THE GOOD ECONOMY

SYCOMORE am

The Good Jobs Rating

Methodology Paper

March 2020

A powerful data analytics tool developed for investors looking to assess the contribution of company employment to wider society

Good for Employees, Good for Business, Good for Society

CONTENTS

EXECUTIVE SUMMARY

This paper presents the methodology behind the Good Jobs Rating, a new data analytics product developed by The Good Economy to enable investors to assess the societal contribution of companies as employers and creators of good job opportunities across and within countries.

The Rating is designed for investors who track or plan to track their investment performance against the UN Sustainable Development Goals (SDGs), specifically SDG 8. The Good Economy (TGE) developed the Rating in collaboration with Sycomore Asset Management (Sycomore).

SDG 8: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all."

The purpose of the Rating is:

To assess a company's global ability to create sustainable, quality employment opportunities available to all, and particularly in areas – countries and regions – where jobs are relatively scarce and most needed for sustainable and inclusive development.

The Rating analyses three dimensions of a company's jobs performance from a societal perspective, which are interdependent:

JOB QUANTITY

The direct jobs (actual) and indirect jobs (estimated) to which the company contributes and the sustainability of job growth.

→ Sustainable job creation is needed to achieve or maintain full-employment in all countries – particularly in developing countries.

JOB QUALITY

The social quality of the company's jobs – earnings fairness, job security, progression and accessibility to marginalised groups – approximated from the company's sector data (proxies).

→ Both the quality and quantity of jobs are important given high rates of working poverty and wage inequality across and within countries.

JOB GEOGRAPHY

The geographical distribution of the company's direct employment (headcount) across countries globally and across regions within the EU.

→ Good jobs have a bigger impact on productivity and well-being in low-income countries and regions where unemployment and working poverty problems are greater.

Thus, the Rating uses a three-dimensional model that brings together job quantity, job quality and job geography as the main factors to determine a company's 'good job' performance at the societal or macro-economic level. The national and regional context of job creation is important to the interplay of these three factors and the resulting impact on countries and regions, and ultimately communities. The Rating is constructed from a blended analysis of company and socio-economic data.

The Rating has been developed using a test portfolio of European-listed companies. Outputs for a sample of individual companies are presented in section four of this paper. For detailed information on the methods, metrics and data sources, see section three.

We would like to see the Rating being used by other asset managers and asset owners as an essential positive screening and analysis tool within broader ESG analysis to help identify investment opportunities with a positive contribution to good jobs.

Good job contribution that is both inclusive and sustainable is Good for Employees, Good for Businesses and Good for Society.

1. INTRODUCTION

The Good Economy ('TGE') and Sycomore Asset Management ('Sycomore') have a common goal: to promote investment in companies contributing to employment and 'good job' creation around the world. We believe this investment goal can foster not only corporate performance, but also social progress and well-being.

This document explains the methodology behind the Good Jobs Rating, an innovative tool that enables investors to carry out a deeper analysis of the good jobs contribution of companies. TGE developed the Rating on an iterative user-driven basis in partnership with Sycomore. Sycomore participated in the research and development process, acting as a sounding board and testing out the Rating in their company analysis (see box).

The purpose of the Rating is:

To assess a company's global ability to create sustainable, quality employment opportunities available to all, and particularly in areas – countries and regions – where jobs are relatively scarce and most needed for sustainable and inclusive development.

TGE and Sycomore have built a close working relationship and strategic partnership motivated by shared values and common interests, specifically:

- Both partners believe in the fundamental importance of 'decent work for all'. Good jobs bringing earnings quality, job security and work fulfilment are central to individual and societal well-being. They also underpin sustainable corporate performance.
- Both partners are committed to increasing the positive impact of investment and its contribution to the achievement of the UN Sustainable Development Goals (SDGs). We wanted to develop a tool to enable a better understanding of how companies commit to sustainable development as employers through the jobs they create, both directly and indirectly. Hence, the Rating focuses on SDG 8 as a central SDG – "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all".
- Both partners believe in the importance of developing robust, transparent, consistent, evidence-based methodologies to assess and report on the social and environmental performance and impact of companies. Both firms actively engage with and support international efforts for better measurement and reporting standards through the work of the UN Principles for Responsible Investment (UNPRI), the UN Guiding Principles (UNGP), the Global Impact Investing Network (GIIN) and the Impact Management Project (IMP).

The Good Jobs Rating is designed to help meet the need for measurement and accountability in the achievement of the SDGs. In this paper, we explain the Rating methodology and give examples based on the analysis of European companies. We hope that the Rating will be adopted by other asset managers and asset owners as a key positive screening and analysis tool within a broader ESG framework to help identify risks and opportunities when it comes to seeking a positive contribution to Good Jobs.

PARTNERS IN INNOVATION: THE GOOD ECONOMY AND SYCOMORE ASSET MANAGEMENT

THE GOOD ECONOMY

The Good Economy (TGE) is a leading social advisory firm specialising in impact measurement and management. Set up in 2015, we're a fast-growing company, operating at the nexus of sustainable development, impact investing and mainstream finance. Our work enables clients to understand, enhance and communicate their contribution to delivering positive impact.

We work with investors operating across the spectrum of capital, including socially responsible asset managers, development finance institutions and specialist impact investors. We also work with businesses and social purpose organisations.

IMPACT SERVICES | STRATEGY CONSULTANCY | TOOLS | COLLABORATIONS

TGE uses the UN's Sustainable Development Goals (SDGs) as higher-level objectives in its impact advisory work for investors, which includes specialist focus on business-led inclusive job growth, affordable housing and sustainable development. We take a place-based approach to impact investing seeking to influence the flow of mainstream capital towards more marginalised communities.

As an advisory firm, we strive to break down the silos between the public, private and social sectors, developing collaborative partnerships to rethink approaches to social problems and enhance the role of business and finance in inclusive and sustainable development.

SYCOMORE ASSET MANAGEMENT

Sycomore Asset Management (Sycomore) is a Paris-based fund manager established in 2001 with more than €6 billion of assets under management. Our mission statement, written in 2015, is to make investment more human and reflects what we believe the role of an investor should be: to take a long-term perspective and work hand-in-hand with the companies we own as one of their stakeholders – alongside their employees, clients, suppliers and more broadly, society. Responsible investment is part of our DNA and we are committed to participating to its development to promote a more sustainable and inclusive economy. We are a signatory to the UN-supported Principles for Responsible Investment since 2010 and a member of the Global Impact Investing Network since 2016.

