicly available information from 2021 annual report.

Mitie

Publicly available information from 2021 annual report.

Dussmann

Publicly available information from 2021 annual report.

Atalian World

Publicly available information from 2021 annual report.

Facilicom

Publicly available information, with latest report from 2018.

COMPANY

KEY INDICATORS REPORTED

Turnover
rate

ISS

30% in 2021, declining from 33% in 202 and 35% in 2019.

Mitie

15.4% in financial year 2020/21, down from 16.8% in 2019/20.

Dussmann

Not reported.

Atalian World

26% women and 27% men in 2021, and 34% women and 31% men in 2020.

Facilicom

Not reported.

Average
tenure

ISS

Not reported.

Mitie

Not reported.

Dussmann

Not reported.

Atalian World

The average seniority of managers is 7 years.

Facilicom

Not reported.

Annual
retention
rate

ISS

Not reported.

Mitie

Not reported.

Dussmann

Not reported.

Atalian World

Not reported.

Facilicom

Not reported.

COMPANY

KEY INDICATORS REPORTED

Absenteeism
rate**ISS**

Not reported.

Mitie

Not reported.

Dussmann

Not reported.

Atalian World

Not reported.

Facilicom

6.5% sick leave in 2018, increase from 5.7% in 2017, reported due to flu epidemic in this year and older employees.

Percentage
staff on
permanent
contracts**ISS**

Not reported.

Mitie

Not reported.

Dussmann

Not reported.

Atalian World

80.5% of employees.

Facilicom

78% of employees (2018).

Total
vacancies**ISS**

Not reported.

Mitie

Not reported.

Dussmann

Not reported.

Atalian World

Not reported.

Facilicom

Not reported.

COMPANY

KEY INDICATORS REPORTED

Other indicators reported

ISS

76% employees full time

Mitie

55% employee engagement

Dussmann

Not reported.

Atalian World

In 2021, 6% of employees were promoted to a position constituting a progression of their professional career.

Facilicom

Not reported.

Together these employers in the cleaning sector employ more than 650,000 workers globally. All five companies name turnover or retention as a key risk to the business and report some form of strategy on turnover and retention, but only one company names an ambition for its turnover levels. None report a quantifiable target. Overall disclosure levels of both quantitative indicators and qualitative information are lower than other sectors. Turnover levels specifically are disclosed by three companies with some significant variation between the firms.

On the underlying drivers of turnover, two companies report consideration of wages within their strategies, including

one with a target on wages. Four of the five companies report on working arrangements, including health and safety, and four of the five companies report indicators on this. Only one company however reports a target on this area. Similarly on training and progression, four out of five companies report that training and progression are part of company strategies and report indicators on this, while only one sets a target for this area. On both social recognition of the sector and freedom of association and collective bargaining, only one firm reports on their strategies on these areas, and for both cases, no targets are reported.

Conclusions and recommendations for investors:

07

With investors' growing concern for social ESG topics, turnover, retention, and labour shortages are a critical area for further investor attention. These issues are significant material risks in themselves, and represent the tip of the iceberg of a company's culture and strategy of workforce management, which can pose additional material and human rights risks. Nonetheless, it is clear that the levels of company disclosure and efforts to address to this risk varies greatly, by both sector and companies within the sector. For example, the greater level of disclosure and engagement from the companies in the care sector, can reflect a heightened level of exposure to political discussions in contrast to the absence of this attention in the security and cleaning sector.

To understand and address these risks, investors should:

1. Use stewardship tools including engagement and filing and voting on relevant shareholder resolutions to encourage further company disclosure on key indicators of turnover, retention and labour shortages. This should include annual voluntary turnover, retention rates, absenteeism rates, percentage of staff on permanent contracts, and number of open vacancies per country. This data individually and in combination opens the door for constructive engagement with companies to understand their challenges and strategy individually and as a sector.



2. Engage with companies to encourage strengthened company strategies on turnover and labour shortages through adopting long-term solutions that address root cause factors including: wages, working conditions including health and safety, contracts and scheduling, and collective bargaining and trade union representation.
3. To address these underlying issues in the long-term care sector, consider becoming signatories upon the Investor Initiative for Responsible Care. This initiative is backed by more than 130 investors with \$3.8 trillion in assets under management, and sets out expectations that address many of the issues covering in this briefing of: staffing levels, health and safety, wages and contracts, freedom of association and collective bargaining, and quality of care for residents. Signatories have active collaborative engagements with companies in the sector on these issues, and wider support for stewardship in the sector such as key indicators and sample engagement questions, and knowledge-sharing on issues impacting the sector.
4. Assess exposure to and engage with companies setting many terms and conditions in the sectors, such as property owners including Real Estate Investment Trusts (REITs) or other clients of security or cleaning firms. The three sectors of long-term care, security and cleaning are each highly dependent on the role of property owners and clients in setting contractual terms with the operating companies, which can have an impact on retention particularly on the key issues of wages, scheduling, and contracts. On the flip side, models such as Responsible Contractor Policies show how property owners can have a positive impact on the underlying factors of retention and turnover through ensuring minimum standards such as neutrality, in which a company agrees to not oppose trade union activities. The companies relying upon the services of cleaning, security or care companies also stand to benefit from improvements in tackling labour shortages, turnover, and retention and reducing the associated risks. Through their business relationships with these firms, they also bear human rights due diligence responsibilities for human rights impacts that may occur with their supplier or tenants. With increasing human rights due diligence legislation coming into force, oversight of these workforce practices by clients and property owners will be increasingly required.
5. Consult and collaborate with trade unions at national level and global trade union federations throughout the design and implementation of stewardship strategies. Trade unions have expertise on the extent of the problems and

effective solutions to address the issues discussed in this briefing, and global trade unions often can also provide comparative insights into multinational company practices. Investors can benefit from these inputs to strengthen their stewardship approaches

to workforce issues. Moreover, meaningful consultation with trade unions and global trade union federations as key stakeholders is in line with human rights due diligence expectations – an increasingly obligations - of investors themselves.^{lxxviii}

Sample engagement questions:

- What is the company's annual voluntary staff turnover rate?
- What is the company's annual retention rate?
- What is the company's average tenure?
- What is the company's absenteeism rate?
- What is the percentage of staff on permanent contracts?
- What is the percentage of agency staffing as a proportion of direct employees, disaggregated by job classification and gender?
- How many open vacancies are there currently by country of operation?
- What is the total number of shifts where normal staffing levels were not maintained for each classification annually?
- What are the median number of hours of overtime performed annually by job classification?

- Does the company hold exit interviews with leaving staff? What drivers have been identified from these? How is feedback integrated into the company's policies and processes to mitigate future risks?
- What is the company's strategy to address issues in retention, turnover, or labour shortages?
- Does the company have targets related to retention or turnover? If yes, what are the targets and what is the current status of meeting the targets?
- Does the company's strategy seek to address the factors of: wages, working conditions and health and safety, contracts and scheduling, collective bargaining and trade union representation?
- What is the percentage of workers covered by collective bargaining agreements? How does the company seek to address turnover and retention through social dialogue at the national and international levels?
- Does the company have a global framework agreement? Does the company work with the relevant global trade union federation to address these issues in the implementation of this?
- Is the company part of employers' association and the national and European levels that have sectoral collective bargaining?

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ANNEX 1:

**Company
indicators and
strategies to
address retention –
Long- term care**

08

Long-term care

COMPANY

COMPANY STRATEGY ON RETENTION

Does the company recognise retention as a risk in its annual report or equivalent?

Korian

Yes – see page 52 of Universal Registration Document.

Orpea

Yes – see page 83 of 2020 Universal Registration Document.

Eulen

Yes - Attracting and retaining talent is the number one issue in the company's Materiality Assessment on page 6 of their 2020 Sustainability Report.

Sodexo

Yes – see page 279 of 2020 Universal Registration Document.

What is the company's strategy to deal with retention?

Korian

The company strategy addresses five pillars:

- Improvement of work conditions
- Compensations and benefits
- Training
- Recruitment diversification,
- Improving the image of the care profession

For full response, see Annex 2.

Orpea

The company notes that they focus on solutions at local level rather than one global level strategy.

They report developing an internal policy that would address issues related to retention including that the Group HR department works with local HR to implement this.

The Group also is overseeing mobility and recruitment with dedicated teams at the corporate, cluster, and business unit levels. They also have action plans for each business unit's needs.

For full details, see Annex 2.

Eulen

The company does not report a specific strategy for retention, but outlines its employment pillars as:

1. Employment
2. Diversity and equal opportunity
3. Talent
4. Health and safety

They also outline the company's perspective on social relations, and initiatives that aim to improve work/life balance.

COMPANY

COMPANY STRATEGY ON RETENTION

What is the company's strategy to deal with retention?

