



The Investor Case for Supporting Worker Organizing Rights

How should different stakeholders, such as investors, think about and react to union formations?



Executive Summary

After being on the decline for decades, unions are making a comeback in the context of rising economic inequality, declining working standards, pent-up demand for a greater voice at work, and the growing pressures caused by the COVID-19 pandemic. Workers in the United States have long faced a tilted playing field when trying to organize despite the important economic and societal benefits unions offer. How should different stakeholders, such as investors, think about and react to union formations?

As an investment firm, Trillium Asset Management, LLC (“Trillium”) seeks to advance humankind towards a global sustainable economy, a just society, and a better world through activating our clients’ capital. Sustainable economic growth cannot be built on abuses of power or the exploitation of workers. Profits should not supersede basic worker and human rights. For a healthy society and healthy economy, we believe there must be a balance of power and interests—and unions offer an important check to the enormous power of company executives compared to individual workers.

In this piece, we explain how supporting organizing efforts aligns to a long-term investment horizon and sustainable investment values:

1. Firms with union presence and collective agreements see greater worker productivity: Union presence and collective agreements may boost productivity when high-quality management-labor relationships are forged and employees have the ability to contribute to operational improvements. One study in Norway found that an increase in union density of 1% raised overall firm productivity by 1.7%-1.8%. Much of this is attributed to the “voice effect,” or the ability of unions to aggregate worker sentiment in a more efficient manner than soliciting individual opinions or failing to engage. Features such as collective agreements and consultative bodies are strongest, allowing workers to establish and maintain formal channels of influence on the day-to-day.

2. Union presence improves worker health & safety: For investors and employers, unions offer an important de-risking function. With unions organizing for better health and safety training and protocols, employees are less likely to encounter debilitating injuries that lead to decreased productivity, worker morale, and reputation, and increased absenteeism, turnover, and administrative costs. Unions help workers bargain for better safety protocols through organizing health and safety committees, drafting expanded health and safety clauses in contracts, setting up workplace safety monitoring programs, addressing unregulated hazards, and assisting members with filing OSHA complaints. Increases in unionization rates are associated with decreases in on-the-job deaths.

3. Union presence increases worker satisfaction and decreases turnover: Unions provide a dedicated channel for workers to communicate with management teams about their working conditions and what would increase their job satisfaction. Companies and shareholders both benefit when they can avoid the costs associated with constantly replacing, hiring, and training employees. Studies have shown that customer satisfaction decreases with increased turnover.

4. Companies face reputational risk from anti-union activity: As the unionizing efforts across large American corporations like Amazon, Apple, and Starbucks gain traction, the media and consumers are paying more attention. Not only are journalists starting to explore whether the old business talking points of anti-unionism still have merit, but surveys are also

demonstrating that a majority of Americans support labor unions, believe workers need unions, and support corporate reporting on the hiring of union-busting consultants. Companies, especially consumer-facing ones, rely on their reputation to retain customer loyalty and patronage and negative public perception and press threaten shareholder value.

One study in Norway found that an increase in union density of **1%** raised overall firm productivity by **1.7%-1.8%**



5. Companies should be held accountable to their commitments to legal norms: Around the world, freedom of association is recognized as a human right under several international conventions, including the Organisation for Economic Cooperation & Development Guidelines for Multinational Enterprises (MNEs), the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organization Conventions. Companies often refer to and affirm these obligations in their annual and sustainability reports. A violation of these agreements introduces legal and reputational risks.

6. Supporting unions is one way to support racial and gender equity: Investors, particularly those with sustainability and environmental, social, and governance (ESG) mandates, often seek ways to create impact within their portfolios. Advocating for workers’ rights to organize is a concrete step towards racial and gender justice in that unions decrease the racial wealth and gender gap and empower workers to bargain for workplace protections and conditions that ensure equity.

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Current Landscape

Although workforce inequality has been building for decades, the COVID-19 pandemic revealed stark gaps. As workers were stretched thin with layoffs, financial insecurity, and new protocols and demands around health and safety, conversations about working conditions became prominent. Nearly a quarter of the labor market worked within heavily impacted industries, including food services, retail, personal services, recreation, vehicle and parts dealers, and hospitality. This population already had few protections around sick time or working conditions, and the pandemic exacerbated existing inequalities, especially for Black, Indigenous, and People of Color (BIPOC) and women. Moreover, it wasn't only hourly and service workers who felt the squeeze – this time, white-collar employees also felt pressure building as working parents learned to navigate remote work with few childcare options.