We have developed a proprietary analysis model that factors ESG considerations into our fundamental analysis and thus our investment decisions to find companies able to generate sustainable value. It looks at whether a company creates value for its stakeholders, specifically suppliers, civil society, people, investors, clients and the environment (SPICE). As part of our SPICE approach, we developed an internal metric seeking to capture a company's positive or negative contributions to four pillars of societal impact, based on the UN Sustainable Development Goals (SDG).

1. ACCESS AND INCLUSION	2. HEALTH AND SAFETY	3. ECONOMIC AND HUMAN PROGRESS	4. EMPLOYMENT
1 NO POVERTY; 10 REDUCED INEQUALITIES	3 GOOD HEALTH AND WELL-BEING	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	8 DECENT WORK AND ECONOMIC GROWTH

The first three pillars of Sycomore's "societal contribution" metric focus on a company's contribution through its provision of goods and services. The Employment pillar corresponds to a societal perspective of labour – the company's ability to offer and preserve decent jobs. The objective of this pillar is to value the businesses that create the most jobs, as well as business models supporting the creation or preservation of jobs in areas of scarce employment. It is thus directly linked to SDG 8. The Good Job Rating is used by Sycomore to assess a company's contribution to the Employment pillar. It completes Sycomore's company-level research on human capital management practices.

2. THE NEED FOR THE RATING

In 2015, the United Nations agreed on 17 Global Goals for Sustainable Development providing a blueprint to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The societal need to achieve the Sustainable Development Goals (SDGs) is becoming a universal concern for governments, business leaders and investors.

- It is estimated between $5-7 trillion per year is needed to achieve the SDGs.[1] For developing countries alone, an additional $2.5 trillion is needed per year.[2] With global assets under management expected to reach around $145 trillion by 2025, there is a need and opportunity to mobilise more mainstream private capital as a force for positive SDG impact.[3]

- A report by the Business & Sustainable Development Commission in 2017 estimated achieving the SDGs could open up US$12 trillion of market opportunities and create 380 million new jobs by 2030, more than 10% of the forecast size of the labour force.[4]

Creating decent new jobs in line with the SDGs is a win-win situation for individuals, companies and governments alike.

Because achieving decent work for all and economic growth are key enablers for achieving most of the 16 other SDGs, SDG 8 is widely recognised to be a central development goal. Decent work helps tackle health and educational inequalities, access to housing and the unacceptable levels of poverty in the world today. Focusing attention on SDG 8 is also supported by corporate leaders and reflected in the new SDG guidance for global businesses.[5]

THE GLOBAL GOALS FOR SUSTAINABLE DEVELOPMENT

SUSTAINABLE DEVELOPMENT GOALS

SDG 8: Decent Work and Economic Growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

1. World Investment Report, UNCTAD, 2014.
2. According to the IMF, for emerging market economies, the average additional annual spending required to reach key SDGs is 4 percentage points of GDP, compared to 15 percentage points of GDP for the average low-income developing country https://blogs.imf.org/2019/01/31/mind-the-gap-in-sdg-financing/
3. Asset & Wealth Management Revolution: Embracing exponential change, PwC, 2017.
4. Business & Sustainable Development Commission, January 2017 http://report.businesscommission.org/uploads/BetterBiz-BetterWorld_170215_012417.pdf
5. For example, the SDG Hub of the World Business Council for Sustainable Development https://www.wbcsd.org/ and OECD Business For Inclusive Growth https://www.oecd.org/inclusive-growth/businessforinclusivegrowth/

The International Labour Organisation (ILO) has warned the world is not on track to achieve several of the twelve SDG 8 targets[6]:

- Achieving full and productive employment and decent work for all as well as equal pay for work of equal value remains elusive. Over 170 million people are unemployed; women, young people and people with disabilities are less likely to be employed; and gender pay gaps persist.

- Global inequality is a critical issue. The degree of effort needed to achieve SDG 8 is spread unequally across the world's regions. Lower-middle-income and upper-middle-income countries show the most promise to meet SDG 8 targets on growth and productivity.

Although SDG 8 is consistently ranked as a top-level SDG by corporates and investors, progress with aligning and integrating SDG 8 targets in their strategies is slow due to a lack of standardised data and screening tools for analysing the employment contribution of listed companies.

To date, most analysis of how company activity is aligned with the SDGs has focused on the contribution through products and services rather than contribution as an employer.

A core challenge for measuring good jobs performance is the lack of information on the workforce in company reports. There are several initiatives to improve workforce reporting, for example, ShareAction in the UK leads the global Workforce Disclosure Initiative, which Sycomore AM joined in 2018. This brings investors together to request comparable data from companies via an annual survey.

While this should be welcomed as a positive step, investor frameworks currently used to analyse jobs performance – such as the Investment Impact Framework developed by the Cambridge Institute for Sustainability Leadership (CISL) – typically rely on only one employment-related metric – the number of jobs created.

The World Benchmarking Alliance (WBA) is developing benchmarks as an essential tool for measuring and comparing corporate performance towards the SDGs. By supporting the private sector in its role to deliver on the SDGs, the WBA aims to help companies "move from aspiration to action to achievement". The first set of benchmarks covers food and agriculture, climate and energy, digital inclusion and gender equality and empowerment. To date, there is no industry-standard system to assess and benchmark corporate job performance.

TGE developed the Good Jobs Rating, in partnership with Sycomore, to close this tool 'gap' in SDG 8 analysis for investors, corporates, governments and other stakeholders. The Rating provides information and insight beyond what currently exists in the market. It enables investors such as Sycomore to enhance their fundamental analysis frameworks with quantitative and macroeconomic data on the contribution of companies to good jobs at a societal level.

6. ILO World Employment and Social Outlook, 2019.

3. THE RATING METHODOLOGY

3.1 THE THREE DIMENSIONS OF GOOD JOB CREATION MANAGEMENT

The Rating uses a three-dimensional model of a company's jobs performance as seen from a societal perspective. The three dimensions - JOB QUANTITY, JOB QUALITY and JOB GEOGRAPHY - correspond to the basic efficiency and equity objectives of national and supra-national employment policies, including the UN SDG framework itself.

The Rating model is aligned with SDG 8 which relates to decent jobs and economic growth and with the OECD's definition of "inclusive job growth".[7] Inclusive Job Growth is sustainable job growth that leads to a more equitable distribution of good job opportunities socially and geographically. Good Jobs are defined by earnings quality, job security and work fulfilment.

