

## DRAFT

# PRINCIPLES OF RESPONSIBLE WORKFORCE MANAGEMENT IN PRIVATE EQUITY

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### GENERAL PRINCIPLES

- A. General Partners shall adopt business policies and practices that recognize that the workforces of their portfolio companies are a critical asset, and will seek to maximize the value of their portfolio companies' human capital by investing in employee skills, safe workplaces, fair compensation, and adequate health and retirement benefits
- B. General Partners and their portfolio companies shall adopt policies and practices to respect their international human rights obligations as defined by the Core Conventions of the International Labor Organization (ILO), the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Universal Declaration of Human Rights.
- C. General Partners will require portfolio companies to treat their workforces with dignity and respect, to remain neutral when workers seek to exercise their freedom to join together in a union, and to negotiate in good faith with unionized workers.
- D. Portfolio companies shall be required to comply with all federal, state, and local laws covering workers' rights, including nondiscrimination, wage and hour, workers' compensation, employee benefits, health and safety, and labor relations.
- E. General Partners will seek to minimize adverse impacts on the workforce resulting from portfolio company transactions and asset acquisition, management, and disposition activity.
- F. General Partners will provide their Limited Partners with transparency in all matters regarding portfolio company workforce issues as requested by Limited Partners and will facilitate communication with and among their Limited Partners regarding workforce issues of concern.
- G. Annually and prior to exiting a fund investment, General Partners will provide a report to Limited Partners on how wages and benefits have changed since the beginning of the fund's investment, total company headcount, and any other material changes in conditions of employment since the commencement of the Fund's investment.

### SPECIFIC PRACTICES

#### 1.0 Workers' Rights

- 1.1 General Partners will adopt policies covering all portfolio companies to guarantee respect for the ILO Core Conventions on freedom of association and effective recognition of the right to collective bargaining, elimination of all forms of forced or obligatory labor, the effective abolition of child labor, and the elimination of discrimination in employment, and promotion of high standards for occupational safety and health.

1.2 General Partners shall direct management teams of portfolio companies to maintain a position of neutrality when workers seek to exercise their freedom to join together in a union, and when applicable, will enter into neutrality agreements with labor organizations.

1.3 General Partners shall direct the management teams of portfolio companies to negotiate in good faith with their union-represented workforces to reach mutually beneficial collective bargaining agreements.

## 2.0 Human Capital Management

2.1 General Partners will require that their portfolio companies make occupational safety and health a top management priority and will provide interested limited partners with disclosure of relevant safety and health records.

2.2 General Partners will require portfolio companies to adopt policies that encourage workforce diversity and inclusion and prohibit discrimination and harassment in the workplace. General Partners should prioritize diversity on the boards of portfolio companies, including representation of historically underrepresented groups.

2.3 General Partners should discourage the use of non-disclosure provisions in employment contracts and forced arbitration in employment matters.

2.4 General Partners will implement data collection and verification processes that ensure employees of portfolio companies can safely report, without fear of retaliation, violations of these principles to the GP and relevant regulatory agencies. In order to facilitate that safety GP's will:

1- Encourage Portfolio Companies to share these principles with their employees;

2- Establish an open line of communication with any labor union representing workers at a portfolio company and verify with the union data reported at portfolio companies as part of their ongoing monitoring of portfolio company compliance with these principles; and

3- At portfolio companies where workers are not represented by a union, GPs will contract with an independent third party auditor to facilitate employees an opportunity to verify company reporting on workforce issues.

## 3.0 Wages and Benefits

3.1 General Partners shall support an industry standard prevailing wage for all portfolio company employees and contracted workers that provides an adequate standard of living.

3.2 General Partners will encourage portfolio companies to adopt policies that provide for a minimum amount of work hours and reliable work schedules for all employees, and will discourage labor policies that result in precarious work schedules for employees.

3.3 General Partners shall actively support the provision of employee benefits that provide retirement security, health care, unemployment insurance for all portfolio company employees.

3.4 General Partners shall actively support the provision of adequate sick leave, compassionate care, and workers compensation benefits for all portfolio company employees.

#### 4.0 Contractor Management

- 4.1 General Partners engaged in construction or service industries shall adopt, in consultation with North America's Building Trades Unions and the relevant service unions, a responsible contractor policy that covers the procurement and contracting activities of portfolio companies.
- 4.2 General Partners shall discourage the use of temporary staffing agencies as a substitute for hiring regular employees for construction, operations, or maintenance of portfolio company assets.
- 4.3 General Partners shall require portfolio companies and their contractors to participate in state-recognized apprenticeship training programs.

#### 5.0 Mergers, Restructuring, Reorganization, Terminations, Bankruptcy

- 5.1 General Partners will respect any collective bargaining agreements in effect for any companies they acquire, and when selling a portfolio company, will seek to negotiate successorship clauses that require the continuation of any collective bargaining agreements in effect.
- 5.2 General Partners will adopt policies covering all portfolio companies that in the event of company bankruptcy, the company will prioritize payment of all wages earned by employees and all employer contributions owed to pension and health care plans prior to the payment of any dividend recapitalization or general partner distributions.
- 5.3 General Partners will adopt policies covering all portfolio companies that will provide reasonable severance pay, reflecting tenure and seniority, to all employees terminated because of merger, restructuring, reorganization, or bankruptcy.

#### 6.0 Diversity & Inclusion

- 6.1 General Partners will adopt policies covering all portfolio companies that encourage diversity and inclusion and that prohibit discrimination and harassment in the workplace. To ensure vigorous implementation of this principle General Partners should:
- 6.2 a- adopt policies against the use of non-disclosure agreements and forced arbitration at portfolio companies.
- 6.3 b- ensure portfolio companies prioritize diversity on portfolio company boards, including ensuring board member representation of historically underrepresented groups,
- 6.4 c- ensure portfolio companies conduct civil rights audits as part of their regular business practices.