Due in part to the loss in collective bargaining, workers' wages have stagnated while corporate profits have soared and inequality between America's wealthiest and poorest families has more than doubled between 1989-2016.¹ Income inequality is at its peak since the Great Depression.² To put this into

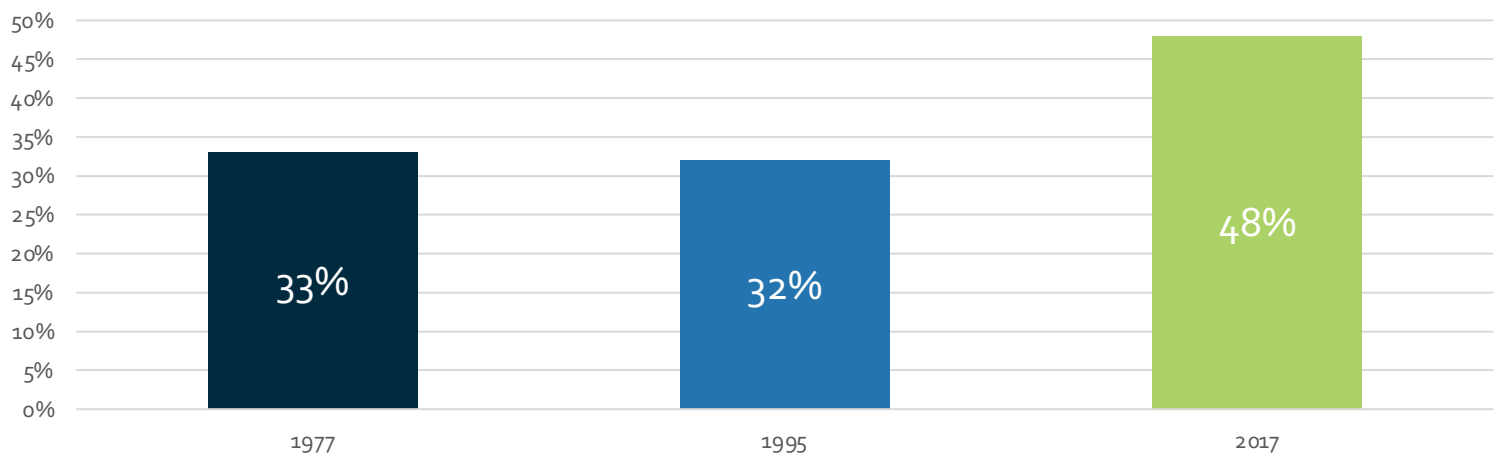
context, the wealthiest 1% of American households earn over \$500,000 per year as of 2021, compared to the middle 60% who earn between \$27,000 and \$141,000 annually.³

Workers responded to these unsustainable structures by organizing. The latter half of 2021 saw such a significant uptick in new organizing and strike activity that October was dubbed "Striketober." Since then, major companies' workers, including Amazon, John Deere, Mondelez, General Mills, Waste Management, and more, organized or struck for better pay and working conditions. Others, such as Starbucks, saw the election of their first unions. The labor movement is surging across the United States with organizing efforts that have not been witnessed in decades. Importantly, as of September 2021, 68% of Americans approve of labor unions, the highest the approval rating has been since 1965 when it was 71%.⁴ Furthermore, approximately 50% of the non-unionized workforce in the United States expressed that they would join a union if an election was held at their workplace.⁵ As unions become a part of public consciousness and discussion once more, investors must weigh considerations of their role.

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Interest in Joining Unions

The share of workers who do not belong to a union but would vote for one if they had the opportunity



Source: Thomas A. Kochan et al., "Worker Voice in America: Is There a Gap Between What Workers Expect and What They Experience?" *ILR Review* 72, no. 1 (January 2019): 3-38, <https://doi.org/10.1177/0019793918806250>.

¹ Katherine Schaeffer, "6 Facts about Economic Inequality in the U.S.," Pew Research Center (Pew Research Center, May 27, 2021), <https://www.pewresearch.org/fact-tank/2020/02/07/6-facts-about-economic-inequality-in-the-u-s/>.

² "Unions Help Reduce Disparities and Strengthen Our Democracy" (Economic Policy Institute, April 23, 2021), <https://www.epi.org/publication/unions-help-reduce-disparities-and-strengthen-our-democracy>.

³ Alexandre Tanzi and Mike Dorning, "Top 1% of U.S. Earners Now Hold More Wealth Than All of the Middle Class" (Bloomberg, October 8, 2021), <https://www.bloomberg.com/news/articles/2021-10-08/top-1-earners-hold-more-wealth-than-the-u-s-middle-class>.

⁴ Megan Brennan, "Approval of Labor Unions at Highest Point since 1965," Gallup.com (Gallup, November 20, 2021), <https://news.gallup.com/poll/354455/approval-labor-unions-highest-point-1965.aspx>.

⁵ Kochan, Thomas A., Duanyi Yang, William T. Kimball, and Erin L. Kelly. "Worker Voice in America: Is There a Gap between What Workers Expect and What They Experience?" *ILR Review* 72, no. 1 (January 2019): 3-38. <https://doi.org/10.1177/0019793918806250>.



Unions were the driving force behind societal benefits taken for granted today, such as the federal minimum wage, the 40-hour work week, antidiscrimination laws, unemployment insurance, and workers' compensation.



Why should investors support unions?