From this definition, it is clear the three dimensions need to be treated as interdependent.

- Sustainable levels of JOB QUANTITY are needed to achieve or maintain full-employment in all countries, particularly in developing countries. Indeed, 600 million new jobs need to be created by 2030, just to keep pace with the growth of the working age population.[8]
- However, by itself, higher job quantity is not a sufficient condition for sustainable and inclusive development – it must be accompanied by higher JOB QUALITY measured by earnings quality and job security. Note the global working poverty rate at nearly 10% is twice the global unemployment rate. In low income countries, the working poverty rate is 40% and low-productivity, informal employment accounts for 60% of all jobs.[9]
- Finally, a company's JOB GEOGRAPHY is important to determining its social contribution. Good job creation has a bigger impact on productivity and well-being in low-wage countries and regions where unemployment and working poverty are greater. A recent US study demonstrated job creation boosts local employment rates and local incomes by over 60% in high unemployment areas compared to low unemployment areas.[10]

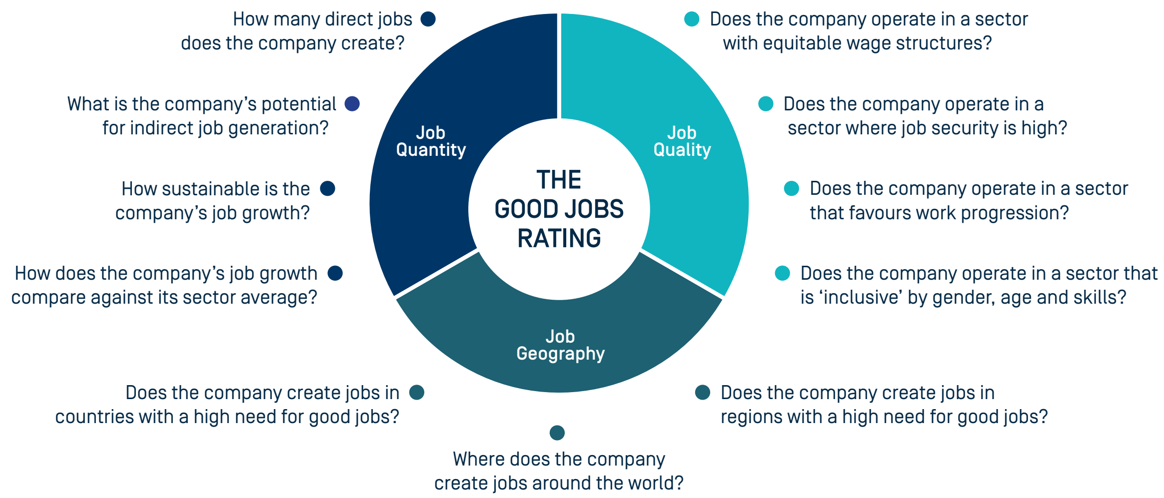
Companies may often look at human resources as a cost to be optimised and do not always include job quality as a key driver for long-term performance. However, corporate leaders now acknowledge inclusive and sustainable good job creation is good for employees, good for businesses and good for society. For example, the OECD Business for Inclusive Growth Coalition, says:

> "Companies benefit from inclusive growth through a more educated and engaged workforce; a larger middle class of consumers with greater purchasing power; more stable operating environments; and a high level of trust from employees, customers and stakeholders."

7. Measuring and assessing job quality, OECD, https://www.oecd.org/sdd/labour-stats/Job-quality-OECD.pdf
8. https://sdgcompass.org/sdgs/sdg-8/
9. https://ilo.org/wcmsp5/groups/public/---dgreports/---stat/documents/publication/wcms_696387.pdf
10. Bartik, Timothy J. 2019. "Should Place-Based Jobs Policies Be Used to Help Distressed Communities?" Upjohn Institute Working Paper 19-308. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research. https://doi.org/10.17848/wp19-308

A synthetic view of the Good Jobs Rating is shown below. This schema shows the key performance indicators used in the Rating, where Job Quantity is measured by company data, Job Quality by sector 'proxy' data and Job Geography by national and regional data. More details on the indicators and metrics are given in the next section.

THE GOOD JOBS RATING MODEL



3.2 THE METRICS

The indicators and metrics used for each dimension of the Rating are described below. It is important to note that the job quantity indicators mostly measure the company's performance directly whilst the job quality indicators measure its performance indirectly, with sector averages being used as proxy measures (expected/predicted).

TGE used its expertise to select the most robust and useful indicators, which reflect key aspects of decent job creation drawing from international, standardised indicators and datasets. Our approach aims to ensure the indicators, metrics and underlying data are relevant and accurate. We have also tested and calibrated the quantitative results for individual companies with Sycomore's deeper fundamental knowledge of its investments.

JOB QUANTITY

This dimension assesses both direct and indirect job growth. A company creates jobs **directly** through the growth of its workforce and **indirectly** through its value chain. A company's employment growth also has **induced** effects on job creation in other sectors of the economy through the consumer spending of it's employees.

A combination of six metrics is used to assess a company's direct and indirect job growth, the sustainability of its job creation (based on revenue growth) and the comparative performance of the company versus the average for the main sector(s) in which it operates. We adjust the company's direct job growth performance where it is mainly attributable to merger and acquisition activity.

For "indirect job growth", we use sector-based "Type 1 Employment Multipliers" which measure jobs created in the supply chain. To capture induced jobs, we factor in the company's sector average earnings together with the size of the company's workforce – as determinants of potential spending power and its induced effects on job creation. We do not use the sectoral metric "Type 2 Employment Multipliers", which includes both indirect and induced effects, due to lack of data availability.

INDICATORS	JOB QUANTITY METRICS (BASED ON COMPANY DATA)
Direct Job Growth	**Growth in the company's total workforce (3-year)** – contribution to the global need for total job growth
	Growth in revenue per employee – contribution to the global need for sustainable (long-term) job
	Company versus sector job growth – contribution to the global need for higher rates of job creation within sectors
Indirect Job Growth	**Indirect employment** – contribution to the global need for indirect job growth (through supply chains) estimated by the company's sector employment multiplier
	Average earnings – contribution to indirect job growth in sectors that potentially benefit from the spending power of the company's employees
	Number of employees – contribution to indirect job growth potentially arising from the size of the company's workforce (multiplier effect)

JOB QUALITY

A combination of 10 metrics is used to assess five indicators selected to capture the social quality of a company's jobs. These are earnings fairness, job security, training-led work progression, gender equality in employment and higher management jobs, and accessibility to job opportunities for marginalised workers (younger people, older people and less skilled workers). A company's performance on job quality is measured indirectly by how its constituent sector performs on average.

