PRIVATE EQUITY LABOR SCORECARD

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PRIVATE EQUITY STAKEHOLDER PROJECT

AUTHORS

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This report was researched, written, and edited by researchers at the Private Equity Stakeholder Project.

PRIVATE EQUITY
STAKEHOLDER
PROJECT

About the Private Equity Stakeholder Project
The Private Equity Stakeholder Project is a nonprofit organization with a a mission to identify, engage, and connect stakeholders affected by private equity to engage investors and empower communities, working families, and others impacted by private equity investments.

ENDORSEMENTS

UE

INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

UNITED for RESPECT

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Private equity-owned companies employ over 12 million workers in the US, a substantial and expanding segment of the workforce. This report delves into the labor practices and policies of eleven large private equity firms operating within the United States, shedding light on the substantial impact these firms wield over the American workforce, considering their vast assets totaling $11 trillion.

The Private Equity Labor Scorecard assesses the labor practices in this industry and the implications for workers and investors. The authors compiled publicly available data, based on ten indicators assessing labor practices at eleven major private equity firms with portfolio companies that employ over 10,000 people in the U.S.

The private equity industry has a profound presence in various sectors, with a notable focus on industries with lower wage rates. Over 2.4 million employees at private equity-owned companies work in accommodation and food service, 1.6 million in retail & wholesale trade, and more than 2 million in administrative, support, security, and healthcare.

The Scorecard underscores a pattern of hazardous or negligent labor practices within the industry. All eleven private equity firms analyzed received grades of "C" or lower, with seven earning failing grades. Blackstone, Cerberus, KKR, Sycamore, Roark, CD&R, and BC Partners all received Fs. Such practices adversely affect employees and their livelihoods, including dangerous working conditions, reduced wages, layoffs, and more.

The private equity industry should address labor rights issues, promote transparency and ethical practices, and take responsibility for the welfare of the employees at their portfolio companies. To mitigate adverse impacts to workers, financial risks, and reputational damage, private equity firms should adopt specific labor standards across their portfolios that include fair wages, reasonable working hours, paid leave, non-discrimination, safe working conditions, protection in layoffs, and more. Private equity firms should also constructively engage with unions to improve workplace conditions.

This report also highlights the need for pension funds and other investors to assess the risks of investing in private equity firms with problematic labor practices. Calls for reforms within the industry are made to safeguard both employees and the long-term sustainability of investments. Pension funds and investors should demand reforms within private equity firms and their portfolio companies, ensure better labor practices before investing, and create processes to ensure compliance with those labor practices during the life of investments.

PRIVATE EQUITY LABOR SCORECARD

PE FIRM	Blackstone	Cerberus	KKR	Sycamore	Roark	CD&R	BC Partners	Apollo	Carlyle	Bain	Warburg Pincus
SCORE	F 35%	F 51%	F 51%	F 51%	F 55%	F 57%	F 59%	D 65%	C 70%	C 72%	C 74%
Wage and Hour Violation Count	53%	98%	96%	99%	0%	79%	99%	97%	99%	100%	87%
Wage and Hour violation amount paid	0%	99%	100%	100%	94%	100%	100%	99%	100%	100%	99%
Wage and Hour **lawsuit settlement** amount paid	0%	56%	78%	100%	98%	100%	36%	89%	100%	100%	97%
Bankruptcies in the Past 10 Years	72%	63%	45%	72%	100%	90%	81%	0%	54%	81%	54%
Mass Layoffs	1%	0%	29%	27%	77%	59%	92%	84%	88%	100%	79%
Percent of Portfolio Companies with union presence	20%	66%	42%	0%	0%	33%	66%	33%	0%	0%	100%
Unfair Labor Practices Settled	100%	94%	0%	100%	83%	100%	100%	53%	100%	100%	95%
Serious OSHA Violation Count	76%	0%	56%	11%	69%	1%	76%	98%	89%	100%	98%
OSHA Violation Amount Paid	0%	42%	58%	58%	94%	28%	66%	98%	81%	100%	98%
Labor Consulting Amount Spent	37%	94%	76%	59%	100%	100%	0%	100%	100%	100%	100%
Percent of Companies that have publicly available ban-the-box policies	20%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Percent of companies that have publicly available racial/ ethnic composition of workforce	0%	0%	0%	0%	0%	0%	0.00%	0%	0%	0%	0%