Sodexo

Training and development programs to reskill and upskill Sodexo

Employees include:

- Design of a new performance and reward framework to help retain, develop and motivate people.
- Sodexo Supports Me: Employee Assistance Program that provides counselling to help employees across the world meet the challenges of everyday life, both at work and outside.

Does the company have targets related to retention? If yes, what are the targets and what is the current status of meeting those targets?

Korian

Aim to progressively reduce turnover to 15%, and in 2021 Universal Registration Document, the company reports a commitment to maintain and strengthen average seniority.

Orpea

Related targets reported under specific strategy. No overall turnover/retention target reported.

Eulen

Not reported.

Sodexo

The company reports an objective of 80% employee engagement rate.

Does the company report that its retention strategy have components to address the following key factors identified:

1. Wages
2. Working arrangements
3. Training and progression
4. Social recognition of the sector
5. Freedom of association and collective bargaining

Korian

1. Wages – yes
2. Working arrangements – yes
3. Training and progression – yes
4. Social recognition of the sector – yes
5. Freedom of association and collective bargaining – yes

See full responses in Annex 2.

Orpea

1. Wages – yes
2. Working arrangements – yes
3. Training and progression – yes
4. Social recognition of the sector – yes
5. Freedom of association and collective bargaining – yes

See full responses in Annex 2.

COMPANY

COMPANY STRATEGY ON RETENTION

Does the company report that its retention strategy have components to address the following key factors identified:

1. Wages
2. Working arrangements
3. Training and progression
4. Social recognition of the sector
5. Freedom of association and collective bargaining

Eulen

1. Wages – not reported.
2. Working arrangements – not reported.
3. Training and progression – not reported.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining – not reported.

Sodexo

1. Wages – not reported.
2. Working arrangements – not reported.
3. Training and progression – not reported.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining – not reported.

Does the company have specific targets to meet these areas above?

Korian

1. Wages – not reported.
2. Working arrangements – not reported.
3. Training and progression – yes 10% under qualifying paths has been set for 2023. In 2021, 5,302 Korian employees in Europe were hired in a qualifying course, i.e. 9.7% of FTEs, marking a significant change compared to 2020 (8.1%) and more than two times more than in 2019 (4%).
4. Social recognition of the sector – Yes - 10% of permanent hires through people not coming from care who are interested in our professions and missions.
5. Freedom of association and collective bargaining – Yes – 100% workers covered by CBAs and specific objective with EWC on H&S. Indicator reported: In 2021 more than 15 days of meetings of the EWC were organized.

See full responses in Annex 2.

Orpea

1. Wages – not reported.
2. Working arrangements – yes. 15% reduction in the frequency rate of workplace accidents. Maintenance or improvement of employee engagement surveys started in 2021.
3. Training and progression – yes 50% of managers promoted internally and 10% of training leading to a diploma or certification.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining – not reported.

See full responses in Annex 2.

COMPANY

COMPANY STRATEGY ON RETENTION

Does the company have specific targets to meet these areas above?

Eulen

1. Wages – not reported.
2. Working Arrangements – target not reported. H&S indicators reported are: accident rate 22, severity rate 0.42.
3. Training and progression – target not reported. Number of hours of internal training reported is 927,834.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining – target not reported. Investment in social dialogue reported (in euros) 565,343.

Sodexo

1. Wages – not reported.
2. Working arrangements – target not reported. Indicators reported of 0.71 lost time injury rate, 87.0% of Group revenues of countries having one or more OHSAS 18001 or ISO 4500, 11.5 average number of workday absences per employee due to work-related accident or illness and non-work-related accident or illness, 2,393 work related accidents requiring leave.
3. Training and progression – targets not reported. Indicators reported: 2% of employees promoted internally and 10H of training on average provided annually per employee.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining – not reported. Indicators reported 42.8% of workforce covered by collective agreements. 87.3% of workforce working in countries that have collective agreements and are covered by those agreements.

CO-OPERATION AND AN ENABLING ENVIRONMENT

How is the company cooperating with trade unions at the international level such as with UNI Europa or UNI CARE to address these issues?

Korian

Korian is willing to cooperate with UNI Europa and Uni Care since we believe that the sectorial approach is instrumental in improving the right social policies in our sector.

Korian is also cooperating with EPSU with whose help the EWC agreement was signed in 2019.

Korian is also a member of Global Deal, an international initiative of several big companies in France to promote and improve social dialogue and common framework for social actions.

Orpea

We have participated in the UNICARE RETAIN Advisory Board and share with all the stakeholders.

what we have already done, what we intend to do in addition and what we were expecting from trade unions and authorities to help private companies in these essential issues.

COMPANY

How is the company cooperating with trade unions at the international level such as with UNI Europa or UNI CARE to address these issues?

Eulen

The company notes in its Sustainability report: More than 90 collective bargaining [agreements], through different business associations or directly managed by the company in the different countries in which we operate.

To address the situation in the sectors, analyse their problems and propose actions to promote and improve them, mainly through the involvement in Spain of:

- The State Observatory for the Building and Premises Cleaning Sector.
- The Private Security Sector Observatory.

Sodexo

In 2021, Sodexo and the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tourism, Tobacco and Allied Workers' Associations (IUF), the global trade union federation for workers throughout the food chain, have signed a declaration of intent on health and safety, reinforcing their commitments and priorities to promote the rights of employees to a safe and healthy working environment. Sodexo and the IUF have long been committed to health and safety, and the context of the Covid-19 pandemic had provided the catalyst to formalize that commitment. This is the first declaration of intent on health and safety in the industry and builds further on the relationship between Sodexo and the IUF, which includes the 2011 international framework agreement on fundamental rights for human beings and the 2017 joint commitment to preventing sexual harassment.

At the European level, what is needed from the EU to address labour shortages?

Korian

What is needed is awareness and action from EU institutions.

For example sectoral social dialogue regarding care sector should be created and actively animated in order to identify and suggest common solutions to reduce shortage labour issues.

Also we should access to much more efficient and precise statistics on the care sector especially the anticipated needs of staff. Korian has asked the French government to set up an observatory of the care skills to prepare forward-looking staff planning and work more efficiently with the training institutions.

Orpea

We especially think about the two following topics:

- Work on the recognition of national/international diplomas within the European Union seems essential today because equivalence and/or recognition of diplomas will facilitate the recruitment of staff and the development of mobility for international groups. An audit of the various health sector courses in each country, drawn up by UNICARE for instance, could help to identify the geographical areas with shortages and those whose staff resources could be called upon
- increase the number of places available on training courses for health care workers

ANNEX 2:

Full Company Responses – Long Term Care

Full company responses to the survey are listed below. If annual reports provided more updated information, this was updated from the company response.

Background information:

1. **Name of company:** KORIAN
2. **Name of person completing survey:** Mathilde Tabary
3. **Role within the company:** European Social relations director
4. **Number of global employees:** 57500 (permanent contracts end of 2020 figure)
5. **Number of employees within Europe:** 57500

Current status of turnover and retention:

1. **What is the company's annual voluntary staff turnover rate? What methodology is used to calculate this?**

Turnover rate is 20,2% in 2020 (22,3 in 2019).

Methodology for calculation of the turnover is: Number of departures of employees on unlimited-term employment contracts within the period concerned, divided by permanent headcount (permanent headcount being the number of registered employees at the end of the period concerned who have unlimited contract).

2. **What is the company's annual retention rate? What methodology is used to calculate this?**

There is no calculation of a retention rate as such but several other indicators exist in order to understand the levers which can contribute to reinforce retention: Average tenure, Number of departures (resignations), Satisfaction rate identified through Korian internal employees survey (called Kommunity Pulse) which is conducted every 2 years in all Europe.

3. What is the company's average tenure? What methodology is used to calculate this?

Average tenure is 6,9 years (6,7 in 2019); to date, it is 7.4 years.

Methodology of calculation is number of years of service for employees with a permanent employment contract divided by permanent headcount at the end of the concerned period.

4. What is the company's absenteeism rate for the most recent financial year? What methodology is used to calculate this?

Absenteeism rate is 13,9% in 2020 for permanent employees. The methodology of calculation is: the total number of absentee hours divided by total number of theoretically worked hours for all employees during the period concerned. It is published in URD report on the basis of employees on indefinite-term contracts. We also calculate absenteeism rate for non permanent headcounts, for non managers and for managers at group, country, regional and site level.

5. What is the percentage of staff on permanent contracts?

The number of permanent contracts is 57500 employees and the end of 2020, which is 83% of all workforce (62,232 FTEs on permanent and non-permanent contracts at 31 December 2020).

6. How many open vacancies are there currently by country of operation?

At the end of October 2021, we estimate vacancies around 1,500 across the Group all functions comprised. We usually recruit around 11.000 permanent contracts per year, a figure which is decreasing in 2021 (to 8,000 probably for the year 2021).

