

**SAMPLE LETTER**

May 7, 2009

**Investor request for information regarding management of US employee relations, in light of the proposed Employee Free Choice Act legislation**

CEO/President  
General Counsel  
COMPANY

Dear CEO/President & General Counsel,

The undersigned investors, representing total assets under management of some US \$757 billion, are all signatories of the United Nations-sponsored Principles for Responsible Investment (PRI)<sup>1</sup>. The PRI is a network of investors who recognize that environmental, social and governance issues can have a significant impact on long-term financial returns. In this respect, we are writing to engage in dialogue with your company on its management of employee relations and labor rights, and specifically to better understand the company's position, workplace policies and responses to proposed legislation known as the Employee Free Choice Act (bills S. 560 and H.R. 1409).

As global investors, we recognize that constructive and positive labor relations are critical to a company's long-term success. They can improve worker productivity and effectiveness, as a result of greater trust, loyalty and buy-in, as well as enable the company to attract and retain skilled staff, which in turn can feed into corporate innovation. Companies often state that "*...employees are our greatest assets,*" yet few effectively disclose their strategies to attract, retain and build on this in a way which feeds directly into business strategy, and ultimately, business success.

One critical aspect of employee management is a company's relationship with labor unions and its policies and practices regarding union organizing drives, elections and collective bargaining. The freedom to form or join a union of one's choice or not, and to bargain collectively for the terms of one's employment, are fundamental human rights that we as global investors recognize and respect. These rights are enshrined in several internationally accepted sets of standards, such as the UN Universal Declaration of Human Rights and the Core Conventions of the International Labor Organization (ILO). Human rights organizations have pointed with concern to critical gaps between US law and the ILO conventions<sup>2</sup>, a gap that, in our view, can create risks for both employees and employers. This, coupled with the widespread debate over the Employee Free Choice Act, has highlighted for us the real need to better understand how your management procedures seek to protect and enhance your employees' workplace rights.

Although the Employee Free Choice Act (EFCA) is currently proposed legislation, there are some indications that the Act could be passed in the coming year. President Barack Obama has also voiced strong support for the legislation. At minimum, there will be robust debate by corporate managers, economists, legislators and labor unions on the merits of the Act. In that spirit, we believe that it is

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<sup>1</sup> For more information, please see: <http://www.unpri.org>.

<sup>2</sup> One such source is Human Rights Watch, *Unfair Advantage: Workers' Freedom of Association in the United States Under International Human Rights Standards*, August 2000.

prudent for companies headquartered or operating in the US to begin to prepare for its potential passage, and to evaluate current policies and practices in light of the Act and the issues it raises. Please note that, although individual investors represented in this letter may have taken a view on the legislation, the group as a whole has itself not formulated an official position.

We are writing to members of the S&P 100 Index to request information on how each company is managing labor union and employee relations issues highlighted by the legislation, and how companies are addressing the rights of its employees in terms of fair representation, protection from discrimination, freedom of association and the right to collective bargaining, and employee input on corporate procedures and strategy. More specifically, we would appreciate your responses to the following questions:

- 1) **Commitments:** What international standards and codes (e.g., the ILO's Core Conventions, and/or the Universal Declaration of Human Rights or similar globally-recognized labor norms) has the company publicly endorsed, related to freedom of association and the right to collective bargaining? Additionally, have these commitments been applied globally to employees, as well as to suppliers and joint ventures through contracts or a code of conduct?
- 2) **Management Systems:** What policies and systems does the company have in place to implement, audit and monitor labor standards compliance? More specifically, how do you protect employees in exercising their rights to freedom of association and collective bargaining in the US? How does the company report on these systems?
- 3) **Employee Engagement:** How often are non-executive employees surveyed about their job satisfaction, suggestions or concerns? What mechanisms does the company employ to gather and process employee feedback in order to flag emerging risks and to incorporate innovative ideas and efficiencies?
- 4) **Preparation and Planning:** What actions has the company undertaken to date, if any, to assess the potential business impacts of the EFCA legislation? Is employee and union dialogue (if applicable) a part of this review process?
- 5) **Policy:** Has the company formalized a public policy position on the legislation (please clarify whether this is for, against, or neutral), and if so, what activities are planned to communicate your views to shareholders, stakeholders and legislators?
- 6) **Political Engagement:** Has the company engaged in any lobbying activity on the Employee Free Choice Act, either for or against? Please detail the nature of these activities, including your membership or involvement in trade associations that are lobbying on the Act, and direct lobbying or advertising.

The information you provide will help us to better understand how employee relations and labor rights compliance are being managed within your company, and determine how well-positioned it is in relation to the proposed legislation. Once we receive your responses, we would be interested in follow-up dialogue with you.

We are happy to receive the company's response in written or email form (please use **efca-reply@unpri.org**). Please note that your responses will be shared with institutional investors that are signatories to the PRI. We would appreciate your reply by June 8, 2009.

For inquiries, please contact:

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Yours sincerely,



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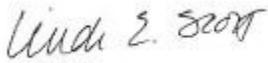
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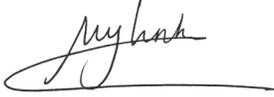
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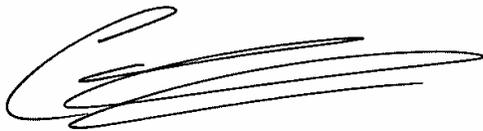
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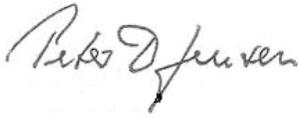
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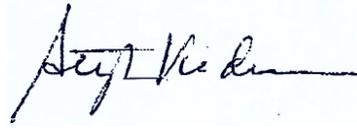
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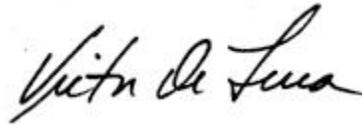
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