LEGEND F | 0 - 59 · D | 60 - 69 · C | 70 - 79 · B | 80 - 89 · A | 90 - 100

PRIVATE EQUITY STAKEHOLDER PROJECT

INTRODUCTION

Private equity-owned companies constitute a substantial and expanding segment of the American workforce, growing rapidly by acquiring companies with large numbers of employees.[1] The industry manages $11 trillion in assets and owns companies that employ more than 12 million American workers.[2 3]

Private equity firms have a pronounced presence in industries with relatively low wages. Private equity employs at least 2.4 million workers in accommodation and food service, 1.6 million workers in retail & wholesale trade, and over 2 million in administrative support, security, and healthcare.[4]

The Private Equity Labor Scorecard underscores the prevalence of dangerous or negligent labor practices within the industry. All eleven private equity companies received a grade of "C" or below, and the majority – seven of the eleven firms– earned failing grades. Cumulatively, the eleven private equity firms paid $1.6 million in Occupational Safety and Health Administration (OSHA) fines for violations and $4.3 million in fines for wage and hour violations at their respective portfolio companies. Private equity ownership generally reduces the wages and benefits for employees at their portfolio companies.[5]

These labor practices pose not only a direct threat to the well-being of employees at portfolio companies, but they also may lead to worse financial outcomes of investors in private equity funds.

Pension funds and other investors should assess the hazards associated with investing in private equity firms with a track record of problematic labor practices at their portfolio companies and insist upon reforming problematic practices within the portfolio companies these private equity firms oversee.

"Employees were told there's not enough money left after paying the company's creditors, bankruptcy attorneys and consultants."

Understanding Private Equity as an Employer

Because private equity investments are not typically publicly traded on an exchange, there are fewer disclosure requirements and little regulation regarding the management of their portfolio companies.[6] Upon acquiring a controlling stake in a company, private equity firms typically undertake concerted efforts to make portfolio companies as profitable as possible before exiting their investment. Private equity asset managers typically hold companies for an average of five years.[7] Pursuing cost-cutting measures in a short period can negatively affect workers and their livelihoods, including poor management and training, dangerous working conditions, lower wages, reduced working hours, and widespread layoffs.

Another significant risk to workers at private equity-owned companies is the frequency of bankruptcy at private equity portfolio companies. According to a 2014 report, private equity-owned companies are twice as likely to go bankrupt as public companies.[8] Bankruptcies can lead to devastating outcomes for employees at these firms. Private equity-owned companies cut jobs and lay off employees to increase cash flow or shut down entirely due to crushing debt loads. A National Bureau of Economic Research analysis of over 3,000 private equity acquisitions found that retail companies acquired by private equity experienced a 12 percent drop in employment over the subsequent five years.[9]