Company strategy:

1. What is the company's strategy to address issues in retention, turnover, or labour shortages?

Staff turnover results from multiple factors including quality of work, quality of management and quality of Company's culture and social contract. We should also always differentiate employees' driven turnover from employer's driven turnover, usually quite lower than employees' driven turnover (in a ratio of 2/3-1/3). The company's strategy to address staff turnover is based on several pillars:

Improvement of work conditions

Health and safety - Korian signed in Nov 2021 a common health and safety protocol with European works council which is a European 3 years action plan including measures on accidents monitoring by country in the framework of social dialogue, training, risks accidents sensitization.

Quality of life at work - many actions are implemented on this respect in all countries for ex : measures to support women victims of violence (82% of Korian workforce are women) / psychological support to employees thanks to social workers in France or tools such as Stimulus to listen to employees.

Work atmosphere - site managers in Europe are all trained on management thanks to a global program called s.keys / a management charter has just been created and circulated to all managers in Europe / Korian has redefined and reinforced his Values.

Compensation and benefits

There is a global compensation scheme in all the countries in which Korian operates. It consists in a base salary defined according to the local market and collectively negotiated pay scales in each country, variable compensation for certain managerial staff (the details of which vary by country and function), and social benefits in line with the laws and practices of each country. In 2020, the Group took stock of the social benefits schemes in each country. During the health crisis, the digital platforms used to access social benefits

were improved, particularly in Belgium and Italy. In France, the compensation mechanism is supplemented by an employee savings scheme that is pegged to certain Group objectives. The pandemics have also pushed some European governments, such as in France, Germany, Belgium, to revise and review salary schemes for caregivers that the Korian Group has complemented depending on countries' scheme. Overall we see a global increase of Korian social contract since the last 3 years for caregivers and other professions.

Training

Ensure group's employees receive useful professional development training that recognises and rewards their engagement, enhances their skills, and offers them a clear career path in a spirit of inclusiveness.

Korian has defined a clear objective of 10% of the workforce in so-called "qualifying paths" allowing employees to permanently develop themselves and look after a next position in the Company. Korian ambitions to become a "company of learners", not only to adapt to the new pathologies of our residents and patients, but also to permanently develop our teams.

Qualifying paths - At the end of 2020, 4,348 employees were enrolled in a qualifying training pathway (1), representing 8.1% of the workforce, versus 4% at the close of 2019. Because the Group succeeded in doubling the figure three years ahead of schedule, the objective for 2023 has been raised to 10%. This metric is one of the three performance targets included in the June 2020 issue of the "Sustainability Linked Euro PP" private offering.

Training of non-healthcare staff in-house - For example the experimental "Passerelles" program in France. The objective is to diversify the recruitment of care-givers by proposing direct integration in our facilities to employees without direct experience of care and accompanying them towards the qualifying path of care-giver diploma. In April 2021 was launched a first "Passerelles" bridge with Monoprix company and a second one in May with Derichebourg.

Acceleration of VAE (Vaidation des acquis de l'expérience in France, i.e. continuous improvement professional training from experience in the job) and internal promotion.

Recruitment diversification

Strengthened partnerships with schools and universities, welcoming foreign nurses.

Improving the image of the care professions

This needs to be worked jointly with external partners such as institutions and global unions.

2. Does the company have targets related to retention or turnover?

If yes, what are the targets and what is the current status of meeting the targets?

Since turnover is the result of multiple HR levers and policies, it's difficult to set up targets on turnover reduction, also due to the volatility of scarce care resources in all countries of Europe. Nevertheless we believe that our HR policies positively contribute to the reduction of the staff turnover rate, as it has been stated between 2019 and 2020, or stabilize it. Today we consider that 20% staff turnover rate is still too high and should be reduced progressively to 15% in average.

3. Are wages factors considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

The Korian compensation scheme is a key element in deploying the company's strategy. It addresses several challenges, the first one being attracting and retaining talented employees, involving them in the company's overall success, ensuring competitive compensation packages relative to its markets of reference and guaranteeing fair financial recognition by promoting commitment and individual performance.

Additionally, Korian has informed European Works Council in Sept 21 about the possibility of implementing an Employee Shareholder Action Plan in 2022.

3a. If wages are a factor in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets?

Staff cost is a key driver of the business performance, since they represent almost 60% of the revenues. Therefore the salary mass has to be scrupulously controlled and monitored to allow for further development of the Company while keeping employees satisfied at work. On top, in some countries like in Germany, the prices of our service (hence our revenues) are ruled by national health systems with a link between "care grade" (depending on pathologic profile of residents) and staff grade (staff ratio defined by health authorities) with impact on staff cost.

4. Are working arrangements, schedules or contracts factors considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

Yes it does exist in all countries, with processes which enable to establish work schedules considering residents needs and the employees who are present and their role. This is key to ensure workload is adapted to each employee and in the same time fulfil quality service for residents. France is currently considering to reopen negotiations on work organizations and workload in a post-Covid environment taking into account scarcity of resources and new expectations of caregivers.

4a. If working arrangements, schedules or contracts are factors in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets?

Some countries processes have been presented during EWC Social working group which is dedicated to absenteeism issue. This could lead in the future to a common action plan in the same way Korian and EWC have focused on Health and safety this year and succeeded in signing a joint text on this respect.

5. Are training and progression factors considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

Training is definitely considered as a key lever to increase retention. The strategy is based on 4 pillars:

On boarding: Guarantee that every new hire benefits of an on-boarding process, knowing that staff turnover is the highest during the first 12 months...

Mandatory training: 10 mandatory, annual topics benefitting of a European co-construction (HR/Quality).

Qualifying and development paths: QP are part of our HR development initiatives followed up since several years . This process is facilitated by training facilitators in sites.

The objectives of Korian training strategy are to:

- Grant every employee to at least one training per year
- Value training effort accomplished on every site internally and externally
- Increase our expertise and service levels (ISO 9001)
- Structure site manager thanks to delegation

5a. If training and progression are factors in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets?

A new objective of 10% of the workforce under qualifying paths has been set for 2023 (reminder: 4% in 2019). Korian aims at becoming a company of permanent learners.

6. Is the social recognition of the sector a factor considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

We do believe that social recognition of the sector is a key factor to address retention, turnover and labour shortage.

Common actions with global unions and European institutions should be a priority. Korian is deeply convinced and willing to contribute. We are happy to see that the image of the sector globally improved during the pandemics, hence having a first effect on attractiveness, since our professions are meaningful and easy to access locally.

6a. If the social recognition of the sector is a factor in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets?

Yes. For instance in France we are targeting 10% of permanent hires through people not coming from care who are interested in our professions and missions (see the project "passerelles" in France that enjoyed a big success when it was launched in the framework of the French Government "collective transitions" at the end of the pandemics).

7. Is collective bargaining coverage and trade union representation a factor considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

Collective bargaining is a key factor in the company's strategy to address retention, turnover and labour shortage. In 2019 was signed the first agreement in the sector regarding the establishment of Korian European Works Council. In 2021 more than 15 days meetings of EWC were organized: plenary, Bureau, working group, training. In the framework of Health and safety EWC working group was signed in Nov 2021 the first protocol in the sector which objective is to reduce risk accidents by 2024. The protocol is based on existing good practices in countries and gather 25 measures to be progressively implemented within countries. A joint monitoring committee is settled and will meet twice a year. In May 2021 was signed in France with unions a Health and safety agreement. In each country in Europe there exist joint Health and safety committees ensuring all legal measures are in place and working on the way accidents rate can be decreased.

7a. If collective bargaining coverage and trade union representation is a factor in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets?

In the framework of the EWC health and safety recently signed an objective to reduce accidents country by country will have to be fixed, depending on the national situation which is different from one country to another. Overall we consider, and report, that 100% of our employees are covered by collective bargaining agreements. We continue to improve the relationships with health & care federations in all countries we are operating in and we want to promote social dialogue in all countries, based on collective awareness of the role of unions as well as training on social dialogue on the shopfloor. Korian France just ended a complete training of all its sites managers on social dialogue and especially to improve the relationship between local union/work council representatives.

Enabling environment:

1. How is the company cooperating with trade unions at the international level such as with UNI Europa or UNI CARE to address these issues?

Korian is willing to cooperate with UNI Europa and Uni Care since we believe that the sectorial approach is instrumental in improving the right social policies in our sector. Korian is also cooperating with EPSU with whose help the EWC agreement was signed in 2019. Korian is also a member of Global Deal, an international initiative of several big companies in France to promote and improve social dialogue and common framework for social actions.