Well-functioning unions secure improved working conditions through negotiating wage increases, better access to healthcare, additional training or safety protocols, and stable work schedules, amongst other agreements. Furthermore, unions provide a formal channel for workers to resolve conflicts and disputes with companies when individuals reach impasses. For most working people, including white collar employees, unions are considered a social good. In the past, unions have been the driving force behind several societal benefits we take for granted today, such as the federal minimum wage, the 40-hour work week, antidiscrimination laws, unemployment insurance, and workers' compensation. Lastly, unions contribute to a well-functioning democracy; one study found that unionized workers are 12% likelier to vote than non-unionized workers and another study found that the average voter turnout is higher in states with greater union density.⁶

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important check to the enormous power of company executives compared to individual workers.

In addition to the societal benefits offered, we find six additional reasons for investors to support unionization and other worker empowerment efforts which are aligned to a long-term investment horizon and sustainable investment values:

1. Greater worker productivity in firms with collective agreements
2. Improved worker health and safety
3. Increased worker satisfaction & decreased worker turnover
4. Avoiding reputational risk from anti-union activity
5. Holding companies accountable to their commitments and legal norms
6. Upholding commitments to racial and gender equity

Greater Worker Productivity in Firms with Collective Agreements

While economists still disagree on whether unions ultimately support company performance, research in various countries gives evidence of the beneficial role of unions in worker productivity – with a caveat that companies must take the position of forging good relationships with their unions. High quality management-labor partnerships, where companies and unions build positive relationships under collective bargaining, can result in higher productivity. The most common feature that has been cited in the auto, steel, office product, telecommunications, airline, and healthcare industry case studies showcasing higher productivity was that unions and employers collaborated in various partnerships such that employees engaged in continuous improvement efforts.⁷ One such example is Kaiser Permanente, which stands as a case study of one of the most innovative and enduring labor-management relationships in American labor history due to its successful use of interest-based negotiations that have resulted in improved financial performance, labor peace, and ability to scale technological improvements in patient care.⁸

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⁶ "Unions Help Reduce Disparities and Strengthen Our Democracy" (Economic Policy Institute, April 23, 2021), <https://www.epi.org/publication/unions-help-reduce-disparities-and-strengthen-our-democracy>.

⁷ Thomas A. Kochan and William T. Kimball, "Unions, Worker Voice, and Management Practices: Implications for a High-Productivity, High-Wage Economy," RSF: The Russell Sage Foundation Journal of the Social Sciences 5, no. 5 (2019): p. 88, <https://doi.org/10.7758/rsf.2019.5.5.05>.

⁸ Ibid.



These findings are further corroborated by labor research in Europe, where unions are more commonplace and employers have more cooperative relationships with their employees compared to those in the United States. One study in Norway that examined company data from 2002-2018 found that firms with high union density and collective agreements saw a positive impact on productivity.⁹ The study found that an increase in union density of 1% raised overall firm productivity by 1.7%-1.8%.¹⁰ Researchers propose that this is consistent with the “voice effect,” or the ability of unions to aggregate worker sentiment in a more efficient manner than soliciting individual opinions or failing to engage, and that features such as collective agreements and consultative bodies are strongest, allowing workers to establish and maintain formal channels of influence on the day-to-day.¹¹ This is supported by another study conducted in Belgium, analyzing data from 1999-2010, which found that firm-level agreements, while raising wages,

also foster productivity, especially in markets with strong competition.¹²

Investors can look at unionized United Parcel Service (UPS) and non-unionized FedEx and Amazon as examples of the financial benefits of unions for companies. In 2018, UPS drivers earned about \$23 per hour compared to Amazon and FedEx’s contract drivers who earned between \$5.30 and \$14.40 per hour after accounting for driving costs.¹³ On average, UPS drivers earned \$36 per hour in 2021 and a collective bargaining agreement guarantees annual increases.¹⁴ In 2021, UPS reported a year-over-year operating profit increase of 20% and raised projections for full-year results, with CEO Carol Tomé remaining optimistic that the company’s ability to navigate the tight labor market was strong.¹⁵ By contrast, Amazon and FedEx both dropped in stock price and attributed losses of \$2 billion and \$500,000 largely to lost productivity as a result of understaffing.¹⁶ This example illustrates how strong benefits and a sense of security about future earnings supports worker loyalty and tenure, decreasing instability in already unstable market circumstances.

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Improved Worker Health & Safety

One of the most compelling reasons for unions is that occupational health and safety cultures typically improve with union presence, a de-risking mechanism for employers. Employers are only required to follow what we view as minimum safety guidelines, which often do not adhere to the “best practice” standards available to minimize costly accidents and injuries that affect worker output and attendance. Unions help workers bargain for better safety protocols through organizing health and safety committees, drafting expanded health and safety clauses in contracts, setting up workplace safety monitoring programs, addressing unregulated hazards, and assisting members with filing OSHA complaints.