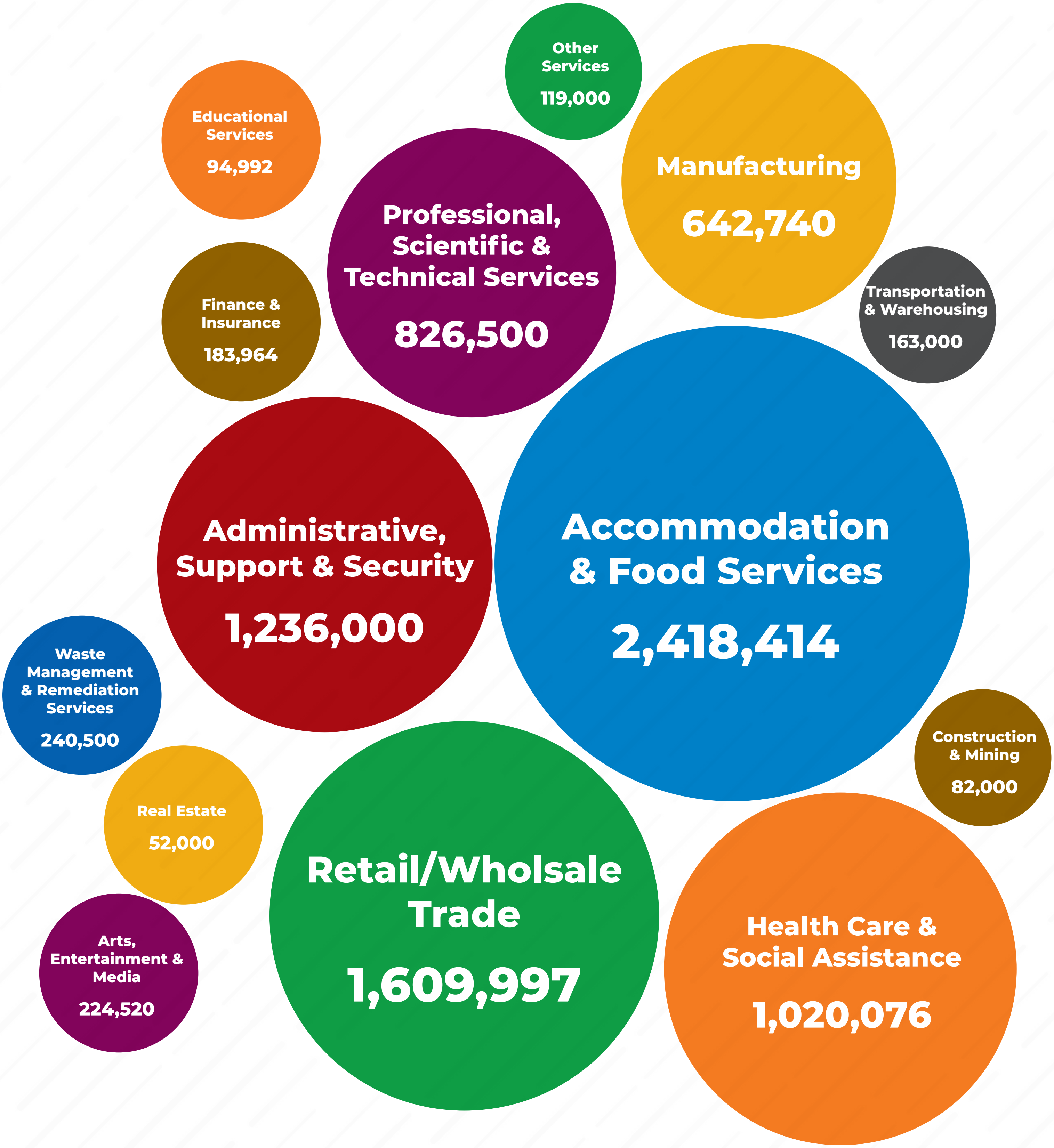
Cheryl Claude spent 33 years working at Toys ‘R’ Us in Woodbridge, NJ, since she was just two years out of high school. After KKR and Bain Capital acquired Toys ‘R’ Us, taking it into bankruptcy with $5 billion of debt, her career there ended. There would be no severance pay. “Employees were told there’s not enough money left after paying the company’s creditors, bankruptcy attorneys and consultants.”

Her coworker Cathy Koperwhats had a similar story after 34 years at Toys ‘R’ Us: “We are leaving with nothing, and that is not a good feeling,” she said. “When I heard the company had all this debt, it broke my heart,” she said. “I never knew about it until the bankruptcy.”[10]

In addition to asset management practices that hurt employees, private equity firms often invest in industries where employers have historically paid low wages. Of the portfolio companies included in scorecard analyses, 46% of employees work in industries with a median wage lower than $15 an hour, and 87% of employees work in industries with a median wage lower than $20 an hour.[11]

“We are leaving with nothing, and that is not a good feeling.”