2. At the European level, what is needed from the EU to address labour shortages, turnover or retention issues?

What is needed is awareness and action from EU institutions. For example sectorial social dialogue regarding care sector should be created and actively animated in order to identify and suggest common solutions to reduce shortage labour issues. Also we should access to much more efficient and precise statistics on the care sector especially the anticipated needs of staff. Korian has asked the French government to set up an observatory of the care skills to prepare forward-looking staff planning and work more efficiently with the training institutions.

Background information:

1. **Name of company:** Orpea GROUP
2. **Name of person completing survey:** Damien BOURBON
3. **Role within the company:** Social Affairs Group Manager
4. **Number of global employees:** 68,891 contracts present at 31/12/2020
5. **Number of employees within Europe:** 68 797 contracts present at 31/12/2020
The countries concerned by the SEFP for 2020 are France, Belgium, Netherlands, Ireland, Germany, Italy, Switzerland, Austria, Czech Republic, Slovenia, Spain and Portugal.

Current status of turnover and retention:

1. **What is the company's annual voluntary staff turnover rate? What methodology is used to calculate this?**

20,39% (turnover global which does not include death and retirements)
Median rate based on the following formula:

$$\frac{((\text{Leaving except Death/Retirement}) + \text{Recruitment}) / 2}{\text{Permanent Workforce on the first day of the period}}$$
 This includes all the recruitments, those which are directly linked to the group development as well.

2. **What is the company's annual retention rate? What methodology is used to calculate this?**

83,39% This data concerns only the Permanent contracts. Median rate based on the following formula:

$$\frac{\text{Permanent Workforce on the first day of the period} + \text{Recruitment} - \text{Leaving}}{\text{Permanent Workforce on the first day of the period} + \text{Recruitment}}$$

3. What is the company's average tenure? What methodology is used to calculate this?

5,04 years date of entry - employees present on December 31st.

4. What is the company's absenteeism rate for the most recent financial year? What methodology is used to calculate this?

9,15%, median rate based on the following formula: Number Hours of absence / Number of hours worked/paid.

5. What is the percentage of staff on permanent contracts? 80,07%

6. How many open vacancies are there currently by country of operation?

Functions concerned: The Care sector has to deal with a lack of care givers, nurses, physiotherapist and we are not an exception but provide data doesn't give a relevant analysis on these topics because we have big discrepancies between countries, jobs, needed skills for specialists ... That's why we focus our efforts on replacement of absent employees anytime we can even partially when the facility directors don't manage to do better.

Company strategy

1. What is the company's strategy to address issues in retention, turnover, or labour shortages?

First of all, it is essential to note that it wouldn't be efficient to develop only one main strategy at a global level since every country has to cope with its national issues, needs and regulations. Hence, we work on appropriate solutions in close partnership between general and local management. That said, ORPEA is developing an ambitious internal policy for the purposes of:

- mitigating recruitment difficulties and curbing staff turnover, especially among medical and paramedical professionals under pressure, guaranteeing coverage of a full spectrum of care requirements for residents and patients;
- safeguarding the well-being, health and safety of employees in the context of working conditions that respect a work/life balance;
- strengthening career development within the Group to promote talent retention;
- maintaining an employee dialogue that is as conducive as possible to the stability of staff and facilities, in compliance with local regulations and procedures in force;
- making diversity and inclusion a factor of ORPEA performance by giving everyone — with their own individual skills and values — a chance to shine, irrespective of gender, age, origins and initial level of training. To meet these challenges, the Group human resources department works closely with the HR managers in the Group's host countries to ensure that the policies implemented are aligned as much as possible with local conditions. Moreover, The Group has chosen to oversee mobility and recruitment more specifically by hiring dedicated teams for these tasks and by bolstering human resource management teams at both the Corporate level and at the Cluster and Business Unit level. The Group also introduced specially designed action plans to identify and anticipate each Business Unit's recruitment needs. These action plans:
 - specifically define hiring needs by subsidiary and by profile while taking into account development projects and the age pyramid;
 - make sure our job offers are visible by using customised media based on needs and new means of communication (social networks etc.);
 - develop mobility not only within the country but also between the Business Units of different countries. This involves developing employee loyalty within the Group by offering career development opportunities to those who want them;
 - leading an energetic schools-relations policy for all countries. This would give our profession and Group added credibility and help

us anticipate our needs by welcoming and training interns and work study students at the facilities;

- participate in job fair-type recruitment initiatives, job dating, medical conferences etc. that target the most in-demand positions, especially in rural areas, and develop local initiatives with employment partners;
- manage and oversee an active training policy, which the Group has led for several years, that develops skills and retains employees via several programmes such as language courses for job transfers, ESCP for promoting our talents or specialised degrees awarded to care teams in partnership with renowned universities;
- launch meaningful, morale-boosting and team-building projects for teams to help grow a motivating and engaging work environment;
- maintain employee dialogue to underpin the stability of teams within facilities.

2. Does the company have targets related to retention or turnover? If yes, what are the targets and what is the current status of meeting the targets?

Yes. We focus on our CSR objectives to reach this goal. Reduce the rate of workplace accidents of 15 %, enable 10% of our employees to get a certification or a diploma, make sure that 50% of the managers come from an internal promotion to build strong and close teams in facilities are key targets to improve our global situation.

3. Are wages factors considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

3a. If wages are a factor in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets?

Yes, wages are part of the strategy but it's also linked to promotion due to an increase of skills after training – This is hard to bear a cost alone for the company, that is why it is relevant to have industry collective bargaining to increase wages about any category of employees. It is also important to notice that the group, throughout the business units, took the opportunity to reward the employees each time it was possible, most of the time thanks to exceptional bonuses of different amounts regarding to the countries and especially in the pandemic context. For instance, in France, the management tries to use different tools put at its disposal (bonuses linked to the effort of employees during the covid-19 crisis, exceptional purchasing power bonuses, employee saving scheme available each year regarding to business outcome...).

4. Are working arrangements, schedules or contracts factors considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

4a. If working arrangements, schedules or contracts are factors in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets?

Yes. Flexibility in schedules are a daily matter to deal with according to the situation of employees and all the managers have to feel concerned to improve working conditions. Facilitate a change of timetable or accept part time job when it enables a good work life balance to our employees can be examples of our commitment. We put in place special agreements about equality between men and women, teleworking, working conditions in general to enhance life quality.

5. Are training and progression factors considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

Yes. Training and internal promotion remain the cornerstone of our HR policy and CSR roadmap with associated objectives (i.e 50% internal promotion and 10% of training leading to the grant of a diploma or certification). The Group manages and oversees an active training policy, led for several years, to develop skills and retain employees via several programmes but also enable employees to access to certification and diplomas for advancement at all levels of the company. In addition to complying with legal obligations in each area, the Group aims at maintaining and developing employee skills. Training courses and paths cover various areas on hard skills and soft skills to meet the Group's quality standards such as "promoting proper treatment", "Alzheimer's disease", "the end of life" and "gestures and postures". These modules have been adapted for each country to respond to their unique situations, and each ORPEA employee is invited to attend these in-house training sessions on a regular basis. Since the beginning of the Covid crisis specific training sessions focused on hygiene and disinfection, specific training for Covid-19, hospital hygiene and infection risk management and crisis management have been deployed.

The training plans deployed across the Group take the wishes of employees and the needs of the company into account as much as possible. The broadest possible range of training (e-learning, videos, mobile learning, flash training, on-site etc.) is delivered by both external trainers and internal experts keen to share their knowledge. A base of mini-training sessions (flash training) lasting 30 to 40 minutes on average on around 50 themes. They provide an opportunity to review current procedures, ensure that residents and patients are fully aware of the rules for optimal care, and provide opportunities for discussion to strengthen team spirit. Each facility manager aims to carry out six mini-training sessions per month with his or her staff. This program is regularly monitored as part of internal audits.

To support the managers internal promotion the Group has initiated the construction of a development program adapted to the level of responsibility. This programme consists in an initial individual diagnostic phase with assessment tools adapted to each level before individual and collective development plans are deployed. The diagnostic phase initiated in 2019 continues to be deployed among a larger number of beneficiaries, and

individual and collective development plans were launched in 2020 (managerial training, crisis management training, coaching, etc.).