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⁹ Erling Barth, Alex Bryson, Harald Dale-Olsen, Union Density Effects on Productivity and Wages, *The Economic Journal*, Volume 130, Issue 631, October 2020, Pages 1898–1936, <https://doi.org/10.1093/ej/ueaa048>.

¹⁰ Ibid.

¹¹ Ibid.

¹² Garner, A., Rycx, F. and Terraz, I. (2020), Productivity and Wage Effects of Firm-Level Collective Agreements: Evidence from Belgian Linked Panel Data. *British Journal of Industrial Relations*, 58: 936-972. <https://doi.org/10.1111/bjir.12525>.

¹³ Ibid.

¹⁴ Katie Bach and Molly Kinder, “Is Your Business Struggling with the Labor Shortage? Consider a Union,” *Brookings* (Brookings, March 9, 2022), <https://www.brookings.edu/blog/the-avenue/2021/12/14/is-your-business-struggling-with-the-labor-shortage-consider-a-union/>.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Aaron Sojourner, “Unionized Workers Are More Likely to Assert Their Right to a Safe and Healthy Workplace” (*The Conversation*, September 20, 2020), <http://theconversation.com/unionized-workers-are-more-likely-to-assert-their-right-to-a-safe-and-healthy-workplace-144718>.

¹⁸ Zoorob, M. Does ‘right to work’ imperil the right to health? The effect of labour unions on workplace fatalities. *Occupational and Environmental Medicine* 2018;75:736-738.

One study found that unionized workers are more likely to speak up about critical health and safety issues in the workplace than their non-unionized peers, which researchers attributed to unions offering a sense of psychological safety and protection from retaliation from employers.¹⁷ Another study found that increases in unionization rates are associated with up to a 2.8% decrease in on-the-job deaths.¹⁸

As part of basic due diligence, many investors assess companies' health and safety management and performance, which provides insight into a company's ability to mitigate risk. Company profitability can be affected by high injury rates and decreased productivity, worker morale, and reputation, as well as increased absenteeism, turnover, and administrative costs. In one study that modeled a sample fund of companies that prioritized the health, safety, and wellbeing of their workforce against the S&P 500 benchmark, the sample fund outperformed the market by 2% per year, with a weighted return on equity of 264% compared with the S&P 500's return of 243% over 10 years.¹⁹ The COVID-19 pandemic also called into question the responsibility of employers for the health, safety, and wellbeing of employees.²⁰ One of the important advantages of unions is that each union and its members have the ability to decide for themselves what is important to them in the workplace and can create context-specific solutions. With better safety measures and training, workers are also less likely to be injured and companies can avoid costly payments and litigation for occupational injuries.

Increased Worker Satisfaction & Decreased Worker Turnover

A key reason workers cite for leaving workplaces is feeling a lack of respect. This has perplexed management teams, and the question of how to best respond remains unanswered. While not a panacea, unions provide a dedicated channel for workers to communicate with management teams about working conditions and what would increase their job satisfaction. Matthew Dimick, a labor law professor at the University of

Buffalo, states that unions provide an important mediating function which reduces workers' feelings of being abandoned and forgotten.²¹ Other labor economists have found that there is a statistically significant correlation between union membership and job satisfaction, with unionized workers reporting lower levels of stress, depression, anxiety, or loneliness.²²

Under current workplace structures, employees usually have to address workplace issues individually and often do not reach conclusions that are mutually satisfactory, leaving them to feel

Companies spend approximately 20% of an employee's salary to replace that person. A company's talent retention capability can be a signal of health or decline for investors because of the significant capital expenditures required in replacing and rehiring.



like their only option is to seek employment elsewhere. In a tight labor market impacted by stringent immigration policies that make obtaining permanent residency difficult, the disabling effects of long-COVID, and a lack of support for working mothers, labor experts believe that hiring new workers will remain challenging.²³

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¹⁹ Raymond Fabius and Sharon Phares, "Companies That Promote a Culture of Health, Safety, and Wellbeing Outperform in the Marketplace," *Journal of Occupational & Environmental Medicine* 63, no. 6 (2021): pp. 456-461, <https://doi.org/10.1097/jom.0000000000002153>.

²⁰ Samantha Sue Ping and Gaurav Trivedi, "Corporate ESG Disclosure: A Health & Safety Case Study" (MSCI, September 24, 2020), <https://www.msci.com/www/blog-posts/corporate-esg-disclosure-a/02100773780>.

²¹ Jonathan Rauch, "The Conservative Case for Unions," *The Atlantic* (Atlantic Media Company, June 20, 2017), <https://www.theatlantic.com/magazine/archive/2017/07/the-conservative-case-for-unions/528708/>.

²² David Blanchflower and Alex Bryson, "Now Unions Increase Job Satisfaction and Well-Being," August 2020, <https://doi.org/10.3386/w27720>.

