

Paid Sick Leave Provision Report 2020



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Foreword

Environmental, social, and governance (ESG) factors are financial factors. The investment community has finally come to understand this truth, particularly as it relates to climate change. Within the climate change context, environmental and governance factors have taken center stage, and reporting has improved. Sadly, social factors have received less attention and corporations have been under less pressure to report on them – until now.

COVID-19 has laid bare the crippling financial and societal costs of our collective failure to protect our most important asset – human capital. This ground-breaking report highlights the serious consequences of relegating pressing social issues to the back burner, or assuming such social issues will be adequately addressed by government programs and mandates. Its findings have serious implications regarding our ability to minimize the ongoing extreme social and economic impacts -- and ultimately recover – from the virus.

As portfolio managers at our respective firms, we believe it is crucial that investors emerge from this ongoing crisis with a full understanding of global health and other material social risks that we neglect to our peril, and to hold companies accountable. Investors should engage with the well over half of companies assessed in this report that are headquartered in countries – including the US – lacking adequate government-mandated paid sick leave policies. Adequate paid sick leave policies are a crucial tool in reducing the human and economic toll of Covid-19 and facilitating a return to a fully functioning economy. And yet, as this report shows, few of these companies have implemented adequate sick leave policies, even as the need for such policies becomes ever more apparent as the pandemic wears on.

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Executive Summary

The goal of the Corporate Knights Paid Sick Leave Provision project was to assess the extent of paid sick leave policies in the largest companies across North America and the world in the wake of COVID-19. For this project, we researched the standard sick leave policies and any additional COVID-specific policies of more than 850 publicly traded companies globally.

The research focuses on two measures: (1) the extent and length of existing/standard paid sick leave policies and (2) the extent to which companies have established new policies because of COVID-19. Below are the key data takeaways of the research.

GENERAL SICK LEAVE POLICIES

- 41% of companies in the research universe offer 10+ days of paid sick leave per year or equivalent¹ in their headquarter (HQ) country, either through national statutory policies or company-originated policies.
 - 34% of these companies had company-originated policies and 66% were in compliance with national statutory sick leave policies.
- 30% of all companies offered 10+ days of paid sick leave in both their HQ country and their secondary (most revenue-generating) country.²
- The median of the number of paid sick leave days in HQ countries was 6.0 days.³
- The median of the number of paid-time-off (PTO) days in HQ countries was 18.0 days.⁴
- Information technology was the sector with the highest percentage of companies (39%) offering 10+ days of paid sick leave per year in countries that did not have sufficient statutory sick leave policies.⁵ The healthcare sector was second with 31%.
 - The medians for the number of paid sick leave days in these sectors were 6.0 and 7.8, respectively.⁶

COVID 19–RELATED SICK LEAVE POLICIES

- 10% of companies had implemented new COVID-specific paid sick leave policies in their HQ country. All of these COVID-originated policies were temporary. Of these, 90% were 10 days of more in length.
- Since the emergence of COVID-19, the percentage of companies headquartered in the United States that offered – even temporarily – 10+ days of paid sick leave increased from 18% to 28%. The absolute growth in policies was 53% (from 89 companies to 136 companies).
- The median of the number of COVID-related paid sick leave days in HQ countries was 14.0.
- Companies headquartered in the United Kingdom and Canada implemented the most COVID-related paid sick leave policies (15% of companies).

¹ See Table 1.

² This calculation excluded companies for which the secondary country was not available.

³ Excluding statutory sick leave days, unlimited sick leave days, and PTO.

⁴ Excluding unlimited PTO.

⁵ In the headquarter country and statutory policies excluded from calculations.

⁶ Excluding unlimited policies.

Introduction

In the last six months, COVID-19 has changed many aspects of everyday life, especially in the world of employment, which is changing at an unprecedented speed. Companies are re-evaluating old policies and conventions related to work location, flexibility of hours and employee health. Major shifts in long-held policies have happened almost overnight, creating a moment in time in which dramatic change is possible like never before. With the pandemic affecting both blue- and white-collar workers around the world, many companies are reassessing their existing sick leave policies to meet the moment and are implementing new, temporary policies for emergency employee support. However, many workers, especially in North America, still have no paid sick leave.