INDICATORS	JOB QUALITY METRICS (BASED ON SECTOR DATA)
Earnings Fairness	**Earnings fairness** – comparison of the level of skills in the company's sector with the share of 'low-paid' workers in the sector (non-exploitative practices). (A company would score well if its sector employs less low-paid workers than expected according to the level of skills)
	Earnings distribution – equitable wage structure for skilled and unskilled positions in the company's sector
Job Security	**Risk of unemployment** – share of jobs vulnerable to redundancy in the company's sector
	Permanent employees – share of workers on permanent contracts in the company's sector
Employability	**Occupational mobility** – share of training-intensive occupations enabling work progression in the company's sector
Gender Equality	**Female employment** – access to all job opportunities for women in the company's sector
	Female management – access to management-level job opportunities for women in the company's sector
Inclusion of Marginalised Workers	**Youth employment** – access to job opportunities for school leavers and graduates in the company's sector
	Low skilled employment – access to job opportunities for workers with low qualifications in the company's sector
	Older workers – access to job opportunities for older workers in the company's sector

JOB GEOGRAPHY

The Job Geography dimension covers two aspects of the territorial footprint of companies: the companies' national locations compared to the societal need for jobs at the national level and the companies' headquarters locations compared to the societal need for jobs at regional level. This second aspect aims to assess the companies' regional employment footprint. This has some merit given national and regional authorities value corporate head offices for their range of high quality jobs and outsourcing activities, as well as their links to community activities and policy-makers.

A combination of 10 metrics is used to assess the level of societal need for jobs across geographies, grouped under three indicators: inclusive job growth conditions (working poverty, income inequality and low incomes/earnings); full employment conditions (unemployment, economic activity rates, informal employment and youth labour market); and sustainable job growth (based on labour productivity and economic growth).

INDICATORS	**GLOBAL AND REGIONAL METRICS** (NATIONAL AND REGIONAL SOCIO-ECONOMIC DATA)
Inclusive Growth	**Earnings** – countries/regions challenged by low average earnings
	Working poverty (Global) – countries challenged by severe working poverty problems
	Income inequality (Global) – countries challenged by high levels of income inequality
	Disposable income (Regional) – regions challenged by low average incomes
Full Employment	**Non-agricultural employment (Global)** – countries needing job creation in higher productivity industries and services
	Economic activity – countries/regions challenged by low rates of labour market participation
	Unemployment – countries/regions challenged by high unemployment and 'worklessness' problems
	NEETs (Young people Neither in Employment nor in Education and Training) (Regional) – regions where a high proportion of young people face poor work futures due to a lack of engagement in education, training and work
Sustainable Growth	**Growth in labour productivity** – countries/regions challenged by low labour productivity growth that undermines the sustainable growth of earnings and material living standards for all
	Growth in output per capita – countries and regions challenged by unbalanced economic growth that leads to social and regional inequalities in good job creation

3.3 DATA SOURCES

All of the Rating data is in the public domain. The Job Quantity data is sourced from annual reports, corporate responsibility reports, sustainability reports and other public company information. Company workforce reporting in the areas of job quality and geographical location is uneven, partial and highly aggregated. Consequently the Rating's indicators use sector data as proxies for company data in its Job Quality metrics, a common practice in economic impact assessments.

The socio-economic data used for the Rating's Sector and Geography metrics is robust, internationally comparable and readily available. The EU sector and regional data are sourced from Eurostat. The global SDG compatible data is mainly sourced from the following international authorities and is underpinned by in-depth research, business and investor consultative forums:

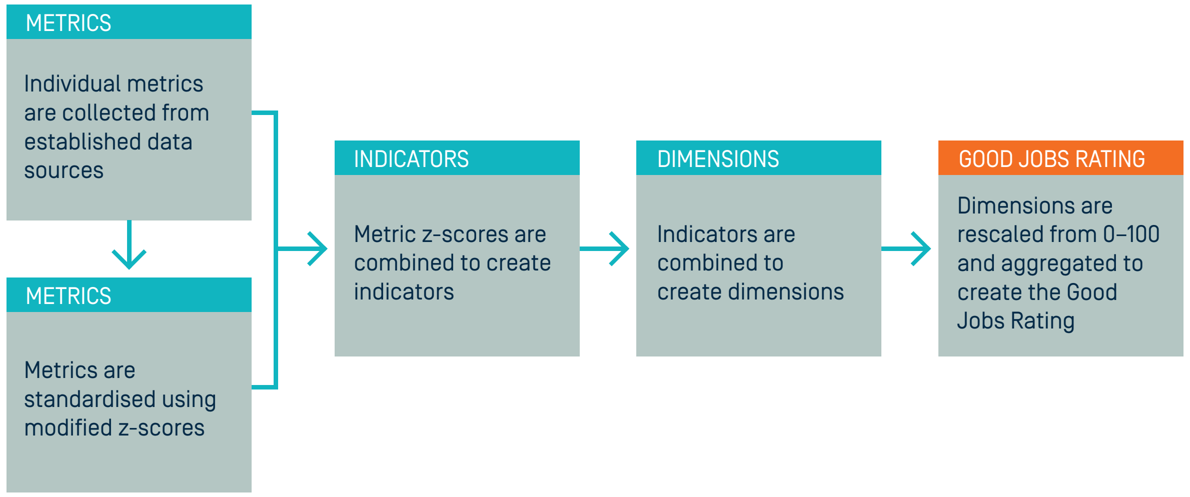
- Organisation for Economic Cooperation and Development (OECD) – Action Plan on the SDGs see also OECD's Inclusive Growth programme.[11]
- International Labour Organisation (ILO): Guidebook provides a detailed overview of the labour market indicators included in the Sustainable Development Goals Global Indicator Framework.[12]
- World Economic Forum: The Inclusive Development Index 2018.[13]
- World Bank: Indicators for Tracking the SDGs.[14]
- United Nations: UNDP Dashboard of SDG Indicators.[15]