²³ Rachel DuRose, "Why It's Not Really a Labor Shortage, According to the Author of a Report That Just Crunched Data on Millions of Job Searches and Reviews" (Business Insider, December 12, 2021), <https://www.businessinsider.com/why-labor-shortage-not-actually-glassdoor-daniel-zhao-labor-market-2021-12>.

²⁴ Steven E. Abraham, Barry A. Friedman, and Randall K. Thomas, "The Impact of Union Membership on Intent to Leave: Additional Evidence on the Voice Face of Unions," *Employee Responsibilities and Rights Journal* 17, no. 4 (2005): pp. 201-213, <https://doi.org/10.1007/s10672-005-9049-0>.²⁵ Heather Boushey and Sarah Jane Glynn, "There Are Significant Business Costs to Replacing Employees," (American Progress, November 16, 2012).

²⁶ Kathryn Woods, "Exploring the Relationship between Employee Turnover Rate and Customer Satisfaction Levels," *The Exchange* 4, no. 1 (September 1, 2015), <https://ssrn.com/abstract=2676840>.



Unions offer a more efficient solution where group concerns can be systematically addressed, increasing employees' job satisfaction and decreasing voluntary turnover rates. Union membership reduces employees' intent to leave in a statistically significant way. One study showed that non-union members demonstrated a mean intention to leave of 4.07 compared to unionized members' intention of 2.87 on a scale of 1-10 ($t = 11.10, p < 0.001$).²⁴

A company's talent retention capability can be a signal of health or decline for investors. It costs companies significant capital expenditures to continuously replace, hire, and train employees – studies find that companies spend approximately 20% of an employee's annual salary to replace that person.²⁵

Studies have shown that both companies and shareholders benefit from employee retention. In one instance studying Bank of America centers during a three-year period, when employee turnover increased, customer satisfaction decreased.²⁶

In high-contact settings, such as the hospitality and tourism industry, employee satisfaction improves firms' profitability in part due to employee motivation to provide higher-quality service to customers, resulting in improved return on assets for shareholders.²⁷ This can be extrapolated to other industries and follows basic human psychology; motivated employees are more likely to produce higher-quality work, resulting in happier customers and clients, and the increased retention of employees and customers.

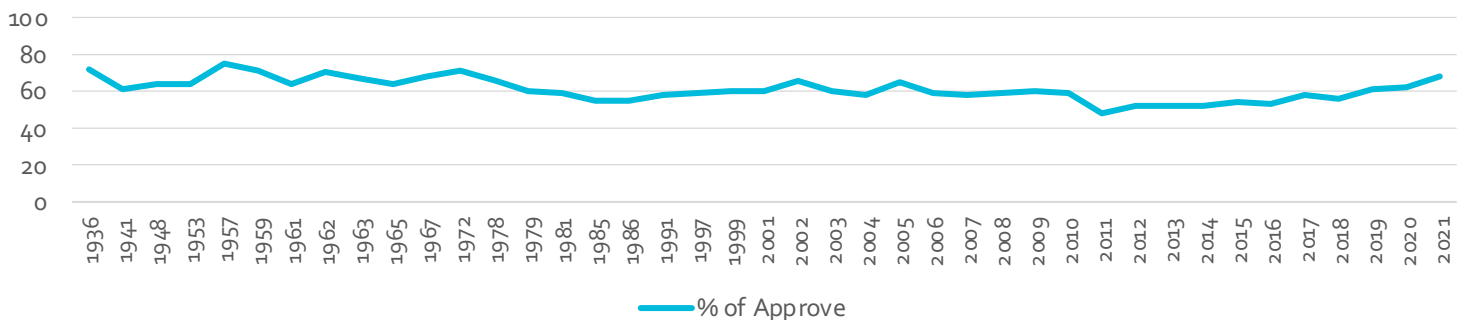
Avoiding Reputational Risk of Anti-Union Activity

Unions are overwhelmingly popular with the American public, and companies may face consumer backlash for anti-union activity. As of September 2021, 68% of Americans approve of labor unions, the highest the approval rating has been since 1965 when it was 71%.²⁸ This figure has consistently increased since 2009. Consumers appear to be paying attention to anti-union activity. A national survey in early 2022 concluded that 67% of respondents believed that Starbucks workers "need a union in order to have a better opportunity at higher pay and benefits, worker safety and fair schedules."²⁹ A majority of voters also support transparent reporting when corporations hire union-busting consultants.³⁰

According to a survey from January 2022, **42% of Americans** expressed that they are less likely to purchase from a company attempting to stop its employees from unionizing.