PRIVATE EQUITY EMPLOYEES BY INDUSTRY



ASSESSING PRIVATE EQUITY'S LARGEST EMPLOYERS

The Private Equity Labor Scorecard analyzes eleven private equity firms with the highest number of employees in the country. These eleven firms collectively hold $2.94 trillion in assets.

The scorecard and report did not assess all portfolio companies owned or controlled by each firm. Private equity firms do not consistently report information about their employees or labor practices at their portfolio companies. Data was compiled from government entities, publicly available databases, and web searches. The scorecard only assesses portfolio companies with over 10,000 employees that do business primarily in the United States. Analysis pertaining to portfolio companies only uses data from the date the private equity firm acquired the portfolio company. Research in the scorecard reflects portfolios as of July 2023.

Private Equity Scorecard Indicators

The Private Equity Labor Scorecard analyzes eleven large private equity employers based on ten indicators measuring firms' labor practices and policies. This information is intended to facilitate greater transparency so investors and the public can better assess and mitigate any financial or headline risks associated with problematic labor practices.

The indicators used to measure labor standards at the relevant private equity firms were built from the Private Equity Labor Rights Platform. The labor rights platform, released by Private Equity Stakeholder Project and United for Respect, calls on private equity firms to institute standards to improve working conditions at their portfolio companies.

Private Equity Firm's Assets Under Management and Employee Count

PE Firm	AUM	Employees in the United States at Portfolio Companies with Over 10,000 Employees
Roark Capital Group	$37 Billion[13]	846,534
Warburg Pincus	$83 Billion[14]	800,000
Cerberus Capital Management	$60 Billion[15]	337,000
Apollo Global Management	$598 Billion[16]	281,892
BC Partners	$42 Billion[17]	206,500
Kohlberg Kravis Roberts & Co., (KKR)	$519 Billion[18]	179,000
Sycamore Partners	$10 Billion[19]	127,000
Blackstone Inc.	$1 Trillion[20]	118,100
The Carlyle Group	$385 Billion[21]	64,000
Bain Capital	$180 Billion[22]	52,200
Clayton, Dubilier & Rice (CD&R)	$57 Billion[23]	46,500

These eleven firms collectively hold $2.94 trillion in assets.

It is important to note that certain demands outlined in the labor platform could not be incorporated into the scoring metrics due to a lack of publicly available data. For instance, a sustainable living wage, a pivotal demand featured at the start of the labor rights platform, could not be integrated into the scoring framework as private equity companies are not mandated to disclose this information to the public or their investors.

Furthermore, the scorecard's ability to capture the full extent of the private equity firms' impact on working conditions is inherently constrained. While this report can account for mass layoffs and bankruptcies, it cannot quantify the indirect job losses. Bankruptcies and store closures, for instance, have ripple effects extending beyond the portfolio companies and their former employees. The fate of private equity-owned portfolio companies affects workers in other industries, such as those who manufacture and deliver the products sold at retailers and businesses.

The scorecard faces limitations in detailing the specific demographics of those affected by problematic labor practices and patterns. In the retail sector, where private equity employs over 1 million workers nationally, 76% of workers are women, and 43% are Black, Asian, or Latinx.[12] Because private equity firms are not required to provide ethnic and demographic data, the scorecard does not consider who is hurt most by poor labor practices at private equity firms.

Finally, it is essential to note that many of the metrics used in the assessment relied on data from government agencies, which are often constrained by limited resources and potential underreporting. Although these data sources allow for meaningful comparisons between private equity firms, they may not fully encapsulate workplace conditions.

SCORES

The presented analysis evaluates the labor practices of several major private equity firms, demonstrating their performance in areas such as wage and hour violations, OSHA violations, layoffs, and bankruptcies. All eleven private equity companies received a grade of “C” or below, and the majority – seven of the eleven firms - earned failing grades. The results of this study underscore the prevalence of dangerous or negligent labor practices within the industry.

