



29 June 2016

UNPRI Board,
5th Floor, 25 Camperdown Street,
London, E1 8DZ, UK

The Role of Social Issues in UNPRI Activities: Comment on the Consultation on a Sustainable Financial System and the Upcoming UNPRI 10-year Strategic Plan

Dear UNPRI Board,

The Global Unions Committee on Workers' Capital (CWC) is an international labour union network for dialogue and action on the responsible investment of workers' retirement savings. It is a joint initiative of the International Trade Union Confederation (ITUC), the Global Union Federations (GUFs), and the Trade Union Advisory Committee to the OECD (TUAC). The link between the CWC and financial markets is via the trade union and worker-nominated pension fund trustees from across the world who oversee the retirement savings of millions of workers.

Over the years, the CWC has closely followed, supported and contributed to the work of the UNPRI. The Committee has recognized the important role that the UNPRI has played in mainstreaming responsible investment in the investment chain. We applaud the UNPRI for undertaking a useful, constructive and bold consultation on the organisation's role in the design of a sustainable financial system.

Elevating the S in ESG

The CWC believes that the time is ripe to elevate the profile of the S(ocial) dimension of ESG issues within the work of the UNPRI. In particular, we would like to highlight the importance of labor standards, quality jobs, and worker's rights in the context of worrying trends in economic inequality that threaten both economic growth and social equity at the global level.

The ILO estimates that 453 million jobs are generated by global supply chains in 40 countries representing 85 per cent of world GDP. Most of the lead companies that sit at the top of these supply chains are in the investment portfolios of retirement savings funds, but they provide little to no information on the vast majority of workers involved in their businesses. As a convening body for investors – many of whom invest the retirement savings of unionized workers – the PRI has an important role to play in helping improve

disclosure about and the conditions of pervasive precarious working arrangements in which many of these 453 million workers find themselves.¹ Given that the current consultation highlights the importance of seeking greater “real world” impact, we encourage the UNPRI to take note of the vast employment footprint of lead companies in the global economy along with the systemic ramification of their employment practices.

The CWC encourages the UNPRI to make social and labour issues cross-cutting and integral components of its work. Furthermore, we encourage the organization to consider and place these issues at the forefront in the development of its 10 year strategic plan.

How the UNPRI can elevate the S

The CWC believes that the UNPRI could elevate the S in ESG by means of more active engagement and research across asset classes with investors, and the companies they invest in, to ensure that investors:

- Have the information they need to evaluate how companies – directly and in their business relationships – provide a) decent work opportunities, b) a space for social dialogue and c) adhere to internationally recognized labor standards;
- Can engage collectively on core issues of disclosure, worker’s rights, and the long-term value of good social performance at the systemic level;
- Better understand how their investments may affect the lives of investment beneficiaries (e.g.: pension beneficiaries) and society more generally.

The S in ESG is often managed through internationally determined frameworks that help define private sector responsibilities and delineate potential risks that have long-term implications for investment performance. In particular, the CWC would like to see the UNPRI more fully tie in the following international norms, standards and frameworks to the engagement and research practices of the organization so that these are better incorporated into investments:

- United Nations Guiding Principles on Business and Human Rights
- ILO Fundamental Conventions
- ILO Declaration on Fundamental Principles and Rights at Work
- ILO Tripartite declaration of principles concerning multinational enterprises and social policy
- OECD Guidelines for Multinational Enterprises

Similarly, we would urge the UNPRI to integrate these norms and standards into its work linking responsible investment to the SDGs. Of particular concern to the CWC are the global goals of promoting sustainable economic growth and productive employment (Goal 8), building inclusive and sustainable industries (Goal 9), reducing inequalities (Goal 10), ensuring sustainable production and consumption (Goal 12), and strengthening partnerships for sustainable development (Goal 17). These Goals lay out a compelling vision of a world where investors’ decisions can lead to a more healthy and productive economy by reducing inequality, supporting decent work and fostering sustainable growth.

¹ The CWC Taskforce on Sustainability Ratings has developed a Set of Guidelines on Worker Rights and Labour Standards that could serve to this effect and that could be shared with the UNPRI.

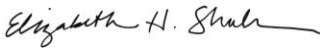
More focused attention will help redress what many perceive as a relative lack of attention to social issues, and is directly in keeping with the UNPRI's consultation both on the role of responsible investment in systemic issues and the urge to define the real world impact of responsible investment on society as a whole.

The CWC is voicing this desire out of the recognition that many large asset owners who are PRI signatories – and whose trustees take part in the work of the CWC - are fiduciaries of the retirement savings of unionized workers who generally benefit from decent labour standards, freedom of association and collective bargaining. In turn, the CWC and participating fiduciaries would like the capital they oversee to be channeled to companies that have a positive social footprint. Corporate social responsibility has been demonstrated to enhance the economic performance of business enterprises. Accordingly, we believe that fiduciaries have a duty to consider the social dimension of ESG as part of their investment decision making and corporate engagement as asset owners.

We thank the UNPRI for undertaking a bold and ambitious consultation and we trust that our comments will help the organisation further embed social issues into its future work. For any additional information, please contact José Meijer (jose.meijer@fnv.nl), chair of the CWC trustee leadership group & vice-chair of ABP.



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