Americans' Approval of Labor Unions, 1936-2021



²⁷ Ruirui Fang, Baojun Gao, and Nan Hu, "Intangible Asset Value of Employee Satisfaction in High-Contact Services," *International Journal of Hospitality Management* 94 (2021): p. 102810, <https://doi.org/10.1016/j.ijhm.2020.102810>.
²⁸ Megan Brenan, "Approval of Labor Unions at Highest Point since 1965," Gallup.com (Gallup, November 20, 2021), <https://news.gallup.com/poll/354455/approval-labor-unions-highest-point-1965.aspx>.
²⁹ Jordan Zakarin, "Poll: Most Starbucks Customers Want Starbucks Workers to Unionize," (More Perfect Union, February 24, 2022), <https://perfectunion.us/poll-most-starbucks-customers-want-starbucks-workers-to-unionize/>.
³⁰ Adam Smith, "Corporate Crackdown Project: Protecting Workers From Corporate Crime" (Data for Progress, November 2021), https://www.filesforprogress.org/datasets/2021/11/dfp_corporate_crackdown_project.pdf.
³¹ Katie Hicks and Alyssa Meyers, "Anti-Union Stances Can Affect Brand Sentiment, Study Shows" (Morning Brew, February 22, 2022), <https://www.marketingbrew.com/stories/2022/02/22/anti-union-stances-can-affect-brand-sentiment-study-shows>.

Finally, according to a survey from January 2022, 42% of Americans expressed that they are less likely to purchase from a company attempting to stop its employees from unionizing.³² With increased customer focus on values alignment and sustainable business, investors should be mindful of reputational damage as a headwind following corporations' aggressive anti-collective bargaining stances.

Holding Companies Accountable to Their Commitments & Legal Norms

It should also be noted that businesses have the responsibility to adhere to international norms and regulations if they are multinational enterprises. Around the world, freedom of association is recognized as a human right. Workers possess the right to organize and collectively bargain under several international conventions, including the Organisation for Economic Cooperation & Development (OECD) Guidelines for Multinational Enterprises (MNEs), the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organization Conventions. Often, companies refer to and affirm these obligations in their annual and sustainability reports. A violation of these agreements introduces legal and reputational risks, threatening shareholder value. For example, certain complaint cases are reviewed and mediated by national governments under the OECD Guidelines for MNEs. Though these decisions are not legally binding, governments may consider them when conducting public procurement or providing diplomatic support.³²

Upholding Commitments to Racial and Gender Equity

Supporting workers' rights to organize is a concrete step in supporting racial and gender equity and a pathway for investors to reflect intersectional justice in investment decisions. Unions decrease the racial wealth and gender pay gap while also empowering workers, especially BIPOC, to collaboratively build equitable and psychologically safe environments.^{33,34}

In right-to-work states (RTW), which prohibit the collection of union fees from non-union members in bargaining units (even if the non-union members would be covered by any collective agreements), workers typically have lower wages. A study that compared median inflation-adjusted hourly wages of workers in Missouri (a non-RTW state) with the median hourly wages of workers in neighboring states with RTW laws found that white workers earn 3.7% less, Black workers earn 4.4% less, and Hispanic workers earn 7.4% less than their counterparts in non-RTW states.³⁵ When unionized, BIPOC see a larger boost in their

Unions decrease the racial wealth and gender pay gap while also empowering workers, especially BIPOC, to collaboratively build equitable and psychologically safe environments.



wages than white workers – Black workers receive a wage boost of 13.1%, while Hispanic workers see an 18.8% boost in pay, compared to the 10.2% wage boost for unionized workers overall.³⁶ Unions pave the path to equity: union workers are more likely to have employer-provided health coverage, paid sick leave, paid time off, and fair working schedules, which all contribute to the quality and stability of jobs.

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³² "Implementing the OECD Guidelines for Multinational Enterprises: The National Contact Points from 2000 to 2015" (OECD), accessed May 31, 2022, <https://mneguidelines.oecd.org/15-Years-of-the-National-Contact-Points-Highlights.pdf>.

³³ Aurelia Glass, David Madland, and Christian E. Weller, "Unions Help Increase Wealth for All and Close Racial Wealth Gaps" (Center for American Progress, September 6, 2021), <https://www.americanprogress.org/article/unions-help-increase-wealth-close-racial-wealth-gaps/>.

³⁴ "Unions Help Reduce Disparities and Strengthen Our Democracy" (Economic Policy Institute, April 23, 2021), <https://www.epi.org/publication/unions-help-reduce-disparities-and-strengthen-our-democracy/>.

³⁵ Valerie Wilson and Julia Wolfe, "Black Workers in Right-to-Work (RTW) States Tend to Have Lower Wages than in Missouri and Other Non-RTW States" (Economic Policy Institute, May 15, 2018), <https://www.epi.org/publication/black-workers-in-right-to-work-rtw-states-tend-to-have-lower-wages-than-in-missouri-and-other-non-rtw-states/>.

³⁶ "Unions Help Reduce Disparities and Strengthen Our Democracy" (Economic Policy Institute, April 23, 2021), <https://www.epi.org/publication/unions-help-reduce-disparities-and-strengthen-our-democracy/>.

³⁷ Jennifer Dorning, "Unions Are Essential to Racial Justice" (The Progressive Magazine, May 24, 2021), <https://progressive.org/op-eds/unions-essential-racial-justice-dorning-210524/>.