According to the U.S. Department of Labor, 71% of private sector workers in the United States had paid sick leave benefits in 2018. Approximately six in 10 of these employees receive a fixed number of paid sick leave days each year – seven on average after one year of service.⁷ Some companies offer unlimited paid sick leave, but in general this practice is limited to certain sectors (e.g. tech) and certain employee groups (e.g. management).^{8,9} Of all civilian workers,¹⁰ 24%, or 33.6 million Americans, do not have paid sick leave.¹¹ Moreover, paid sick leave, nearly ubiquitous in high-earning jobs, becomes increasingly rare as employees' wages decrease. Among the lowest-earning 10%, only 31% of employees have paid sick leave compared to 92% in the top quarter. These individuals on the lower rungs of the income ladder usually work in sectors such as retail, fast food and manual labour. If these workers were to fall seriously ill with, for example, COVID-19, they could lose not only their health, but also their livelihoods.¹²

This means that the lack of paid sick leave effectively penalizes those who are already vulnerable, such as young people, the less educated and the uninsured.¹³ In many cases, their income might be so low that they cannot afford to take unpaid leave when sick, unwillingly exposing other people to illness because of the nature of their jobs.

There are multiple benefits to paid sick leave policies, both at the macro and the micro level. A 2017 study published in the *Journal of Public Economics* showed that when U.S. cities mandated paid sick leave for workers, they experienced up to 40% declines in seasonal flu rates.¹⁴ In addition, awareness of the importance of mental health has risen in the last few years, opening up opportunities for employees to use paid sick leave days to recuperate from episodes of mental illness rather than coming to work and underperforming. In the U.K., nearly 10% of workers aged 25 to 34 attribute their sickness absence to mental health conditions.¹⁵ For

⁷ U.S. Bureau of Labor Statistics. (2019). *The Economics Daily: Private industry workers with sick leave benefits received 8 days per year at 20 years of service*. <<https://www.bls.gov/opub/ted/2019/private-industry-workers-with-sick-leave-benefits-received-8-days-per-year-at-20-years-of-service.htm>>

⁸ Hamlin, K. (2019, March 8). The industry standard for sick days. *Chron*. <<https://smallbusiness.chron.com/industry-standard-sick-days-73953.html>>

⁹ Desilver, D. (2020, March 12). As coronavirus spreads, which U.S. workers have paid sick leave – and which don't? *Pew Research Center*. <<https://www.pewresearch.org/fact-tank/2020/03/12/as-coronavirus-spreads-which-u-s-workers-have-paid-sick-leave-and-which-dont/>>

¹⁰ Private industry workers and state and local government workers combined.

¹¹ Desilver, D. (2020, March 12). As coronavirus spreads, which U.S. workers have paid sick leave – and which don't? *Pew Research Center*. <<https://www.pewresearch.org/fact-tank/2020/03/12/as-coronavirus-spreads-which-u-s-workers-have-paid-sick-leave-and-which-dont/>>

¹² Sainato, M. (2020, March 9). Lack of paid leave will leave millions of US workers vulnerable to coronavirus. *The Guardian*. <<https://www.theguardian.com/world/2020/mar/09/lack-paid-sick-leave-will-leave-millions-us-workers-vulnerable-coronavirus>>

¹³ DeRigne, L., Stoddard-Dare, P., & Quinn, L. (2016). Workers without paid sick leave less likely to take time off for illness or injury compared to those with paid sick leave. *Health Affairs*, 35(3). <<https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2015.0965>>

¹⁴ Sainato, M. (2020, March 9). Lack of paid leave will leave millions of US workers vulnerable to coronavirus. *The Guardian*. <<https://www.theguardian.com/world/2020/mar/09/lack-paid-sick-leave-will-leave-millions-us-workers-vulnerable-coronavirus>>

¹⁵ Office for National Statistics. (2018). *Sickness absence falls to the lowest rate on record*. <<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/sicknessabsencefallstothelowestratein24years/2018-07-30>>

employers, there is an economic interest. A 2017 study found that providing paid sick leave could have saved American employers \$0.63 to \$1.88 billion per year between 2007 and 2014 in reduced absenteeism from influenza-related diseases.¹⁶ According to the study, paid sick leave can reduce turnover, reduce presenteeism (being present at the job but performing at a reduced capacity due to illness or injury – complicating, for example, team projects) and allow workers to receive timely preventive healthcare services. In addition, in industries where accidents and injuries are more likely (such as construction), workers with paid sick leave experienced fewer accidents.¹⁷ In the age of COVID-19, the benefits of paid sick leave are clearer and more significant than ever.

Globally, paid sick leave is fairly widespread. Twenty-nine out of 34 OECD countries provide at least three months of paid leave for personal illness. This comes at nearly no economic or other cost to the national economies; the World Policy Center has found that OECD countries that provide substantial paid sick leave did not have consistently higher or lower labour-force participation rates or unemployment, nor was there a measurable impact on GDP growth.¹⁸

Project Description

The goal of the Corporate Knights Paid Sick Leave Provision project was to assess the extent of paid sick leave policies in the largest companies in North America and the world in the wake of COVID-19. In addition to the numerous benefits of paid sick leave policies outlined above, Corporate Knights believes that it is important to recognize companies that are making strides in protecting employees and preventing the spread of COVID-19, giving credit where credit is due – and vice versa.