11. https://www.oecd.org/sdd/measuring-distance-to-the-sdgs-targets.htm; https://www.oecd.org/inclusive-growth/
12. https://www.ilo.org/global/statistics-and-databases/publications/WCMS_647109/lang--en/index.htm
13. https://www.weforum.org/reports/the-inclusive-development-index-2018
14. http://datatopics.worldbank.org/sdgs/index.html
15. https://unstats.un.org/sdgs/

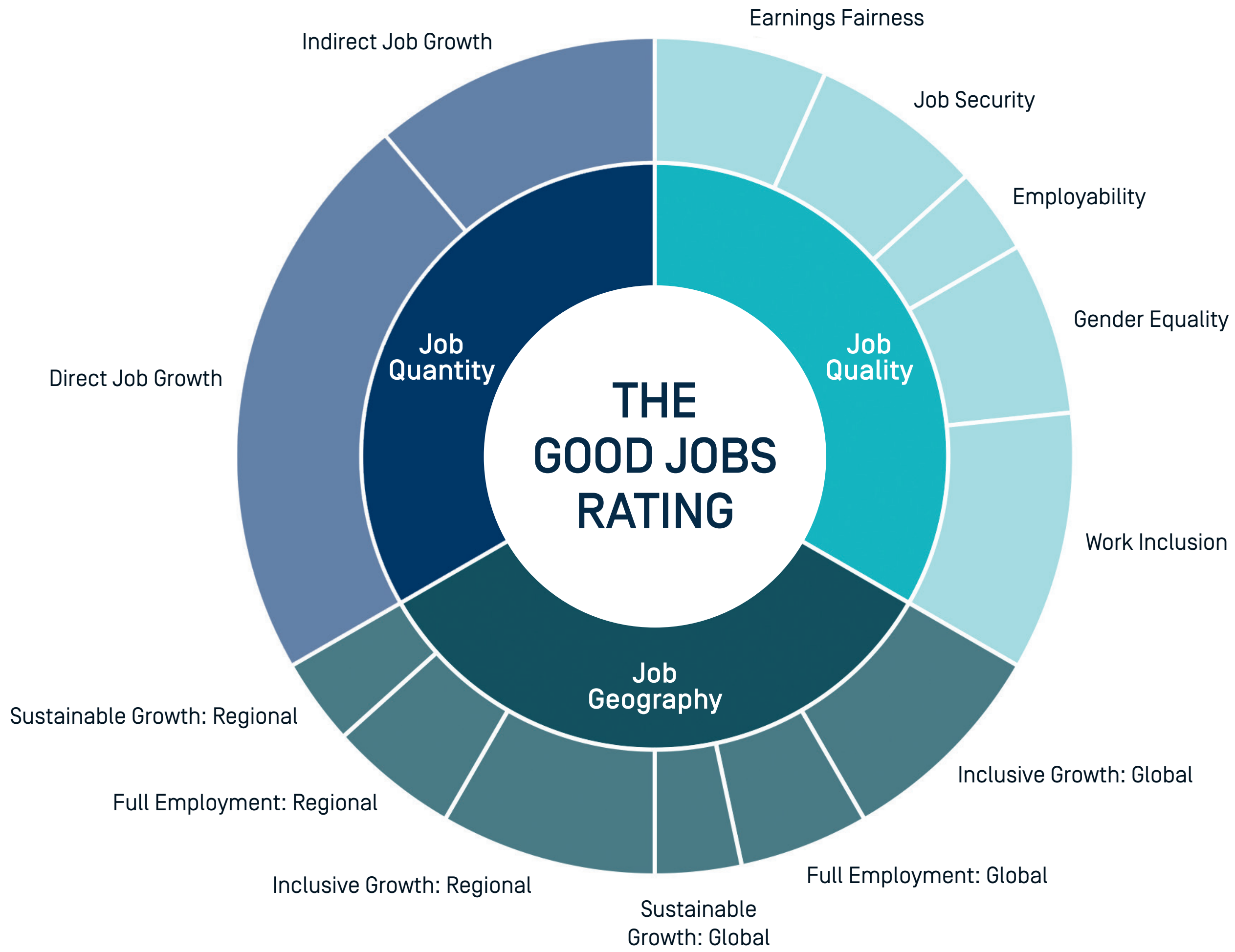
3.4 DERIVING THE COMPANY RATING

We derive the Rating for a company based on an equally weighted average of its scores across the three dimensions of good jobs performance described earlier: Job Quality, Job Quantity and Job Geography.

- Dimensions are scored from 0 to 100. Higher scores are given to companies, which:
  - → contribute relatively more to sustainable direct and indirect job growth
  - → operate within sectors characterised by greater earnings fairness, job security and accessibility to marginalised groups
  - → generate job opportunities in places where the societal need for more and better employment is relatively strong.
- Each dimension is composed of a number of weighted indicators (see below). Each indicator is scored from 0 to 100. An indicator will score 100 when it exceeds a specific indicator maximum threshold. An indicator will score 0 if it fails to reach the indicator specific minimum threshold. A score of 50 is designed to indicate average performance.
- Each indicator is composed of a number of metrics. Metrics are collected from established data sources, as detailed in the previous section. Metrics are standardised to allow them to be aggregated into indicators scored from 0 to 100.



Indicators are weighted according to the following Good Jobs Rating weighting system. Indicator weights are proportional to each indicator segment size.



A powerful data analytics tool developed for investors looking to understand the multi-dimensional impact of job creation by companies.

4. THE RATING OUTPUTS

Fifty companies were analysed in order to test and refine the Rating. This section provides examples of the Rating outputs for a sample of these companies which show:

- The performance of **an individual company** detailed by the suites of indicators that compose the three dimensions of the Rating (Job Quantity, Job Quality and Job Geography);
- The performance of **four companies** summarised by the three dimensions of the Rating.

This presentation of outputs serves to highlight how companies may differ in terms of their good jobs performance and how performance may vary across quantity, quality and geography for a specific company. It also offers investors some insights on how to use the rating as a screening, analysis and reporting tool.

MAISONS DU MONDE S.A.	Good Jobs Rating – 66 / 100
Industry – Retail	Head Office Location – Nantes, France
Sub-industry – Consumer Discretionary	No. of Employees (2018) – 7,648

Maisons du Monde is a French furniture and home décor company with sales of €1,111 million for the year ended 31 December 2018. The company has 335 stores across Europe (with over 200 in France, and others in Italy, Belgium, Luxembourg, Spain, Germany, Switzerland, and the United Kingdom) and one in the United States (since 2018). Maisons du Monde also operates an online platform in the countries where it has a store presence as well as Austria, the Netherlands and Portugal.