³⁸ "More Progress Needed in Eliminating Pay Disparities" (The New York Times Guild), <https://nytimesguild.org/papers/2021-04-11-pay-disparities/>.

³⁹ Zoe Schiffer, "This Is What Apple Retail Employees in Atlanta Are Fighting For" (The Verge, April 29, 2022), <https://www.theverge.com/2022/4/29/23048296/apple-retail-store-union-atlanta-cumberland-mall-open-letter>.



This allows families to build the household wealth necessary to economic mobility and the closure of the racial wealth gap.

Furthermore, newer unions are creatively approaching the bargaining process by negotiating for racial equity mechanisms. For example, the unions at Vox and The Intercept have bargained for the inclusion of at least two candidates for each open position from historically under-represented groups in journalism.³⁷ The New York Times Tech Guild is bargaining to close racial pay gaps.³⁸ Lastly, Apple workers are organizing so that BIPOC will have increased opportunities to advance to leadership and decision-making roles.³⁹

Gender disparities can also be addressed through unions — the benefits of collective bargaining raise labor standards for women and also allow for women’s full inclusion in the workforce. On average, non-unionized working women earn 78 cents to every dollar paid to non-unionized working men.⁴⁰ Women who work in unionized workplaces, however, earn 94 cents for every dollar paid to unionized men. Unionized workers have expanded access to benefits such as employer-sponsored health insurance and paid leave such as sick, parental, family, and medical leave and vacation, mechanisms which have been shown to dramatically increase gender equity.⁴¹ These benefits allow working families to better balance personal and family obligations that prevent women from fully participating in the economy.

Trillium’s Advocacy for Worker Empowerment

Investor advocacy and engagement on worker organizing rights can meaningfully change outcomes for workers, companies, and investors. Trillium’s Shareholder Advocacy team has long advocated on behalf of the importance of labor rights alongside union funds and other investor advocates. In this section, we offer examples of investor action in support of worker empowerment.

EssilorLuxottica

In July 2019, Reuters reported that EssilorLuxottica workers in McDonough, Georgia submitted a complaint to the OECD via the Communications Workers of America and the American the path to Federation of Labor and Congress of Industrial Organizations (AFL-CIO), alleging that the company engaged in

an aggressive and fear-inducing campaign after 2,000 employees decided to seek union membership.

The 2,000 workers at this EssilorLuxottica manufacturing plant organized for better working conditions and the ability to freely express their opinions in line with the terms of employment at other overseas EssilorLuxottica locations. Upon learning of the union election campaign, EssilorLuxottica disseminated reportedly anti-union messaging through the use of an internal app originally intended for COVID-19 notification purposes, and

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via the creation of an apparently anti-union website. Furthermore, the company hired the Labor Relations Institute, which is a consultancy that specializes in preventing successful unionization drives and required employees to attend captive audience meetings in which they were warned about the “risks” of joining a union.⁴² To resolve these issues, the unions requested the assistance of the OECD.

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⁴⁰ Elise Gould and Celine McNicholas, “Unions help narrow the gender wage gap,” (Economic Policy Institute, April 3, 2017), <https://www.epi.org/blog/unions-help-narrow-the-gender-wage-gap/>.
⁴¹ Ibid.

⁴² Claudia Cristoferi, Silvia Aloisi, and Richa Naidu, “Ray-Ban Maker Luxottica Accused of Anti-Union Behaviour at U.S. Georgia Plant,” Reuters, July 15, 2021, <https://www.reuters.com/business/ray-ban-maker-luxottica-accused-anti-union-behaviour-us-georgia-plant-2021-07-15/>.



EssilorLuxottica is a company known for its strong management-labor partnerships in its European facilities. Its response in Georgia signaled a potential departure from consistent application of its general corporate practice. In October 2021, Trillium delivered an investor letter with \$552 billion of investor support urging the company to fully observe its international obligations and constructively engage in the OECD grievance resolution process. The grievance resolution process is ongoing and Trillium continues to monitor the company's actions.

Starbucks

Trillium has a 20-year history of positive engagements with Starbucks on many topics such as bovine growth hormone, sustainability reporting, diversity and equity, reproductive rights, plastics, and waste. Historically, we have found that we can work well with Starbucks to help it be a better corporate citizen.

After many failed efforts in the past, two cafés in Buffalo became the very first Starbucks stores to unionize in December 2021. Workers began union election drives in the Buffalo, NY region to organize for better working conditions, including sick time and more predictable scheduling, which they said were issues long before the COVID-19 pandemic. The company attempted to frustrate efforts by seeking a single election for all the stores in the Buffalo area, a practice which likely would benefit the company, as workers at most stores would not be aware of efforts and would likely follow management-recommended actions. Furthermore, the company introduced new protocols such as sending top executives to the stores for

Trillium has a 20-year history of meaningful engagements with Starbucks to help it be a better corporate citizen.