In this project, we researched the standard sick leave policies and any additional COVID-specific policies of more than 850 publicly traded companies globally. The research focuses on two measures: (1) the extent and length of existing/standard paid sick leave policies and (2) the extent to which companies have established new policies because of COVID-19.

Methodology

The companies in the research universe were grouped into three categories: (1) *Global* – 500 largest publicly traded companies by revenue (most recent fiscal year); (2) *USA* – 500 largest publicly traded companies by revenue (most recent fiscal year); and (3) *S&P/TSEX60* – 60 Canadian companies traded on the Toronto Stock Exchange. Altogether, 856 companies were researched.

The analysis focused on two countries: the country where the company is headquartered (headquarter country) and the country in which the company generates the most revenue (secondary country). If the two countries were the same, the second-highest revenue-generating country was analyzed as the secondary

¹⁶ Asfaw, A., Rosa, R., & Pana-Cryan, R. (2017). Potential economic benefits of paid sick leave in reducing absenteeism related to the spread of influenza-like illness. *Journal of Occupational and Environmental Medicine*, 59(9), 822–829. <<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5649342/>>

¹⁷ Lee, A. (2016, October 31). The high costs of not offering paid sick leave. *The New York Times*. <<https://www.nytimes.com/2016/11/01/upshot/the-high-costs-of-not-offering-paid-sick-leave.html>>

¹⁸ WORLD Policy Analysis Center. (2018). *Paid leave for personal illness: A detailed look at approaches across OECD countries*.

<https://www.worldpolicycenter.org/sites/default/files/WORLD%20Report%20-%20Personal%20Medical%20Leave%20OECD%20Country%20Approaches_o.pdf>

country. The research focused on the number of paid sick days for both the company’s standard policy and any new COVID-related policy.

Table 1 Sufficiency standard for paid sick leave systems

POLICY TYPE	MINIMUM NUMBER OF PAID SICK LEAVE DAYS ANNUALLY FOR “SUFFICIENCY”
Traditional provision of paid sick days	10 days
Paid time off (PTO)	20 days
Combination of provision of paid sick days and short-term disability (STD)	5 days (so long as short-term disability support starts immediately after 5 days)

Based on the research that was reviewed, Corporate Knights determined that 10 days is the minimum number of paid sick days per year in a standard, fixed-day system to be deemed sufficient in this analysis. This is based on two factors: recent policy discussion in Canada and global public health guidelines. In May 2020, the Workers’ Action Centre released a proposal recommending the establishment of 10 days of statutory paid sick leave across Canada.¹⁹ Later that month, the Canadian federal government revealed that it had started a discussion with the provinces about the possibility of implementing 10 paid sick days for workers across the country.²⁰

In terms of public health, the 14-day rule (generally equal to 10 workdays) has been in wide use around the world with the emergence of COVID-19. A minimum of 14 days of quarantine is recommended by the World Health Organization²¹ and the United States Centers for Disease Control and Prevention²² if an individual is exposed to someone with COVID-19 or has contracted the disease. For paid-time-off (PTO) systems, the minimum was deemed to be 20 days based on our belief that good employers provide both paid sick leave and paid holidays. For example, with 20 days of PTO, an employee could use 10 days for sick leave and another 10 days (two weeks) for vacation. For companies that offer a short-term disability program, five days was deemed sufficient (so long as the short-term disability starts immediately after five days and the first five days are considered paid sick leave).

The assessment of the number of paid sick leave days was based on the paid sick leave allowance of the lowest-ranking employee (such as those with tenure of one year) because while many companies have good paid sick leave provisions for their executives, their more vulnerable workers are often left out, as noted above, and we wanted to measure companies based on their treatment of the majority of their employees.

In addition to company paid sick leave policies, Corporate Knights analyzed the statutory sick leave policies of all the countries included in the research universe. If these policies reached the Corporate Knights minimum

¹⁹ Workers’ Action Centre, Fight for \$15 and Fairness, & Parkdale Community Legal Services. (2020). *Implementing 10 days of paid sick leave: What workers need.* <<https://www.cdc.gov/coronavirus/2019-ncov/if-you-are-sick/quarantine.html>>

²⁰ Aiello, R. (2020, May 25). Feds pledge to push provinces for paid sick leave following NDP prompt. *CTV News.* <<https://globalnews.ca/news/6986209/coronavirus-paid-sick-days/>>