Maisons du Monde manufactures approximately 19% of its furniture internally at its three in-house manufacturing facilities, two in China (through the Group's joint-venture Chin Chin) and one in Vietnam (Mekong Furniture, opened in 2013). The employees in Vietnam are included in Maisons du Monde's overall workforce as the facility is a fully owned subsidiary. Those in China are not included in the overall workforce since the two facilities are part of a joint venture with SDH Limited. The rest of the Group's furniture is sourced from more than 500 third-party suppliers. Maisons du Monde operates 11 warehouse facilities located in the port area of Marseille-Fos, in the south of France.

Maisons du Monde's Good Jobs Rating, given below, scores at 66/100, with a good performance on job quantity (75/100): the company has seen strong employment growth exceeding that of its sector (i.e. the retail sector) and its revenue per job growth has also been growing suggesting employment growth is sustainable. However, indirect and induced job growth potential is low. The company scores well on job quality as well due to the high level of inclusion of young people (16-24 year olds) in the retail sector. Maisons du Monde has a high Regional score with its head office located in a region where levels of disposable income and output growth is lower than the French national average. The Global score is lower with no employment in countries of higher job need. More details on the score are provided in the next pages.

GOOD JOBS RATING PERFORMANCE (AS OF 12/2019)

The Good Jobs Rating is based on an equally weighted average of the scores across the three dimensions of Job Quality, Job Quantity and Job Geography.

JOB QUANTITY

Job Quantity Score – 74 / 100

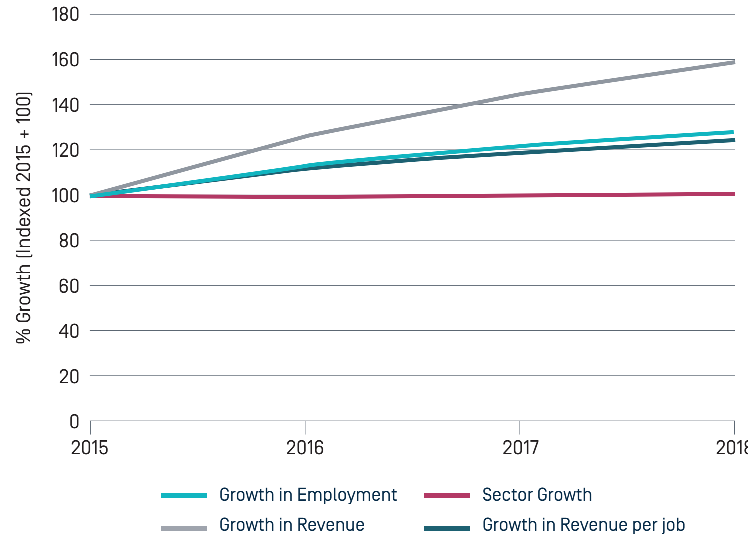
Job Quantity assesses the company's direct job growth, the sustainability of its job creation (based on revenue growth) and the comparative performance of the company versus the main sector in which it operates. We use sector-based Type 1 Employment Multipliers to estimate a company's indirect growth performance, which measures jobs created in the supply chain (indirect effects). The company's sector average earnings together with the size of the company's workforce are used as determinants of potential spending power and its induced effects on job creation.

The positive trend in job and revenue growth explains the high score of Maisons du Monde on direct employment, whereas the relatively small size of the company as well as the sector based employment multiplier and average earnings account for its low score on indirect employment.

DIRECT EMPLOYMENT

Score – 100 / 100

INDICATOR	VALUE	SCORE
Job Growth per Year % (2015-2018)	8.5%	100
Job Growth v Sector Growth (% point difference)	8.3%	100
Annual Growth in Revenue per job	7.6%	100
DIRECT EMPLOYMENT SCORE		**100**



Growth rates are scored as follows; over 7.5% per year and above is scored 100, job growth of 2.5% (average job growth of listed companies) is scored 50 and job growth of -2.5% or less is scored 0. The sector benchmark score is given 0 when the growth is delivered through significant Merger and Acquisition activity.

INDIRECT EMPLOYMENT

Score – 22 / 100

	GLOBAL EMPLOYMENT SCALE	SECTOR BASED EMPLOYMENT MULTIPLIER	SECTOR BASED AVERAGE EARNINGS
Value	7,648 Employees	1.21 (EU sector median 1.75)	€22,324 (EU sector average €33,545)
Sector Performance	–	Bottom Quintile	Bottom Quintile
Score	31 / 100	19 / 100	17 / 100

Companies with 25,000 employees or more score 100 for Global Employment Scale. Sector based data converts standardised metric Z-scores into 0 -100 scores using a linear function.

JOB QUALITY – RETAIL SECTOR PROFILE

Job Quality Score – 67 / 100

Job Quality assesses five aspects of the social quality of a company's job creation. Due to the lack of direct company data, this is measured indirectly by how the company's sector performs on the five aspects of social quality: earnings fairness, job security, training-led work progression, gender equality in employment and higher management jobs, and accessibility to marginalised workers – that is, younger, older and low skilled workers. The five indicators and their constituent metrics are detailed in the table below.