“training and listening,” temporarily closing stores that were attempting to unionize, and requiring employees to attend captive audience anti-union meetings. However, under National Labor Relations Board (NLRB) regulations, once union elections are set to happen, “laboratory conditions,” or ideal conditions for union elections without employer interference, must prevail.

Having watched these developments, Trillium, in partnership with Parnassus Investments, organized an investor letter which attracted the support of investors representing \$1.3 trillion in assets under management. In the letter, we requested that the company accept the results of the December 9, 2021 election results and proceed expeditiously towards a contract in good faith. The letter led to a meeting with CEO Kevin Johnson in February 2022 to discuss various investor perspectives on the unionization efforts and urging the company to pledge neutrality for future drives. To date, at least 250 stores across more than 26 states have filed for union representation.⁴³ In March 2022, Trillium organized a second letter with New York City Comptroller Brad Lander, SOC Investment Group, Parnassus Investments, and Pensions & Investment Research Consultants to interim CEO Howard Schultz and Independent Chair Melody Hobson that called on the company to adopt a global stance of neutrality to worker organizing efforts, cease all anti-union communications, negotiate with all elected unions in good faith, and initiate dialogues with trade unions in how Starbucks might implement its stated labor rights commitments. This letter gained \$3.4 trillion in investor support and is the basis of an ongoing engagement.

New York Times Company

Citing concerns about workload, pay equity, healthcare costs, job security, and career advancement, 650 New York Times Company software engineers, designers, project managers, product managers, and data analysts organized in 2021 to form a tech workers' union. In August 2021, a leaked email revealed that the company was communicating with its attorneys about all the possible ways to obstruct the unionization efforts.⁴⁴ The leaked slide deck detailed all the possible strategies, including delaying a vote for months by using the NLRB process to limit the size and scope of the union and engage workers in anti-union meetings. Moreover, the NLRB also found that the New York Times Company violated federal labor law by instructing staff to not show support for the union campaign.

>> Continued

⁴³ Matt Bruenig, “The Rapidly Growing Starbucks Union in Numbers,” People's Policy Project, <https://www.peoplespolicyproject.org/2022/05/11/the-rapidly-growing-starbucks-union-in-numbers/>.

Because the growth of digital subscriptions, content created and facilitated by the tech workers, and The Wirecutter division are major revenue drivers for the New York Times Company, Trillium grew concerned about potential employee dissatisfaction and voluntary attrition. Potential production stoppage due to existing strikes threaten shareholder value. Moreover, significant turnover would mean a loss of subject matter expertise and institutional knowledge at the company.

In January 2022, Trillium delivered an investor letter representing \$1.2 trillion in assets under management asking the company to cease actions that may violate federal labor law, to respect the final outcome of the Times Tech Guild election, and to swiftly agree to a fair contract with the Times Guild. On March 3, 2022, the Times Tech Guild workers voted to unionize, 404 to 88, creating the largest tech union in the United States. We met with CEO Meredith Levien on the day of the vote count and encouraged the company to swiftly move forward with contract negotiations in good faith, to build goodwill with the workers, and to provide investors with greater certainty about labor costs related to contract negotiations.

Conclusion

Extracting maximum profitability from anyone or anything in the short run is a race to the bottom, not the top. Investors should be wary of aggressive anti-union behavior by corporations. Labor's rights to organize and collectively bargain are positive social and economic goods from which both workers and investors benefit. The United States is still reeling from the far-reaching effects of COVID-19 and political instability as evidenced by labor shortages, increasing inequality, work safety hazards, and broken social bonds. Allowing workers to freely associate and collectively bargain for their rights and workplace treatment has been shown to promote social cohesion, reduce fluctuations in worker turnover, and increase job satisfaction, which may help investors secure more stable investment returns in challenging environments.⁴⁵

About Trillium Asset Management

Trillium Asset Management offers investment strategies and services that advance humankind towards a global sustainable economy, a just society, and a better world. For nearly 40 years, the firm has been at the forefront of ESG thought leadership and draws from decades of experience focused exclusively on responsible investing. Trillium uses a holistic, fully integrated fundamental investment process to uncover compelling long-term investment opportunities. Devoted to aligning stakeholders' values and objectives, Trillium combines impactful investment solutions with active ownership. The firm delivers equity, fixed income, and alternative investments to institutions, intermediaries, high net worth individuals, and other charitable and non-profit organizations with the goal to provide positive impact, long-term value, and 'social dividends'.

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⁴⁴ Michael Sainato, "Leaked Messages Reveal New York Times' Aggressive Anti-Union Strategy" (The Guardian, February 1, 2022), <https://www.theguardian.com/media/2022/feb/01/leaked-messages-new-york-times-anti-union-strategy>.

⁴⁵ Katie Bach and Molly Kinder, "Is Your Business Struggling with the Labor Shortage? Consider a Union," Brookings (Brookings, March 9, 2022), <https://www.brookings.edu/blog/the-avenue/2021/12/14/is-your-business-struggling-with-the-labor-shortage-consider-a-union/>.

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