To support internal promotion a specific focus is put on certification and diploma. Thus the Group is developing partnerships with universities and schools to support its training plans with certifications. More than 300 partnerships have been established with universities or schools to recruit and train people especially in France, Germany, Spain, Poland, and Austria. In some countries the Group even owns his own training center and school with recognized diplomas. The ORPEA Group has therefore developed university diplomas in partnership with higher education institutes in various countries to enrich the skills of its employees in care and care management. In France, DOMEA, a care training institute set up by the Group in 2005 (IFAS) in France and the AFPS schools train 250 students per year to become care and family assistants. In France VAE (validation of acquired experience) for care givers campaign was launched. The university diploma in care facility management awarded by the University of Nice is designed to improve the managerial skills of its facility managers and is a good example of the ORPEA Group's ambition of implementing an integrated, international approach to training. In Italy, a partnership is underway with the LIUC business school in Milan to create a specific Master's degree in Management for the selection of new managers and the implementation of internal training plans. In Austria, the SENECURA Academy offers the Group's employees recognised training courses. Likewise, in Switzerland, SENEVITA set up its own Academy. In the summer of 2021, the foundation stone for the SENECURA Lakeside Academy Campus will be laid. This ORPEA school will be able to accommodate and train over 500 students (care workers, nurses, physiotherapists, etc.). ORPEA IBERICA is thus providing the funding for deputy facility managers, and those with senior management ambitions to obtain the qualification they need to develop their skills, enhance their career and be promoted to facility managers. As a result, more than 689 000 hours of training have been provided in 2020 with an average of 10 hours of training (excluding internal mini-training) per employee.

5a. If training and progression are factors in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets? CSR objectives for 2023:

- 50% of managers (regional directors, directors of facilities and head nurses) are promoted internally

- 10% of employees hold a recognised certificate and/or diploma
- 50% of women in top management

The status of meeting those targets will be known at the end for year.

6. Is the social recognition of the sector a factor considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

From the outset and inherent to our business activity, we have performed a public interest mission: caring for and supporting all vulnerabilities. Company and job value promotion, attractiveness and image are important factors for the Group. Local communication campaign have been regularly launched to promote ORPEA's core businesses and foster pride in being on the ORPEA team. Numerous initiatives are conducted within the geographical regions (Germany, Austria with 'care as an opportunity' regular campaigns, job dating in France with my job glasses) in conjunction with local stakeholders to position ORPEA as an expert in the care of vulnerable individuals. These include participation in symposiums and conferences reserved for the medical profession. Employer brand is promoted on various social networks with an increased visibility and the Group has a leader position on the market (nb of followers and growth) with 66,7 K followers on LinkedIn for example with regular increase of followers (+20% YOY 2021). Involvement in local charitable events (sporting and fundraising events, twinning with primary schools, ...) also helps raise the Group's profile in its area and also communication campaigns on social media with an increased presence. The ORPEA Foundation in France supports projects carried out by non-profit associations in the field of education and health through financial and skills sponsorship. To ensure outreach on a national scale, the Group has created a community of employee ambassadors who support and are fully committed to the Foundation.

6a. If the social recognition of the sector is a factor in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets?

CSR objectives for 2023:

- 50% of managers (regional directors, directors of facilities and head nurses) are promoted internally
- 10% of employees hold a recognised certificate and/or diploma
- 50% of women in top management Risk arising from employee health and safety
- 15% reduction in the frequency rate of workplace accidents
- Maintenance or improvement of the level of employee satisfaction as measured by the employee engagement surveys deployed starting in 2021.

The status of meeting those targets will be known at the end for year.

7. Is collective bargaining coverage and trade union representation a factor considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

7a. If collective bargaining coverage and trade union representation is a factor in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets?

European and national regulations are the first step to address this kind of issues, followed by the industry-wide collective bargaining in care sector to move forward on retention, turnover and labour shortage then at a local level between trade unions and companies or facilities. We obviously need trade unions in this will to have an efficient coverage of our employees about many topics (wages, working conditions, safety, healthcare insurances...) and we push to do it each time it's possible.

Enabling environment:

1. How is the company cooperating with trade unions at the international level such as with UNI Europa or UNI CARE to address these issues?

We have participated to UNICARE RETAIN Advisory Board and shares with all the stakeholders what we have already done, what we intended to do in addition and what we were expecting from trade unions and authorities to help private companies in these essentials issues.

2. At the European level, what is needed from the EU to address labour shortages, turnover or retention issues?

We especially think about the two following topics:

- Work on the recognition of national/international diplomas within the European Union seems essential today because equivalence and/or recognition of diplomas will facilitate the recruitment of staff and the development of mobility for international groups. An audit of the various health sector courses in each country, drawn up by UNICARE for instance, could help to identify the geographical areas with shortages and those whose staff resources could be called upon
- Increase the number of places available on training courses for health care workers

ANNEX 3:

Company indicators and strategies to address retention – Security

10

COMPANY

COMPANY STRATEGY ON RETENTION

Does the company recognise retention as a risk in its annual report or equivalent?

Securitas

Indirectly- The company names People as one of four strategy focus areas, including strategic HR to improve retention and quality.

Eulen

Yes - Attracting and retaining talent is the number one issue in the company's Materiality Assessment on page 6 of their 2020 Sustainability Report.

G4S

Yes – Attracting and retaining people is named as a risk on page 19 in the company's annual report.

Loomis

Yes – staff turnover rates are named under risks and uncertainties on page 88 of the company's 2021 annual report.

Brinks

Yes – The company reports labour shortages and increased labour costs could have a material adverse effect on our operations on page 13 of the company's 2021 annual report.

Seris

N/A – no annual report available.

What is the company's strategy to deal with retention?

Securitas

The company emphasises decent labour practices, the right to organize and human rights. They note across the many countries they operate in they prioritize fair wages and working conditions. They also have their own training centres in most countries of operation. They focus on training, skills and opportunities for professional development. They also encourage people to take on responsibility early in their careers.

For full response, see Annex 4.

Eulen

The company does not report a specific strategy for retention, but outlines its employment pillars as:

1. Employment
2. Diversity and equal opportunity
3. Talent
4. Health and safety

They also outline the company's perspective on social relations, and initiatives that aim to improve work/life balance.

What is the company's strategy to deal with retention?

G4S

The company reports the Group's mandatory human resource standards cover core requirements for delivering the HR strategy, such as ensuring that employees are screened, inducted and trained to perform their jobs, and that there are appropriate mechanisms in place for managing employees working in higher risk roles such as those carrying firearms. Compliance is self-assessed annually and reviewed by local, regional and group teams. Additionally, key HR controls are tested by internal audit during visits to the businesses.

The company is seeking to recruit people with different backgrounds. In 2020 we signed an enterprise-wide agreement with LinkedIn which has provided us with a platform to support our resourcing priorities globally and locally. We have increased the number of recruiter licences from 8 to over 120 globally and our global resourcing teams have completed a series of development sessions.

Loomis

A specific retention strategy is not reported. More generally, Loomis's focus as an employer can be summarized in three strategic and closely interlinked areas of responsibility: continued investment in the common core values; increased investment in professional development for managers and employees; and greater knowledge transfer between countries.

Brinks

The company reports: "Our inability to offer competitive compensation and benefits may impact our ability to attract and retain employees in certain markets. During 2021, we continued to take steps to develop a talent pool deep enough to absorb employee departures. Specifically, we enhanced workforce planning, updated job descriptions, identified critical role high potential employees and enhanced our brand attractiveness by establishing Brink's as a company which is relevant, digital, inclusive and growing. We use employee opinion surveys to take the pulse of employees in the U.S., Brazil, Canada and Mexico. Globally, we are sharing our vision of a winning culture with our leadership through country communication plans, and using global leadership training to reinforce Brink's Values and critical success factors throughout the organization. In 2022, we expect to launch a project that will focus on the employee experience and is designed to reduce employee turnover."

Seris

The company reports retention plans have been put in place in order to avoid staff leaving: well-being surveys, training programs, closer contact staff versus management, absenteeism interviews, exit interviews, adapted planning rules in order to enhance work-life balance, internal communications.

Recruitment department has been enforced with additional staff in order to address shortage of operational staff. All possible channels of attracting new colleagues have been addressed. Media campaigns have been launched to increase brand awareness and employer attractiveness to work in.

Turnover: on top of retention plans, exit interviews have been started up in order to finetune the motivation of leaving. If reason for leaving was linked to the company itself (ex. Planning issues, distance between work place & home, work-life balance, ...) plans put in place to avoid. If reason for leaving was linked to 'escape out of our line of business (leave the sector), no further action taken.

COMPANY

COMPANY STRATEGY ON RETENTION

Does the company have targets related to retention? If yes, what are the targets and what is the current status of meeting those targets?

Securitas

They are putting processes in place for talent management and recruitment and to ensure a diversity and inclusion.

Eulen

Not reported.

G4S

Not reported.

Loomis

Not reported.

Brinks

Not reported.

Seris

Turnover rate target: 3%, current shortfall of 1.21% to target (see above)

Retention rate target: 92% versus 90.4% actual.

Does the company report that its retention strategy have components to address the following key factors identified:

1. Wages
2. Working arrangements
3. Training and progression
4. Social recognition of the sector
5. Freedom of association and collective bargaining

Securitas

1. Wages – yes, noting that most employees are covered by collective bargaining agreements.
2. Working arrangements – yes.
3. Training and progression – yes.
4. Social recognition of the sector – yes.
5. Freedom of association and collective bargaining – yes.