²¹ World Health Organization. (2020). *Considerations for quarantine of individuals in the context of containment for coronavirus disease (COVID-19).* <https://www.google.com/url?sa=t&rc=1&q=&esrc=s&source=web&cd=&ved=2ahUKEwjOxYXzoJbrAhWDTQ8KHcpIC8OFjADegOIArAB&url=https%3A%2F%2Fapps.who.int%2Firis%2Frest%2Fbitstreams%2F1272428%2Fretrieve&usq=AOvWawivaYvWu_hp_gqk36SwL8h>

²² Centers for Disease Control and Prevention. (2020). *When to quarantine: Stay home if you might have been exposed to COVID-19.* <<https://www.cdc.gov/coronavirus/2019-ncov/if-you-are-sick/quarantine.html>>

threshold for sufficient paid sick leave, companies operating in these countries were assumed to be compliant with the country's legislation and were deemed to have sufficient paid sick leave provision in those countries. Countries/companies that did not pay for all sick leave days (e.g. no pay for the first three days) did not qualify as having sufficient paid sick leave policies. In addition, employees must receive 50% or more of their pay for sick days for a country to qualify as having sufficient national paid sick leave legislation. Countries such as India, the United States and Canada, where states or provinces have statutory paid sick leave but where no national paid sick leave policy is in place, were deemed to not have sufficient sick leave.

The data was sourced from the following sources (in priority sequence): company website, company benefits report/publications, news articles from reputable sources, and employee-sourced Glassdoor/Indeed reviews from the last three years. All companies were given the opportunity to verify the data.

The companies were also ranked,²³ and the ranking is available for investors. If you are an investor interested in the ranking and the dataset, please contact Corporate Knights for more information.

Analysis

Several interesting insights were derived from the research, revealing especially the lack of sufficient paid sick leave policy and the increasing replacement of paid sick leave days with paid-time-off (PTO) policies, notably in North America.

POLICY EXISTENCE

The presence of sufficient paid sick leave policies can vary significantly depending on whether statutory policies are included and whether the headquarter country or the secondary country is analyzed. The percentages of companies that have or have not established sufficient paid sick leave policies can be seen in Table 2. Companies that are included under the "Policy not disclosed" metric are those that had no public information available on their sick leave policies and did not provide additional details when contacted by Corporate Knights.

Nearly 30% of companies had sufficient paid sick leave in both the headquarter country and the secondary country.²⁴ These companies live up to the idea that companies should treat their employees in an equitable manner, no matter what country they operate in.

40.9% of companies had sufficient paid sick leave policies in their headquarter countries. This includes companies that are complying with sufficient statutory legislation as well as companies that have designed their own policies; 34% of these had company-originating policies, and 66% were in compliance with national statutory sick leave policies. 56.9% of companies had sufficient paid sick leave in their secondary countries, either statutory or company-driven; 8.6% of these had company policies, and 91.4% were in compliance with national statutory sick leave policies. This finding might be explained by the fact that a significant number of the companies analyzed were headquartered in the United States (which does not have a nationally legislated

²³ The ranking was done using the following formula: $= 0.75 * (\text{Presence of any sufficient policy in headquarter country}) + 0.25 * (\text{Presence of any sufficient policy in secondary country}) - 0.1 * (\text{Absence of sufficient standard policy in headquarter country}) - 0.05 * (\text{Absence of sufficient standard policy in secondary country})$

²⁴ The denominator for this calculation is the number of companies for which the second country can be identified.

paid sick leave policy), whereas European countries (where legislated paid sick leave policies are widespread) tend to be the secondary countries in this assessment.

If companies located in countries with statutory sick leave policies are excluded from the analysis and only companies that have established their own sick leave policies are analyzed, the numbers fall significantly. The percentage of companies with sufficient paid sick leave policies and those without are nearly equal (18.9% and 24.7% in headquarter country, and 10.2% and 11.4% in secondary country). Less than one-fifth of the companies with company-designed policies had sufficient paid sick leave in their headquarter countries, and one-fourth had an insufficient paid sick leave policy. Only slightly more than 10% had sufficient paid sick leave policies in secondary countries.

The percentage of companies that did not disclose any information rises significantly with the exclusion of statutory policies, with more than half the companies in both the headquarter country and the secondary country not disclosing any information on their sick leave policies.

Table 2 Existence of sufficient paid sick leave policy, including/excluding statutory policies

COUNTRY	METRIC	% OF COMPANIES ²⁵
Existence of sufficient paid sick leave policy (incl. companies complying with statutory policies and company-originated policies)		
Headquarter country	Sufficient policy (Yes)	40.9%
	Sufficient policy (No)	18.0%
	Policy not disclosed ²⁶	41.1%
Secondary country	Sufficient policy (Yes)	56.9%
	Sufficient policy (No)	5.7%
	Policy not disclosed	37.4%
Existence of sufficient paid sick leave policy (excl. companies complying with statutory policies)		
Headquarter country	Sufficient policy (Yes)	18.9%
	Sufficient policy (No)	24.7%
	Policy not disclosed	56.4%
Secondary country	Sufficient policy (Yes)	10.2%
	Sufficient policy (No)	11.4%
	Policy not disclosed	78.4%

²⁵ Note that companies that did not disclose sick leave data were included in the denominator of the percentage calculations in this analysis.