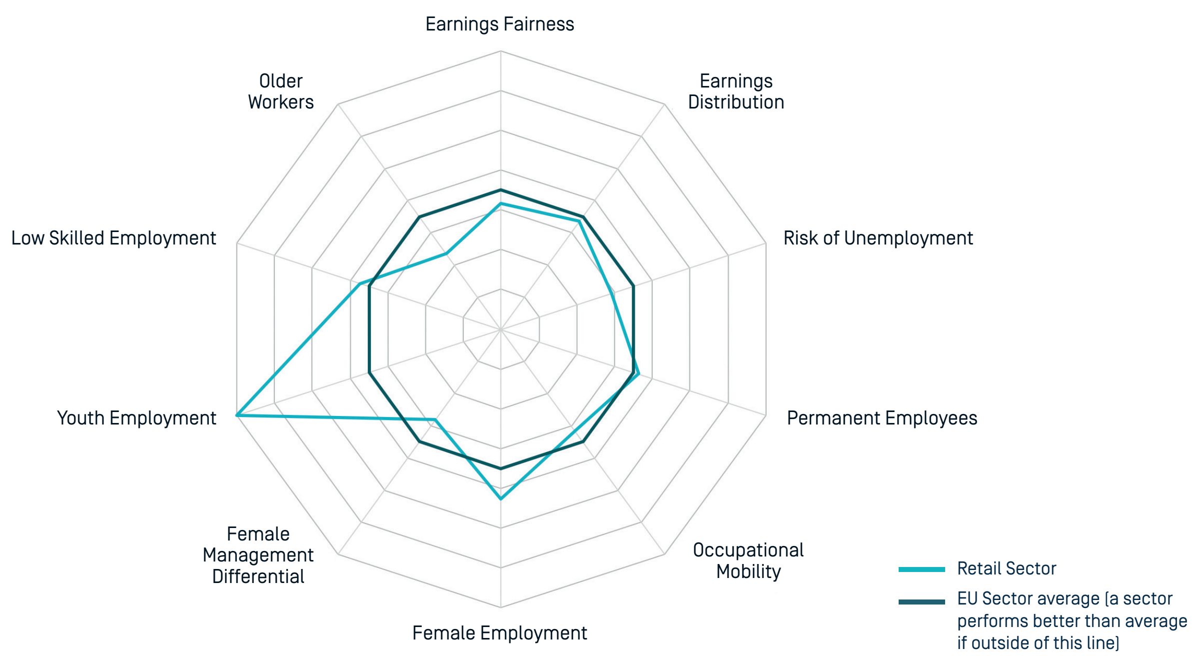
This table also shows Maisons du Monde's scores based on the performance of its sector (i.e. retail) relative to the other 25 sectors of the EU economy, as indicated by its quintile position.

The performance of the retail sector relative to the EU sector average in each of the individual metrics is shown in the chart at the bottom of the page.

INDICATORS AND METRICS	SECTOR QUINTILE PERFORMANCE	SCORE
Earnings Fairness – Earnings Fairness – Earnings Distribution	Average Quintile	38
Job Security – Risk of Unemployment – Permanent Employees	Below Average Quintile	40
Employability – Occupational Mobility	Average Quintile	42
Gender Equality – Female Employment – Female Management Differential	Below Average Quintile	53
Inclusion of Marginalised Groups – Youth Employment – Low Skilled Employment – Older Workers	Top Quintile	84

Sector based scores are derived from standardised indicator scores using a linear function. Indicator scores are composed of the metrics listed under each indicator heading. The EU sector average scores 50.

Retail offers high levels of inclusion of marginalised groups, particularly younger people.



JOB GEOGRAPHY

Job Geography Score – 58 / 100

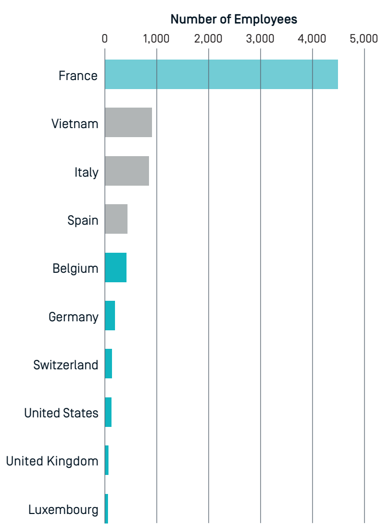
Job Geography assesses two aspects of the geographical distribution of a company's direct employment or workforce. Firstly, it assesses a company's national locations compared to the societal need for jobs – good job creation has a proportionately greater societal impact in low-income countries and regions where unemployment and working poverty problems are greater. Secondly, it assesses the company's headquarters location from a regional employment perspective. Headquarter locations are valued by national and regional governments for their range of high-quality jobs and outsourcing activities, as well as their links to community activities and policy-makers.

Maisons du Monde's corporate operations and stores are concentrated mainly in France and the rest of Europe, while the company's direct manufacturing employees are employed at its plant in Vietnam. Overall, the company scores 46/100 given its locations in areas where societal need for jobs is relatively low by global standards. Maisons du Monde has a higher score on its regional footprint (70/100) due to the location of its headquarters in Nantes, outside France's leading Paris city-region economy.

GLOBAL FOOTPRINT SCORE

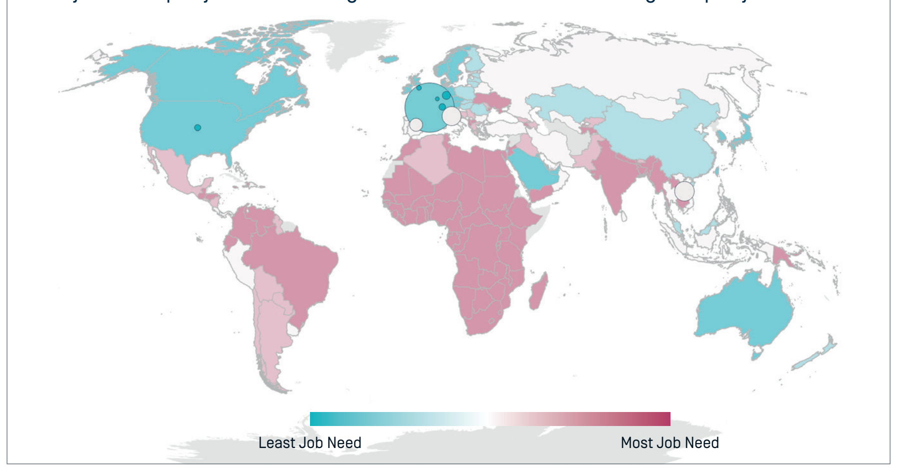
Score – 46 / 100

TOP 10 EMPLOYMENT LOCATIONS



GLOBAL FOOTPRINT

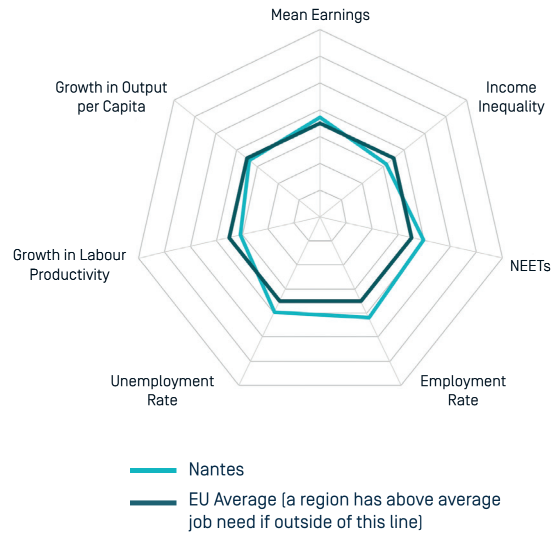
In the case of Maisons du Monde, the locations of 72% of the workforce was reported by the company. The remaining 28% has been estimated using company sources.