For full details of the company's response, see Annex 4.

Eulen

1. Wages – not reported.
2. Working arrangements – not reported.
3. Training and progression – not reported.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining – not reported.

COMPANY

COMPANY STRATEGY ON RETENTION

Does the company report that its retention strategy have components to address the following key factors identified:

1. Wages
2. Working arrangements
3. Training and progression
4. Social recognition of the sector
5. Freedom of association and collective bargaining

G4S

1. Wages – The company reports a reward strategy for incentivising and recognising success.
2. Working arrangements – The company reports a focus on H&S and Wellbeing to help build employee loyalty.
3. Training and progression – The company notes development strategies including induction and refresher trainings.
4. Social recognition of the sector – To help us build on our brand recognition and enable us to engage with a much wider audience we have used our 2021 G4S global Culture and Values calendar across numerous social platforms. We are engaging with our employees, potential employees, customers, suppliers and social audiences through a variety of values led social media posts, increasing our reach and engagement across a wide range of diverse talent pools.
5. Freedom of association and collective bargaining– not reported.

Loomis

1. Wages – not reported.
2. Working arrangements – yes, the company reports a focus area of a zero vision for injuries.
3. Training and progression – The company reports an approach to offer frequent training in health and safety, professional development, succession programs, as well as individual performance evaluation. Loomis reports in 2021 Loomis Pay training was rolled out, which trained managers and employees.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining– not reported.

Brinks

1. Wages –not reported agreements.
2. Working arrangements – the company reports the importance of employee safety and wellbeing, and COVID-19 protocols adopted.
3. Training and progression – not reported.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining– not reported. The company reports: “We believe our employee relations are satisfactory”.

Seris

1. Wages – not part of retention strategy.
2. Working arrangements – yes, key part of strategy including contracts, scheduling and work-life balance.
3. Training and progression – yes, additional training is provided and progression processes are in place.
4. Social recognition of the sector – yes, the company conducted surveys of the public and staff on perception of the sector.
5. Freedom of association and collective bargaining– yes, the company reports trade union culture is strong within the company.

For full details of the company’s response, see Annex 4.

COMPANY

Does the company have specific targets to meet these areas above?

Securitas

1. Wages – not reported.
2. Working arrangements – Target: 5% annual decrease of the Group injury rate, -14% achieved from 2019 to 2020. Additional indicators reported include number of countries with formal health and safety committees and this percentage of total number of countries, injury rate, actual number of work related injuries, actual number of lost-time injuries, lost-time injury frequency rate, actual number of work-related fatalities.
3. Training and progression – Company reports this is currently being worked on.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining– target not reported, but key indicator of 58% of employees are covered by collective bargaining agreements.

Eulen

1. Wages – not reported.
2. Working Arrangements – target not reported. H&S indicators reported are: accident rate 22, severity rate 0.42.
3. Training and progression – target not reported. Number of hours of internal training reported is 927,834.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining – target not reported. Investment in social dialogue reported (in euros) 565,343.

G4S

1. Wages – not reported.
2. Working arrangements – target of zero harm. H&S indicators reported include: 15 fatalities, 90% decrease in road traffic fatalities since 2013, and during 2020, the Group Lost Time Injury incidence rate was 4.6 per 1,000 employees.
3. Training and progression – not reported.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining– target not reported, but key indicator of 31% of employees covered by collective bargaining agreements.

Loomis

1. Wages – not reported.
2. Working arrangements – targets include: zero workplace injuries, a15% reduction in work injury rate compared to 2021, and 100% of employees agreeing with the statement “Loomis’s safety routines are designed to ensure my safety.”

In 2021, the number of injuries was between 100 – 130, a decline from the previous year but exact data is not reported. 87% of employees surveyed agreed with the statement: “Loomis’s safety routines are designed to ensure my safety.”

COMPANY

Does the company have specific targets to meet these areas above?

Loomis

3. Training and progression – The company reports a target to increase average number of training hours/employee/year. They reported 19 in 2021, 15 in 2020, and 17 in 2019.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining– target not reported. Approximate indicator reported of 70 - 80% of employees covered by collective bargaining agreements in Europe and between 15-20% in the US, with no change since previous years.

Brinks

1. Wages – not reported.
2. Working arrangements – not reported.
3. Training and progression – not reported.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining– target not reported. Company discloses percentages of employees covered by collective bargaining agreements by region with 0% in the US, 9 agreements in Canada, 71% of employees in Latin America covered by collective agreements, 51% of employees in Europe covered by collective agreements, and 17% of employees in the rest of the world covered by collective agreements.

Seris

1. Wages – not reported.
2. Working Arrangements – No specific target set. Key H&S indicators disclosed include: 17,3 Overall Accident Frequency Rate (2018, global), and 1.5. Overall Severity Rate (2018, global).
3. Training and progression – the target is a minimum of 5 training days a year per person. Actual status: target is met but closely mainly due to Covid restrictions. E-learning initiatives put in place to overcome this temporary lock-down.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining – No specific target set.

For full details of the company's response, see Annex 4.

COMPANY

How is the company cooperating with trade unions at the international level such as with UNI Europa or UNI CARE to address these issues?

Securitas

Securitas has entered into framework agreements with UNI Global Union, the Swedish Transport Workers' Association, and the European Workers' Council in our European division. These agreements underline our joint commitment to universal principles concerning business conduct, as outlined by the UN Global Compact and ILO's core conventions.

Eulen

The company notes in its Sustainability report: More than 90 collective bargaining agreements, through different business associations or directly managed by the company in the different countries in which we operate.

To address the situation in the sectors, analyse their problems and propose actions to promote and improve them, mainly through the involvement in Spain of:

- The State Observatory for the Building and Premises Cleaning Sector.
- The Private Security Sector Observatory.

G4S

The company notes that to execute its HR strategy, it has an Ethical Employment Partnership with UNI, the global union federation, which has been in place since 2008 to enable G4S and UNI to work together to raise employment standards in G4S and throughout the wider security market.

Loomis

The company reports: "Each Country President has ultimate responsibility for managing day-to-day operations and ensuring compliance with local laws and regulations. They also enter into collective agreement's on behalf of the employees as long as these agreements do not, in practice, result in employment conditions that do not comply with local laws and regulations. Through its Sustainability Policy, Loomis has aligned its efforts with the UN Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Every year the Company convenes a European Works Council (EWC) meeting to promote dialogue between trade unions and management".

Brinks

Not reported.

Seris

The company reports that a European works council has been put in place and discussing these issues.

COMPANY

At the European level, what is needed from the EU to address labour shortages?

Securitas

Not reported.

Eulen

Not reported.

G4S

Not reported.

Loomis

Not reported.

Brinks

Not reported.

Seris

Not reported.

ANNEX 4:

Full Company Reponses – Security

Background information:

1. **Name of company:** Seris Belgium
2. **Name of person completing survey:** Robert Vanderhoydonc
3. **Role within the company:** HR Director
4. **Number of global employees:** 40,000
5. **Number of employees within Europe:** 26,000

Current status of turnover and retention: (Belgian figures)

1. **What is the company's annual voluntary staff turnover rate? What methodology is used to calculate this?**

4,21% (voluntary leavers/total staff at end of period).

2. **What is the company's annual retention rate? What methodology is used to calculate this?**

90.4% (Factor 100 minus % forced leavers/total staff at end of period).

3. **What is the company's average tenure? What methodology is used to calculate this?**

1639 staff or 2.278.002 hours/year (Total Employment Time for All Employees).
Seniority of our staff is 8.9 Years on average.

4. **What is the company's absenteeism rate for the most recent financial year? What methodology is used to calculate this?**

2,64% (weighed hours i.c. paid hours).

5. **What is the percentage of staff on permanent contracts?** 98%.

6. How many open vacancies are there currently by country of operation?

200 (Belgian figures).

Company strategy:

1. What is the company's strategy to address issues in retention, turnover, or labour shortages?

Retention plans have been put in place in order to avoid staff leaving: well-being surveys, training programs, closer contact staff versus management, absenteeism interviews, exit interviews, adapted planning rules in order to enhance work-life balance, internal communication,....

Recruitment department has been enforced with additional staff in order to address shortage of operational staff. All possible channels of attracting new colleagues have been addressed. Media campaigns have been launched to increase brand awareness and employer attractiveness to work in.

Turnover : on top of retention plans, exit interviews have been started up in order to finetune the motivation of leaving. If reason for leaving was linked to the company itself (ex. Planning issues, distance between work place & home, work-life balance, ...) plans put in place to avoid. If reason for leaving was linked to 'escape out of our line of business (leave the sector), no further action taken.

2. Does the company have targets related to retention or turnover? If yes, what are the targets and what is the current status of meeting the targets?

Turnover rate target: 3% so shortfall of 1.21% to target (see above).