Failing Grades

Blackstone Inc.
Blackstone, the world’s largest alternative asset manager with $1 trillion in assets under management, received a concerning aggregate score of 35.06%, falling behind its private equity peers based on the metrics used.[24] Of the private equity firms measured, Blackstone performed the worst in reported wage and hour violations, paying $26.15 per employee at portfolio companies. Additionally, Blackstone led in total reported OSHA violation fines, with $2,702.54 for every 1,000 employees. Blackstone-owned companies were also responsible for mass layoffs that impacted 1,520 workers, nearly 13 laid-off workers per every 1,000 employees.

Blackstone has additional labor rights problems in its portfolio that this quantitative study does not capture. In the spring of 2023, Blackstone-owned Packers Sanitation Services (PSSI) faced a $1.5 million fine from the US Department of Labor (DOL) for “oppressive child labor.”[25] The DOL investigators found more than 100 children working in hazardous jobs under illegal conditions, with multiple children suffering injuries.[26]

As the largest alternative asset manager, Blackstone can afford to do better. Blackstone should lead the industry by improving conditions for employees at private equity-owned companies.

Cerberus Capital Management
Cerberus received a failing score of 51.17% and had the worst performance in several scorecard metrics. Cerberus-owned companies represented the most significant mass layoffs of all the private equity firms in the report, with 13.04 layoffs per every 1,000 employees. Cerberus-owned companies also had the highest number of reported serious OSHA violations, with 0.29 serious violations per every 1,000 employees. A serious violation exists when the workplace hazard could cause an accident or illness that would most likely result in death or serious physical harm.[27] Most of these violations occurred at Cerberus-controlled Albertsons, which employs 290,000 people.

Kohlberg Kravis Roberts & Co. (KKR)
KKR received a failing grade of 51.41%. The KKR portfolio companies included in the report span several industries, including healthcare, manufacturing, building service, and retail. KKR portfolio companies were responsible for a large number of mass layoffs, with 9.22 layoffs per every 1,000 employees. Six KKR portfolio companies underwent bankruptcies in the past ten years, the second highest number of bankruptcies of all the private equity companies scored in the scorecard. These layoffs, including Toys “R” Us and most recently Envision Healthcare, have led to layoffs and devastating outcomes for workers.

In 2022 and 2023, workers at KKR-owned Refresco negotiated their first union contract, Refresco fought unionization for almost two years. In March of 2023, Ana Cáceres, who has worked at Refresco for over 18 years, said, “We feel defrauded by Refresco and KKR. It’s been a year now since KKR acquired Refresco and we have been fighting to win our union and first union contract for over a year.”

Sycamore Partners
Sycamore Partners received a failing grade of 51.73%. Sycamore Partners portfolio companies are responsible for many reported, serious OSHA violations. Staples has had 32 OSHA violations totaling $85,402 in fines since it was acquired by Sycamore Partners – 23 of these violations are considered serious. All Sycamore Partners portfolio companies measured are retail firms; none had a union presence.

Roark Capital Group
Roark received a failing grade of 55.29%. Roark had the most significant number of employees measured in this report, with 846,534 employees at eight companies. Roark-owned companies had the most reported wage and hour violations, with 14.16 violations for every 1,000 employees. Roark employs people in many industries, including home service, personal care, gyms, automotive service, food service, and education. None of these companies had a union presence.

Since this research was conducted, Roark announced plans to acquire Subway, which employs 300,000 worldwide, expanding its presence as a significant employer.[28] [29]

Clayton, Dubilier, and Rice (CD&R)
CD&R received a failing score of 57.26%. CD&R had one of the highest numbers of reported OSHA violations at its portfolio companies, with 0.28 serious violations for every 1,000 employees. CD&R-owned companies were fined the second most for OSHA violations, after Blackstone, with $1,941.25 paid for every 1,000 employees.

BC Partners
BC Partners received a failing grade of 59.22%. Of all the private equity firms measured, BC Partners-owned companies spent the most on labor consultants used to prevent union organizing, according to LM-10 filings.

Earning a D

Apollo Global Management
Apollo was the only firm to receive a D grade with a cumulative score of 65.56%. While it had fewer reported wage and hour violations than other private equity-owned companies, it had eleven bankruptcies over the past decade, the highest number of the firms scored.