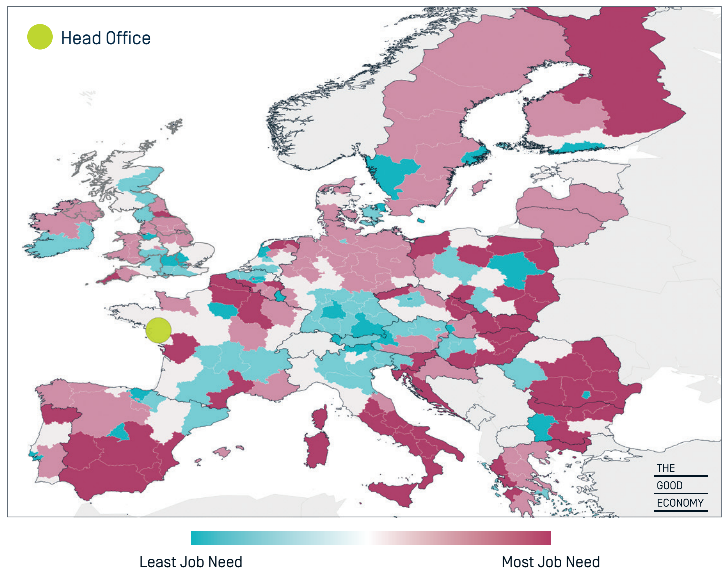


REGIONAL FOOTPRINT SCORE

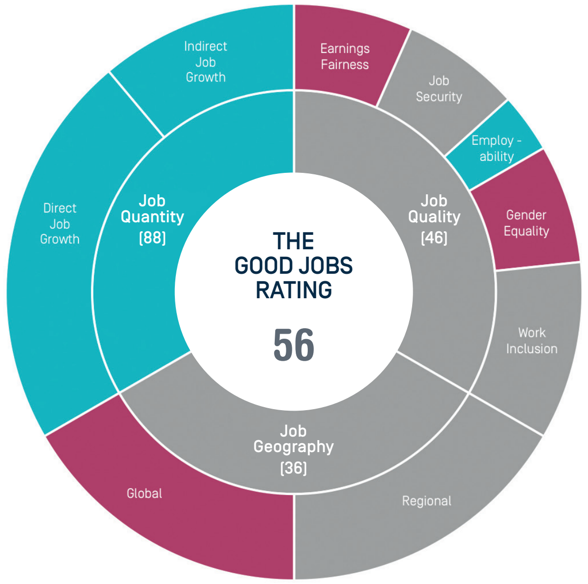
Score – 70 / 100

Head office in Nantes, France (a score of 50 or above indicates the region is within the top 70% of most job need in the EU - regional job need is measured relatively using both the national and EU context).





OVERALL PERFORMANCE OF COMPANIES IN THE SAME SECTOR



Medium-High Tech Manufacturing firm headquartered in Frankfurt with about 32,000 employees. Employment growth at 12% is relatively high for the sector and sustainable (positive revenue per job growth). Indirect employment potential is high given the company's size and the multiplier effect and average earnings of its sector. The sector offers good occupational mobility (employability). The company operates in over 100 countries but most employees are in Germany and only a small share of the workforce is in countries of higher job need. The head office is in a region of Germany with job need below the national average.

Medium-High Tech Manufacturing firm headquartered in Herleen with about 21,000 employees. Employment growth fell by 0.5% in the last 3 years but is still above the sector average. Indirect employment potential is high. The sector offers good occupational mobility (employability). The company has operations in over 40 countries. The greatest concentrations of employment are in China (22%) with below average job need, followed by the Netherlands (18%) and North America (16%) – areas of low job need. The head office is in a region of the Netherlands with job need above the national average.

High Score

Low Score

OVERALL PERFORMANCE OF COMPANIES WITH HEAD OFFICES IN THE SAME REGION

Accommodation Services firm headquartered in Paris with about 190,000 employees. Employment growth at 12% is high in the last 3 years but mainly due to significant merger and acquisition activity. Based on the sector's multiplier and average wage the firm's indirect employment potential is low. The sector is particularly inclusive of young people and those with few qualifications. The majority of employment is in France, Europe and China although jobs are provided in countries of higher job need – particularly Brazil, Indonesia and India. The head office is in France's leading city-region economy with the lowest national job need.

Financial Services firm headquartered in Paris with about 90,000 employees. Employment has fallen by 0.1% in the last 3 years but is still above the sector average growth rate. Indirect employment potential is high owing to high sector multipliers and wages. The sector has low level of gender equality and inclusion of marginalised groups. The company operates predominantly in countries of lower job need, such as France, UK, Germany and the US. The head office is in France's leading city-region economy with the lowest national job need.

High Score

Low Score

5. LOOKING AHEAD

The Good Jobs Rating is a powerful new tool, developed to give a societal perspective on companies as employers, and the nature of the job opportunities they create. The Rating provides the ideal screening and analysis solution for those wishing to track the performance of their investments to SDG 8 (Decent Work and Economic Growth).

The Good Jobs Rating's unique and proprietary methodology provides a new perspective on corporate job contribution through the prism of job quality, job quantity, and job geography. These three dimensions form the foundation of our methodology and a stable structure through which we intend to evolve and develop the Rating further. These developments will respond both to user feedback, our on-going research of what constitutes a good job in a societal context, and the trends and significant advances that impact on the three job dimensions and their metrics.

Product evolution has already begun, with the option for a deep dive on regional impact available for a range of countries, including the UK and the USA.

Other developments in the pipeline include:

- Enhancing the accountability of Mergers & Acquisitions in the employment change analysis
- Disaggregating the sector analysis to account for the disparate nature of companies found in single sectors to enhance the company Job Quality profiling
- Deepening the sector Job Quality profiles with the inclusion of new metrics as they become available – for example in-work skills training
- Integrating an assessment on the quality of corporate workforce reporting in alignment with standards such as the Global Reporting Initiative.

Sycomore will use the Rating as a new element of its wider SPICE analysis so enabling a quantitative and qualitative understanding of a company as an employer and job creator at the societal level. The Good Economy will continue to evolve the Good Jobs Rating, remain transparent in our approach, and act on behalf of our clients as a partner in best practice, insightful, and, implementable research.

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