Retention rate target: 92% versus 90.4% actual.

3. Are wages factors considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

Limited due to the fact that all of our blue collars are paid on sector defined salaries. No competition (yet) between competitors for the blue collars in the market. War for talent existing however for white collars. Main reason for white collar staff to join us, is partly salary based.

3a. If wages are a factor in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets?

Budgets are made up upfront to address these challenges. Every position is budgeted related to total annual salary cost. Taken into consideration the shortage on the market to find staff, inflation in salaries are the consequences. Actually, we sometimes need to pay more than what actual staff in same position is earning; which as a consequence creates internal tension on salary policies put in place. Final match to proceed or not with a candidate lies in the added value given related to his added value for the business. If targets put are not met, it has to be compensated by business efforts to balance the foreseen budget.

4. Are working arrangements, schedules or contracts factors considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

Yes, in our line of business is this a very important tool. Practically no labour contract of defined period are in place. Most of our contracts nowadays are illimited in time. Also becoming more an issue is taking over seniority of staff, which plays a role in dismissal pay-out if things should go wrong. Candidates do ask for 'additional security' on this point of view in order to come over to our company. Working arrangements also more and more important. Work-life balance and planning rules applied in the company are often decisive factors to join. Home working related to Covid measures put in place by Government are common now and considered as granted for the future.

4a. If working arrangements, schedules or contracts are factors in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets?

No specific target set.

5. Are training and progression factors considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

Yes, important point of attention and often main reason for retention. We provide a lot more training than legally foreseen training days for our staff. We have our own Seris Academy to provide courses/training, workshops,....

Progression factors related to career development are put in place in order to address specific specialization competences where needed. Evaluation and feedback policies are running to identify needs/wishes and where necessary to put in place.

5a. If training and progression are factors in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets?

Yes, target is a minimum of 5 training days a year per person. Actual status: target is met but closely mainly due to Covid restrictions (our Academy is closed in order to avoid close interpersonal contact). E-learning initiatives put in place to overcome this temporary lock-down.

6. Is the social recognition of the sector a factor considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

Yes, the sector organized a survey in the market to validate how the public perceives our line of activity. At the same time, sector staff has been questioning also on their point of view. Result was that the public has a higher appreciation of our job/job content/ responsibility than people working in the sector itself. In our line of business, job content is changing rapidly and technological evolution is having a severe impact. Also taking into our strategy to address retention, turnover or labour shortages is flexibility. We work 7/24, and work-life balance becoming more and more an issue.

6a. If the social recognition of the sector is a factor in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets?

No specific targets set.

7. Is collective bargaining coverage and trade union representation a factor considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

Yes, trade union culture has always been strong in our company. Representatives are involved in retention & turnover projects.

7a. If collective bargaining coverage and trade union representation is a factor in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets?

No specific targets set.

Enabling environment:

1. How is the company cooperating with trade unions at the international level such as with UNI Europa or UNI CARE to address these issues?

A European works council has been put in place and discussing these issues.

2. At the European level, what is needed from the EU to address labour shortages, turnover or retention issues?

No specific demand.



Background information:

- 1. Name of company:** Securitas AB
- 2. Name of person completing survey:** Pavandeep Cooney
- 3. Role within the company:** Divisional HR Operations Manager
- 4. Number of global employees:** 355,000
- 5. Number of employees within Europe:** 121,000

Current status of turnover and retention:

1. What is the company's annual voluntary staff turnover rate? What methodology is used to calculate this? N/A.
2. What is the company's annual retention rate? What methodology is used to calculate this? 64%.
3. What is the company's average tenure? What methodology is used to calculate this? N/A.
4. What is the company's absenteeism rate for the most recent financial year? What methodology is used to calculate this? N/A.
5. What is the percentage of staff on permanent contracts? 92%.
6. How many open vacancies are there currently by country of operation? N/A.

Company strategy:

1. What is the company's strategy to address issues in retention, turnover, or labour shortages?

Securitas has a large workforce of 355 000 skilled and engaged employees, and working conditions are therefore important. Decent labor practices, the right to organize and human rights are all vital to Securitas, our employees and our clients, and to our ability to attract and retain people with the right skill sets and values to meet future demands. We work in many diverse markets around the world and in all of them we prioritize fair wages and working conditions. Securitas has its own training centers in most countries of operation in order to ensure that the employees have the necessary competence to provide clients with high-quality security services. By improving the knowledge and skills of employees, we contribute to their

professional growth and to a better understanding of the security profession. Empowering employees means a greater focus on training, skills and opportunities for professional development. We also encourage people to take on responsibility early in their careers.

2. Does the company have targets related to retention or turnover? If yes, what are the targets and what is the current status of meeting the targets?

We are putting processes in place for talent management and recruitment and to ensure a diversity and inclusion.

3. Are wages factors considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

Most employees in Europe are covered by the collective bargaining agreement.

3a. If wages are a factor in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets?

We always strive to pay fair wages that meet and exceed industry levels.

4. Are working arrangements, schedules or contracts factors considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

In a people intensive company like ours, these are always important factors.

4a. If working arrangements, schedules or contracts are factors in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets? N/A.

5. Are training and progression factors considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

Yes, employee training is a strategic priority for Securitas. By improving the knowledge and skills of employees, we contribute to their professional growth and to a better understanding of the security profession.

5a. If training and progression are factors in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets?

This is currently being worked on.

6. Is the social recognition of the sector a factor considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

We strive to raise the profile of the industry by implementing and leading innovative practices.

6a. If the social recognition of the sector is a factor in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets?

Currently there are no targets.

7. Is collective bargaining coverage and trade union representation a factor considered in the company's strategy to address retention, turnover or labour shortages? If yes, how so?

Securitas has entered into framework agreements with UNI Global Union, the Swedish Transport Workers' Association, and the European Workers' Council in our European division. These agreements underline our joint commitment to universal principles concerning business conduct, as outlined by the UN Global Compact and ILO's core conventions. They have also been influential when it comes to determining our level of ambition.

7a. If collective bargaining coverage and trade union representation is a factor in the company's strategy, are there targets set on this? If yes, what are these targets and what is the status of meeting those targets?

We measure the percentage of employees that are covered by the collective bargaining agreements every year.

Enabling environment:

1. **How is the company cooperating with trade unions at the international level such as with UNI Europa or UNI CARE to address these issues?**

Securitas has entered into framework agreements with UNI Global Union, the Swedish Transport Workers' Association, and the European Workers' Council in our European division. These agreements underline our joint commitment to universal principles concerning business conduct, as outlined by the UN Global Compact and ILO's core conventions.

2. **At the European level, what is needed from the EU to address labour shortages, turnover or retention issues? N/A.**

Response from ESTA, as requested from Loomis and Brinks

First of all, I'd like to wish you a very happy new year for 2022 on behalf of ESTA.

As mentioned earlier, the Board of ESTA has asked me to submit a response to the request for information in relation to your survey on retention, turnover and labour shortage, that was sent to a number of its Members.

First of all, I'd like to wish you a very happy new year for 2022 on behalf of ESTA.

Response from ESTA, as requested from Loomis and Brinks

As mentioned earlier, the Board of ESTA has asked me to submit a response to the request for information in relation to your survey on retention, turnover and labour shortage, that was sent to a number of its Members.

ESTA members believe the issues you highlighted are indeed worthy of attention for the industry. However, situation varies greatly based on countries' markets, economic situations and regulations and as such our members' position is that these issues should be dealt with at country level with the proper local stakeholders.

The request for background information you sent concerns data which, for most, are not readily available within companies and cannot be computed without substantial resources being devoted to it.

Our Members operate in different markets with their specificities and, to some extent, idiosyncrasies. Since the activity is essentially domestic – see ESTA's response to the Commission request for information on cross-border CIT, which I shared with you – the market they operate in, and in particular the labour market, is a given. In some countries, the market is such that retention and turnover is not an issue, in others this is different: there is nothing that is in the control of our members, particularly in an extremely competitive market. For these reasons, the issue is most frequently apprehended at local level, rather than group level, in order to take into account these market specificities.

In addition, every employee is at liberty to decide to change jobs, and there are a vast number of factors that may motivate a job change. These factors are more numerous than those suggested in your request for information, and some of those not mentioned may be more important for some employees. Our members do respect their employees' decision when they chose to go and work elsewhere. Specific regulatory requirements in some markets, such as the vetting of employees also may limit, for good reasons, the ability to hire replacement staff.

Please be reassured that it is in our Members' best interest to rely, in a labour-intensive industry, on their employees, as much as we do respect employees when they decide to leave the companies for reasons which are, in most likelihood, personal. I hope this information will be useful for your assessment and possibly widen the scope of your research.