²⁶ The policies of companies that comply with statutory sick leave policies but did not provide additional information to Corporate Knights were determined as disclosed. Because of this, they are not part of the "Policy not disclosed" group.

SICK LEAVE AND PTO DAYS

The average number of paid sick leave days varies significantly between headquarter countries and secondary countries. In headquarter countries (excluding statutory sick leave days, unlimited sick leave days and PTO), the average number of paid sick leave days was 10.3. In secondary countries, the corresponding number was 17.3 days. However, the medians for these countries were nearly identical (6 and 5), demonstrating that exceptionally high paid sick leave allowances may skew averages. Due to similar medians between country categories, it is clear that the number of paid sick leave days is fairly standard across the globe when considering solely company-driven policies.

In companies that have implemented PTO policies, employees use their “PTO bucket” for any paid time off, including vacation, sick leave and other personal days. In headquarter countries, the average (median) number of PTO days was 17.6 (18.0) days and in secondary countries, the average was 13.3 (15.0) days.

Table 3 Average/median number of paid sick leave days in sick leave policies

	HEADQUARTER COUNTRY (# OF DAYS)	SECONDARY COUNTRY (# OF DAYS)
Average number of paid sick leave days	10.3	17.3
Median number of paid sick leave days	6.0	5.0
Average number of PTO days	17.6	13.3
Median number of PTO days	18.0	15.0

The popularity of the PTO system has skyrocketed in the last 10 years. In 2010, 38% of U.S. employees used PTO banks; in 2015, the number had grown to 63%.²⁷

The PTO system has both advantages and disadvantages. When switching to a PTO system from a traditional system, both the employer and employee can benefit. For example, unscheduled absences can drop by as much as 10%, and employees may not have to deliver a doctor’s note when sick. For some employees, PTO means they have more flexibility with their leave time.²⁸ However, some employees have negative experiences: employees with significant healthcare needs may need to use a disproportionate amount of their paid time off on healthcare and end up with little vacation time.²⁹

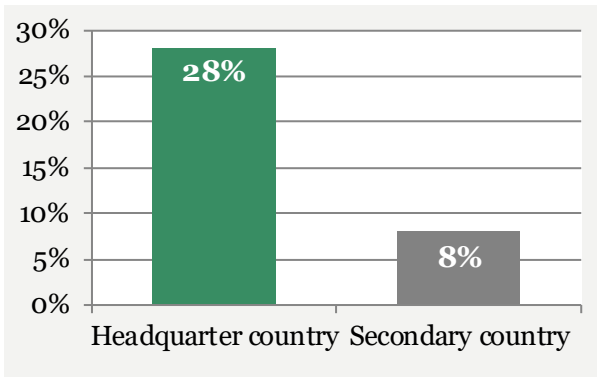
The popularity of the PTO system has skyrocketed in the last 10 years.

²⁷ Braff, D. (2018, March 20). How to design a 21st century time-off program. *SHRM*. <<https://www.shrm.org/hr-today/news/hr-magazine/0418/pages/how-to-design-a-21st-century-time-off-program.aspx>>

²⁸ Warford, M. (2014, February 11). Time-off policies: Leave well enough alone or go PTO? *Workforce.com*. <<https://www.workforce.com/news/time-off-policies-leave-well-enough-alone-or-go-pto>>

²⁹ Braff, D. (2018, March 20). How to design a 21st century time-off program. *SHRM*. <<https://www.shrm.org/hr-today/news/hr-magazine/0418/pages/how-to-design-a-21st-century-time-off-program.aspx>>

Figure 1 Percentage of companies that use PTO instead of sick leave



Based on the Corporate Knights research, nearly 28% of global companies³⁰ that had information available about their leave policies used PTO instead of paid sick days in their headquarter countries (see Figure 1).

In secondary countries, the number was only 8%. This is, once again, most likely because more of the companies in the research universe were headquartered in North America, where the use of PTO is more common.

COUNTRY-SPECIFIC STATISTICS

After assessing the legislated sick leave policies of all 43 jurisdictions that appeared in the research, Corporate Knights determined that 31 had sufficient paid sick leave policies in place with which companies are required to comply. Based on this determination, the research shows that 27.1% of companies assessed were headquartered in countries that have sufficient statutory paid sick leave policies.