Companies in the C Bracket

Notably, no private equity firms received A or B grades, as all firms measured had some areas where they fell behind on labor rights. As of the release of this report, private equity firms have yet to implement the Private Equity Labor Rights Platform or any portfolio-wide labor standards at their portfolio companies.

The Carlyle Group and Bain Capital portfolio companies are in relatively higher wage industries than other companies measured in the scorecard.[30] Bain companies included VXI Global Solutions and Surgery Partners, a software programming services firm and general medical and surgical provider, respectively. Carlyle companies included Medline Industries and Sedgwick Claims Management Services, a healthcare and finance/insurance company, respectively. The largest number of reported wage and hour violations and serious OSHA violations came from portfolio companies in the retail industry.

Warburg Pincus, conversely, was only analyzed because of a single portfolio company – Allied Universal, a private security and staffing company with 800,000 employees nationwide. The median industry wage for the other two C-grade companies was $27.09/ hour, significantly higher than the median industry wage for security guards – $16.71/ hour.[31] Despite security being a traditionally low-wage industry, Warburg Pincus received the highest score in the analysis. This score may reflect Allied Universal being a heavily unionized company with representation by multiple unions, including the Service Employees International Union. A union's presence can help improve workplace conditions and reduce the number of wage and hour and OSHA violations.

LABOR DEMANDS FOR PRIVATE EQUITY

The scorecard demonstrates a pattern of labor issues at private equity-owned companies. High instances of health and safety violations, wage and hour violations, and layoffs present potential regulatory and reputational risks. Firms should actively work to improve conditions for their employees and mitigate these risks to protect their financial stability. The scorecard serves as an urgent call to action for the private equity industry to address labor rights and promote greater transparency, ethical practices, and responsibility within the sector to safeguard employees and their investments' long-term sustainability.

Firms should adopt stringent labor practices, prioritize compliance, and ensure accountability throughout their portfolio companies to avoid regulatory fines, legal disputes, and reputational damage.

The scores at companies with strong union representation, as seen in Warburg Pincus's case, indicate that unions can play a crucial role in improving workplace conditions and reducing violations. Blackstone recently recognized this important fact by engaging with the United Food and Commercial Workers Union after the child labor scandal at Packers Sanitation.[32] Private equity firms should consider engaging with unions constructively as a way to improve working conditions and avoid labor disputes at their portfolio companies.

Firms should adopt strong labor standards across their portfolio that ensure a sustainable minimum wage, equitable scheduling and hours of work, paid sick leave and affordable healthcare, a commitment to end occupational segregation, a workplace free of discrimination and harassment, safe working conditions, protections in the event of layoffs, the right to organize free of discrimination and harassment, a voice at work, and protection from technology that undermines working conditions.

Pension funds and other investors should assess the hazards associated with investing in private equity firms with a track record of labor rights violations and insist on reforming problematic practices within the portfolio companies these private equity firms oversee. Limited partners can demand private equity firms fix their pattern of labor practices or agree to a portfolio-wide labor platform before investing in these firms.

METHODOLOGY

The scorecard used a composite measure that combines ten indicators regarding the labor practices at the portfolio companies of eleven large private equity employers. The values of the indicators were normalized and aggregated into a single score for each private equity firm.

PE Firm Selection

The private equity firms scored in the Private Equity Labor Scorecard include the most prominent employers at companies with over 10,000 employees in the United States.