ANNEX 5:

Company indicators and strategies to address retention – Cleaning

COMPANY

COMPANY STRATEGY ON RETENTION

Does the company recognise retention as a risk in its annual report or equivalent?

ISS

Yes – the company reports the “risk that ISS will not be able to attract and retain the right people in order to maintain operations and meet our customer obligations. Especially important in a pandemic environment with overheated labour market” on page 33 of the annual report.

Mitie

Yes – The company reports “Inability to recruit, retain and reward suitably talented employees, as well as failure to implement appropriate development plans and simple, consistent processes across the business and cultivate a One Mitie culture, could result in employees being disengaged and negatively impact the Group’s operational and financial performance.” on page 66 of 2021 Annual report.

Dussmann

Yes – the company names employee retention and recruitment as a critical issue on page 45 of the annual report.

Atalian World

Yes – The company names the risk “We may not be able to hire and retain enough sufficiently qualified technicians to support our operations. In addition, we may encounter problems in recruiting and retaining qualified employees across our business in periods of rapid economic growth.” on page 79 in the annual report.

Facilicom

Yes – the company notes labour market scarcity in the Netherlands generally and particularly for labour-intensive companies such as Facilicom.

What is the company’s strategy to deal with retention?

ISS

The company reports targeting a structural improvement in employee retention. General people priorities include: deployment of an updated leadership development and service culture programmes, and increased employee engagement, and a diversity and inclusion strategy.

Mitie

The company reports: “Voluntary attrition has been a focus area for a number of years as Mitie strives to become the ‘Employer of Choice’ in the FM industry. Exit interviews and the annual engagement survey results inform our thinking and a number of improvements have been deployed to increase colleague engagement and loyalty during FY21. Our people give their best when we show them that we care, that’s why we have deployed market leading new benefits. This is heightened with the acquisition of Interserve. Mitie needs to have the right level of experience and expertise available and be able to develop a culture of high standards of achievement, compliance to the Mitie values and good governance and control. In order to achieve this, Mitie also needs to provide development opportunities for its employees to enable them to reach their full potential.

COMPANY

What is the company’s strategy to deal with retention?

Dussmann

The company reports: We promote exemplary health and safety practices, good working conditions, fair remuneration and a wide range of training and development opportunities. We provide our employees with secure jobs, promote diversity and prevent discrimination in the workplace.

Atalian World

- The group relies on 3 pillars:
- 1. Recruitment – developing the image of its employer brand and business lines, including social networks and relationships with schools.
 - 2. Skills development – training of workers, technicians, supervisors and managers
 - 3. Career management – developing existing internal talents.

Facilicom

The company reports: “We invest an increasing amount of time, energy, capacity and budget in recruitment. We are using various programmes to recruit new employees and we use external recruiters more frequently. However, it still takes a longer time to find the right people. This means the percentage of temporary agency workers in our workforce has increased. This has also increased the hourly wage costs.” (2018).

Does the company have targets related to retention? If yes, what are the targets and what is the current status of meeting those targets?

ISS

The company reports an ambition to reach industry-leading employee engagement by 2025.

Mitie

Not reported.

Dussmann

Not reported.

Atalian World

Not reported.

Facilicom

Not reported.

COMPANY

COMPANY STRATEGY ON RETENTION

Does the company report that its retention strategy have components to address the following key factors identified:

1. Wages
2. Working arrangements
3. Training and progression
4. Social recognition of the sector
5. Freedom of association and collective bargaining

ISS

1. Wages – not reported.
2. Working arrangements – not reported.
3. Training and progression – yes, the company launched in 2021 the Placemaker's Path, a learning and development programme, and the e-learning platform MyLearning.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining – not reported.

Mitie

1. Wages – yes, Mitie works with the Living Wage Foundation to promote the Real Living Wage. Mitie always incorporates Real Living Wage costing in bids submitted to prospective and current clients.
2. Working arrangements – yes, Mitie reports a focus on improving safety and happiness at work including reducing injuries by reporting near misses and hazardous conditions, LiveSafe a culture change programme, and wellbeing services.
3. Training and progression – yes, the company reports targeted development programmes for the Group's leaders. In 2022, Mitie will be working on establishing clear career pathways. Mitie also reports providing a variety of apprenticeships and at 31 March 2021 had 1,172 employees working through an apprenticeship scheme across the Group's portfolio of contracts.
4. Social recognition of the sector – The company reports on the change in perception due to the COVID-19 pandemic and states that Mitie is committed to acting as the voice of the frontline, championing employees and leading the way as standard bearer of the facilities management industry.
5. Freedom of association and collective bargaining – none reported.

Dussmann

1. Wages – public reporting references fair remuneration. No further information available.
2. Working arrangements – annual report references exemplary health and safety practices, good working conditions. No further information provided.
3. Training and progression – public reporting references a wide range of training and development opportunities. No further information provided.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining – not reported.

Atalian World

1. Wages – not reported.
2. Working arrangements – yes, the company reports their first duty is H&S and wellbeing of employees and work and refers to the Group's QHSE policy. The company reports specific efforts regarding the COVID-19 pandemic, risks from chemicals, limiting MDS, and mental health.

COMPANY

COMPANY STRATEGY ON RETENTION

Does the company report that its retention strategy have components to address the following key factors identified:

1. Wages
2. Working arrangements
3. Training and progression
4. Social recognition of the sector
5. Freedom of association and collective bargaining

Atalian World

3. Training and progression – not reported.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining – The company reports that: “As we are continuously restructuring our workforce to achieve productivity gains, maintaining good relationships with our employees, unions and other employee representatives is crucial to our ability to successfully implement such restructurings”.

Facilicom

1. Wages – not reported.
2. Working arrangements – yes, looking for measures that have a positive impact on the work-life balance, a healthy lifestyle, motivation and skills. All divisions have prepared prevention plans. This includes offering online physiotherapy sessions, training courses for living healthier, and on the work floor, including on aggression.
3. Training and progression – The company reports it offers a Mobility Center to help employees find a new internal or external position. Employees can discuss their talents, skills and career options with consultants. Additionally, the Mobility Center organises application training, workshops on career development and training for managers supporting their employees regarding sustainable employability.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining – not reported.

Does the company have specific targets to meet these areas above?

ISS

1. Wages – not reported.
2. Working arrangements – No targets reported. Key indicators reported: The company reports a lost time injury frequency of 2.7 in 2021, an increase from 2.5 in 2020.
3. Training and progression – no target reported. Key indicators on MyLearning e-learning platform include more than 2,000 modules, and 800 videos. Since the launch in 2015 it has 5.3 million modules completed.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining – not reported.

Mitie

1. Wages – yes, % of employees where Mitie control salary paid Real Living Wage - 100% FY 20/21 up from 75%.
2. Working arrangements – No target reported. KPI reported of: Lost time injury frequency rate is 2.85 (28% reduction from previous year) and employee training hours around Health & Wellbeing - 2,338 in 2021, 2025 target 10,000.

COMPANY

Does the company have specific targets to meet these areas above?

Mitie

3. Training and progression – target reported of 10,000 employee training hours by 2025. In 2021, this was 2,338 hours, and not measured previously. Target of 5% of employees through an apprenticeship scheme. 3.6% of employees either on or having completed an apprenticeship.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining – not reported.

Dussmann

1. Wages – not reported.
2. Working arrangements – not reported.
3. Training and progression – not reported.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining – not reported.

Atalian World

1. Wages – not reported.
2. Working arrangements – target not reported. Indicator reported of 89% of turnover generated and 47% of countries in ISO 45000, OHSAS 18001 or equivalent certified Health and Safety entities, and 36 H&S certifications worldwide, accident frequency rate 18, and group severity rate 0.36.
3. Training and progression – Target not reported, key indicator reported of 66,377 employees trained and 315,122 training hours.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining – no target reported. Key indicator reported of: Over the last 3 years, the percentage of employees covered by a collective agreement has increased by 5% per year. It was 42% in 2019, 47% in 2020 and 52% in 2021.

Facilicom

1. Wages – not reported.
2. Working arrangements – aim to limit sick leave to 5% (2018), measure incident frequency factor by division and country.
3. Training and progression – no targets reported, indicators disclosed: 28,077 online training courses were attended by 1,992 employees.
4. Social recognition of the sector – not reported.
5. Freedom of association and collective bargaining – not reported.

COMPANY

How is the company cooperating with trade unions at the international level such as with UNI Europa or UNI CARE to address these issues?

ISS

Not reported.

Mitie

Not reported.

Dussmann

Not reported.

Atalian World

Not reported.

Brinks

Not reported.

Facilicom

Not reported.

At the European level, what is needed from the EU to address labour shortages?

ISS

Not reported.

Mitie

Not reported.

Dussmann

Not reported.

Atalian World

Not reported.

Brinks

Not reported.

Facilicom

Not reported.