Statutory leave was sufficient for more than half (52.3%) of the companies in secondary countries. This may be partially because a larger percentage of companies' secondary countries were in Europe (22%) compared to headquarter countries (16%). European countries tend to have more extensive sick leave policies than other countries. Another potential cause may be the prominence of the United States, an economic superpower with no nationally legislated paid sick leave, as a headquarter country. More than half (58%) of the companies in the universe were headquartered in the United States, while the United States was the secondary country for only 31% of companies. These two factors are likely the reason that more companies have sufficient statutory sick leave policies in their secondary country compared to the headquarter country.

European countries tend to have more extensive sick leave policies than other countries.

Table 4 Sufficiency of policies in various jurisdictions

SUFFICIENT/INSUFFICIENT POLICY	JURISDICTION ³¹
Sufficient	Argentina, Australia, Austria, Belgium, Brazil, China, Colombia, Denmark, Egypt, Finland, France, Germany, Hong Kong, Iraq, Italy, Luxembourg, Mexico, Netherlands, Norway, Pakistan, Poland, Russia, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, United Kingdom
Insufficient	Bermuda, Canada, Chile, India, Ireland, Japan, New Zealand, Portugal, South Korea, Trinidad & Tobago, Turkey, United States

³⁰ Excluding companies with statutory policies.

³¹ Includes only countries where a company in the research universe was located.

Among the countries without sufficient national paid sick leave were the United States, Canada and Japan. Other countries without national paid sick leave did not have large enough datasets (fewer than 10 companies) to provide meaningful insight. In companies where the United States was the headquarter country, 18% of companies offered sufficient paid sick leave. In Canada, 28% of companies offered sufficient paid sick leave. Just over 14% of companies headquartered in Japan offered sufficient paid sick leave.³²

In the United States, the federal government requires sick leave, but it does not require companies to pay employees during this sick leave. The Family and Medical Leave Act provides up to 12 weeks of unpaid leave for companies with more than 50 employees. Due to the lack of national leadership, many states are taking the lead on legislating paid sick leave. In March 2020, 13 states and Washington, D.C. required paid sick leave to some extent.³³ In Canada, sick leave is mostly under provincial jurisdiction and covers, in the majority of cases, only unpaid sick leave.³⁴ In Japan, employees mostly use their vacation days to take sick leave.^{35 36}

INDUSTRY-SPECIFIC STATISTICS

All 11 Global Industry Classification Standard (GICS) sectors were represented in the research universe for this study: communications services (5% of companies), consumer discretionary (16%), consumer staples (9%), energy (9%), financials (15%), healthcare (7%), industrials (17%), information technology (9%), materials (7%), real estate (1%), and utilities (5%).

As seen in Table 5,³⁷ the information technology (IT) sector has the largest percentage of companies offering sufficient paid sick leave policies, including Adobe, Arrow Electronic, Cisco, Mastercard, Microsoft, Visa and PayPal. Within the industry, the average number of paid sick leave days (excluding PTO, unlimited and statutory sick leave) was 12.8³⁸ (median 6.0) days compared to the overall average of 10.3 (6.0) days. Under one-fifth of IT companies opted for PTO plans instead of sick leave, providing on average a PTO bucket of 17.6. Because of fierce competition for top talent, many large technology companies have adopted a flexible attitude toward employment and employment benefits, resulting in more generous leave policies.³⁹

The sector with the second-highest percentage of companies with sufficient paid sick leave is healthcare (31.3%), followed closely by communications services and financials. Consumer discretionary and industrials trail the other sectors at only 7.5% and 8% of companies with sufficient paid sick leave provision, respectively.

The consumer discretionary sector consists of companies operating mostly in brick-and-mortar and online retail, apparel, vehicles, home décor and design, cosmetics and so forth. The average number of paid sick leave days in the sector was 9.3 (median 6.0) days, and the average number of PTO days was 13.3 (12.5) days. The industrials sector consists of companies operating in industries such as aviation, manufacturing,

³² Secondary country data not sufficiently extensive to provide meaningful insight.

³³ Paycor. (2020). *Paid sick leave laws by state*. <<https://www.paycor.com/resource-center/state-paid-sick-leave-laws>>

³⁴ Canadian Labour Congress. (2020). *Sick leave across Canada*. <<https://canadianlabour.ca/sick-leave-across-canada/>>

³⁵ Export to Japan. (n.d.) *Employee benefits in Japan*. <<https://exporttojapan.co.uk/guide/hr-recruitment/employee-benefits/>>

³⁶ L&E Global. (2019). *Employee benefits in Japan*. <<https://knowledge.leglobal.org/employee-benefits-in-japan/>>

³⁷ These numbers refer only to headquarter countries and companies with non-statutory, a.k.a. company-driven, policies.

