

## Global trades unions are stepping up efforts to link workers and fiduciaries to an investment chain that serves society

# Workers' capital unite!

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IN MAY, some of the world's largest pension funds supported a shareholder proposal filed by US union AFL-CIO asking global snack company Mondelez International to participate constructively in the OECD National Contact Point mediation processes and observe its Guidelines for Multinational Enterprises.

When the pension funds and their fund managers – which included CalPERS, APG and bclMC – cast their vote in favour of the proposal, they indicated that they expect the company to uphold the internationally-recognised responsibilities it has toward its workers and those in its supply chain.

The Mondelez case is one of many examples where trade unions' expectations of corporate accountability are endorsed by the retirement savings funds of workers. Indeed, it is in these funds' interests as long-term universal investors to encourage responsible business conduct to achieve broad-based economic growth that feeds into fund performance.

The Global Unions Committee on Workers Capital (CWC), with over 200 members from 25 different countries, is the forum where such matters are discussed. Created in 1999 with the backing of the international trade union movement, the CWC convenes trade union and worker nominated pension fund trustees and trade union officials from around the world. It is a space to share practices around the integration of responsible investment criteria by pension funds, including those of central concern for the labour movement: ensuring the observance of human rights, providing decent working conditions, upholding the fundamental right of workers to freedom of association and collective bargaining. These rights are set by agreements negotiated at the International Labour Organisation (ILO) and supported by several instruments, including the OECD guidelines and the UN Guiding Principles for Business and Human Rights.

### Trade unions and corporate accountability

Trade unions participating in the CWC utilise the above-mentioned frameworks to raise corporate accountability through a number of approaches including active ownership practices.

In August, the UK's Unite union and Trade Union Share Owners (TUSO), the activist investor group launched in 2013 by the UK Trades Union Congress (TUC) and its two largest affiliated unions, Unite and UNISON, filed a shareholder resolution at Sports Direct calling for an independent review of the company's human capital management strategy and reports. This came in response to the company's precarious employment practices.

In 2015, the Teamsters unions in the US coordinated the filing of a shareholder resolution at National Express in the UK asking for greater board oversight of employment issues in the company's North American operation.

In these cases, the CWC disseminates the information widely and encourages asset owners to call on their managers to vote in favour of the resolutions.

Other forms of active ownership include CWC-coordinated shareholder engagements. In 2016, dialogues took place with Canada's Brookfield Asset Management on decent working conditions in Qatar.

### Trustee empowerment

Empowering trade union and member nominated pension fund trustees to make decisions that tie ESG issues with fiduciary obligations is at the heart of the CWC mission. To weigh into these conversations and support trustees the CWC relies on national networks in the US, Australia, the UK, Canada, France, the Netherlands and South Africa. If we go back to the creation of the UNPRI in 2006, it is no surprise that two thirds of the initial signatories either had trade union or member representatives on their boards or provided retirement savings for unionised workers. It explains why funds such as PGGM, ABP and NYCERS were able to secure institutional backing to draft a set of bold principles.

### Weighing into the investment chain

The convening of pension board members and trade union officials in the CWC has facilitated engagements that aim to foster a financial architecture that creates value for pension beneficiaries and society. In July, the CWC drew on the support of national trustee networks and sent a letter to the PRI to encourage the organisation to elevate the profile of social issues and tie them more systematically to its initiatives in the future.



### CWC leadership team

**Chair: Ton Heerts**, President of the Dutch trade union confederation FNV

**Co-chair: Liz Shuler**, Secretary-Treasurer of the AFL-CIO (American Federation of Labor and Congress of Industrial Organizations)

**Co-chair: Paddy Crumlin**, President of the ITF (International Transport Workers' Federation)

**ITUC: Sharan Burrow**, General Secretary of the ITUC (International Trade Union Confederation)

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In June, we met with a number of sustainability rating agencies to encourage them to integrate indicators for a better understanding of a company's approach to workforce management.

Along with the International Transport Workers Federation, we have also stepped up engagement with infrastructure managers to uphold strong social standards.

The CWC will ramp up the profile of social issues in the investment chain and continue to support fiduciaries as they elevate the link between investment portfolios, long-term outlooks and the creation of environmental and social value in society.