³⁸ Unlimited sick leave excluded.

³⁹ Kaplan, J. (2018, December 18). The benefits of working in the information technology (IT) industry. *CareerPro*. <<https://www.careerpro.com/the-benefits-of-working-in-the-information-technology-it-industry/>>

transportation and engineering. Companies in the industrials sector offered, on average, 4.9 (5.0) paid sick leave days per year and 17.1 (17.0) PTO days.

Table 5 Paid sick leave policy details by GICS sector (excl. statutory)

GICS SECTOR	% COMPANIES WITH SUFFICIENT PAID SICK LEAVE	AVERAGE NUMBER OF PAID SICK LEAVE DAYS	MEDIAN NUMBER OF PAID SICK LEAVE DAYS	AVERAGE NUMBER OF PTO DAYS	MEDIAN NUMBER OF PTO DAYS
Communication services	29.4%	17.2	7.0	19.0	18.0
Consumer discretionary	7.5%	9.3	6.0	13.3	12.5
Consumer staples	13.5%	8.6	5.0	22.3	22.5
Energy	14.5%	7.8	8.5	15.0	15.0
Financials	27.5%	10.2	6.5	19.9	20.0
Healthcare	31.3%	7.8	7.8	16.1	16.5
Industrials	8.0%	4.9	5.0	17.1	17.0
IT	38.7%	12.8	6.0	17.6	20.0
Materials	12.2%	4.3	5.0	10.0	10.0
Real estate	Not relevant	Not relevant	Not relevant	17.7	18.0
Utilities	25.8%	21.0	10.0	18.5	18.5

COVID-19 POLICIES

After the onset of the COVID-19 pandemic early this year, some companies re-evaluated their sick leave policies. However, based on the research for this study, only a small minority has implemented new, paid, COVID-19 sick leave policies.⁴⁰ In headquarter countries, 10.4% of companies had implemented additional COVID-specific paid sick leave (sufficient or insufficient), and in secondary countries the figure was even lower.

Many companies may be of the opinion that their current paid sick leave policies are sufficient for an employee who contracts COVID-19, or they are located in countries with generous statutory sick leave policies. Nevertheless, public pressure mounted in the spring of this year for large companies, especially in retail, to provide paid sick leave to workers because of their status as “essential workers.”

As seen in Table 6, the average number of COVID-related paid sick leave days (excluding unlimited) was 14.4 in headquarter countries, with the median at 14.0. In secondary countries, the numbers were slightly lower;

⁴⁰ This data was collected in June 2020, meaning that policies implemented afterward have not been included.

the average was 14.2 days and the median 10.0 days. The numbers are alike possibly because, while the average onset time of COVID symptoms is approximately five days, it can take up to 14 days for symptoms to appear, and that number has become somewhat of a standard for quarantining in cases of possible exposure. While some public health officials estimate that those with mild cases will likely stop spreading the virus after 10 days,^{41 42} with the science incomplete, companies may have wanted to build in a buffer around this figure, because having an employee spread COVID-19 to other employees is not only detrimental to employees' health but can also result in a financial and reputational hit – no company wants to become a “COVID-hotspot.”

Table 6 Average/median number of paid sick leave days in COVID-related policies

	HEADQUARTER COUNTRY (# OF DAYS)	SECONDARY COUNTRY (# OF DAYS)
Average number of paid sick leave days in COVID-related policies	14.4	14.2
Median number of paid sick leave days in COVID-related policies	14.0	10.0

In terms of geography, companies headquartered in Canada and the United Kingdom have led the charge in implementing COVID-related leave policies; 15.0% of Canadian companies and 14.8% of U.K. companies have implemented such policies. These companies include large Canadian players such as Agnico Eagle Mines, BCE, Teck Resources and large U.K. companies such as Tesco, Lloyds Banking Group and Barclays. The United States comes in third with 12.6% of companies headquartered in the country implementing COVID leave. Other countries (headquarter or secondary) with companies that have implemented COVID leave include China, Japan, Germany, Mexico and South Korea. In the United States, the percentage of companies headquartered in the country that offered – even temporarily – sufficient paid sick leave per year increased from 18% to 28%. The absolute growth in policies was astounding 53% (from 89 companies to 136 companies). This demonstrates that changes in the external environment and public pressure can have a significant impact on corporate policies.

Within the 11 GICS sectors, the communications and financial sectors have emerged as leaders, with both hovering around 13% COVID-related paid sick leave implementation. Companies in the communications sector that have implemented COVID-related paid sick leave include, but are not limited to, AT&T, Verizon, and BT Group. In the financial sector, Bank of America, Wells Fargo, and Sberbank of Russia. In contrast, the real estate and energy sectors had almost no companies with COVID policies. Within the energy industry, only the Marathon Petroleum Corporation and National Oilwell Varco had established COVID-related paid sick leave.

⁴¹ Duffy, A. (2020, March 26). You're recovered from a COVID-19 infection, now what? *Healthing.ca*. <<https://www.healthing.ca/diseases-and-conditions/coronavirus/vouve-recovered-from-a-covid-19-infection-now-what>>

⁴² Gillespie, C. (2020, July 2). How long after having coronavirus are you contagious? Here's what doctors say. *Health.com*. <<https://www.health.com/condition/infectious-diseases/coronavirus/how-long-after-coronavirus-are-you-contagious>>

Table 7 COVID-related paid sick leave policies

GICS SECTOR	% OF COMPANIES WITH NEW, SUFFICIENT COVID-RELATED PAID SICK LEAVE POLICY	AVERAGE NUMBER OF PAID SICK LEAVE DAYS (COVID-RELATED POLICY)	MEDIAN NUMBER OF PAID SICK LEAVE DAYS (COVID-RELATED POLICY)
Communication services	13.3%	22.0	17.0
Consumer discretionary	11.2%	13.5	14.0
Consumer staples	11.5%	12.8	14.0
Energy	2.6%	14.0	14.0
Financials	12.3%	14.1	14.0
Healthcare	8.5%	11.3	10.0
Industrials	6.4%	11.1	10.0
IT	9.3%	14.6	14.5
Materials	11.3%	12.6	14.0
Real estate	0.0%	N/A	N/A
Utilities	9.3%	29.3	14.0

Summary

The goal of this Corporate Knights Paid Sick Leave Provision Ranking project was to assess the extent of paid sick leave policies in the largest publicly traded companies across the globe as the impact of COVID-19 continues to reverberate. After researching more than 850 companies, we were able to gain important insights into the provision of paid sick leave policies throughout the corporate world. Corporate Knights deemed 10 days per year as a minimum threshold for a sufficient paid sick leave policy. Two countries were analyzed for each company – the headquarter country and the country where the company generates the most revenue.

41% of companies had sufficient sick leave policies, either legislated or company-driven, in their headquarter countries; 57% had sufficient sick leave in their secondary countries. More than a third of companies in both country categories disclosed no information about their sick leave policies. Nearly one-third of all companies offered 10+ days of paid sick leave in both their HQ country and their secondary country, either legislated or company-driven.

When analyzing only companies with self-driven policies (as opposed to legislated policies), slightly under 20% had sufficient paid sick leave in their headquarter country. In secondary countries, just over 10% had sufficient paid sick leave.

The average number of paid sick leave days was 10.3 (median 6.0) in headquarter countries. In companies with a PTO system, **the average number of PTO days was 17.6** (median 18.0). Of companies that made information available about their leave policies, **28% used PTO instead of a traditional paid sick day system** in headquarter countries. PTO policies are significantly more popular in North America than in other parts of the world.

27% of all companies assessed were headquartered in countries with sufficient statutory paid sick leave policy. Among the countries without sufficient national paid sick leave were the United States, Canada and Japan. **18% of companies headquartered in the United States offered sufficient paid sick leave.** In Canada, 28% of companies offered sufficient paid sick leave. Just over 14% of companies headquartered in Japan offered sufficient paid sick leave.

The IT industry had the highest percentage of companies offering sufficient paid sick leave (39%) compared to other GICS sectors. The average number of paid sick days for IT companies was 12.8 compared to the general average of 10.3. The sector with the second-highest percentage was healthcare (31%), with a 7.8 average number of paid sick days. The worst-performing sectors were consumer discretionary (7.5%) and industrials (8%).

After the emergence of COVID-19, many companies began reassessing their sick leave policies. However, **only 10% of companies implemented additional or new COVID-related paid sick leave in their headquarter countries.** The United Kingdom and Canada were frontrunners with 15% of local companies implementing a COVID-related paid sick leave policy. The United States followed with a 13% implementation rate. The sectors that emerged as leaders in terms of COVID-related leave provision were the communications and financial sectors (12-13% implementation rate). **The average number of paid sick leave days for COVID-related policies was 14.4.**

Since the emergence of COVID-19, the percentage of companies headquartered in the United States that offered – even temporarily – sufficient paid sick leave per year increased from 18% to 28%. The absolute growth in policies was significant: 53% (from 89 companies to 136 companies). This demonstrates that changes in the external environment and public pressure can have a significant impact on corporate policies. However, public pressure must now be maintained so that companies keep at least modified versions of these new policies to improve employee and public health.

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