Scorecard Private Equity Firms

Private Equity Firm	Number of Employees at Relevant Companies	Number of Scored Portfolio Companies
Roark Capital Group	846,534	8
Warburg Pincus	800,000	1
Cerberus Capital Management	337,000	3
Apollo Global Management	281,892	9
BC Partners	206,500	3
Kohlberg Kravis Roberts & Co., (KKR)	179,000	7
Sycamore Partners	127,000	3
Blackstone Inc.	118,100	5
The Carlyle Group	64,000	2
Bain Capital	52,200	2
Clayton, Dubilier & Rice (CD&R)	46,500	3

Portfolio Companies Scored

The portfolio companies used for scoring included companies in the private equity firm's portfolio where the company held a majority stake or otherwise controlled the company. A majority stake is any portfolio company where the private equity firm owns more than 50% of the company. In other cases, a controlling stake is one where a company controls at least 30% of a board . The selection of scored portfolio companies was narrowed to those with over 10,000 employees that operate primarily in the United States. Scores in the scorecard only use data from the date the private equity firm acquired the portfolio company and are weighed to reflect the number of employees. Research in the scorecard reflects portfolios as of July 2023.

Some portfolio companies in this data set include subsidiaries measured as one company under the parent name. Focus Brands, for example, includes Schlotzsky's, Carvel, Cinnabon, Moe's Southwest Grill, McAlister's Deli, Auntie Anne's, and Jamba, but was treated as one company. Other portfolio companies include franchises like those in Roark Capital Group-owned Massage Envy. These companies were included in the scorecard because it was built around demands that require private equity companies to institute labor rights principles at their portfolio companies including franchise operations.

In addition to the portfolio companies scored, assessment of the private equity firms includes firm-wide policies and a count of bankruptcies of the past 10 years regardless of company size.

Portfolio Companies Included in Scorecard

Owner	Company	Date Acquired	Employees	Industry and Sector
BC Partners	GardaWorld	2019	132,000	Service, Security
BC Partners	PetSmart - Chewy	2015	55,000	Retail
BC Partners	GFL Environmental	2018	19,500	Services & Industrials
Blackstone Inc.	Packers Sanitation Services	6/30/2018	15,000	Commercial Services, Sanitation
Blackstone Inc.	Team Health Holdings	6/2/2017	15,000	Healthcare, Clinics/ Outpatient Services
Blackstone Inc.	Medline (Joint venture with Carlyle)	10/21/2021	34,000	Healthcare
Blackstone Inc.	PSAV (Encore)	8/8/2018	14,000	Video Production
Blackstone Inc.	TaskUS	8/9/2018	40,100	Software Programming
Cerberus Capital Management	Albertsons	1/10/2013	290,000	Retail, Grocery stores
Cerberus Capital Management	Electrical Components International	6/27/2018	25,000	Manufacturing
Cerberus Capital Management	Kellermeyer Bergensons Services	11/7/2019	22,000	Building Service

Owner	Company	Date Acquired	Employees	Industry and Sector
KKR	Refresco	7/13/2022	10,000	Manufacturing
KKR	Heartland Dental Care	8/15/2022	20,000	Healthcare
KKR	Global Medical Response (American Medical Response)	4/24/2015	39,000	Healthcare
KKR	Brightspring (Rescare)/ PharMerica	3/5/2019	37,000	Healthcare
KKR	Envision Healthcare	10/11/2018	30,000	Healthcare
KKR	BrightView Landscapes	12/31/13	21,000	Building Service
KKR	Academy Sports + Outdoors	10/20/2020	22,000	Retail Trade
Sycamore Partners	Staples (NAD, US Retail, Canada	9/12/2017	75,000	Retail
Sycamore Partners	Lane Bryant, Loft, Ann Taylor (FKA Ascena Retail)	11/1/2020	35,000	Retail
Sycamore Partners	Belk	12/10/2015	17,000	Retail
CD&R	Cornerstone Building Brands	1/1/2009	20,000	Building products manufacturing
CD&R	TruGreen	1/1/2016	13,500	Household Products Industrials
CD&R	Multi-Color Corporation	1/1/2021	13,000	Manufacturing
Warburg Pincus	Allied Universal	12/10/2019	800,000	Security guard services; Prison operation on a contract or fee basis
Roark Capital Group	Inspire Brands (Arby's, Buffalo Wild Wings, Dunkin Donuts, Baskin Robbins)	7/5/2011	650,000	Food Service
Roark Capital Group	CKE Restaurants (Carl's Jr, Hardees)	12/26/2013	73,000	Food Service
Roark Capital Group	ServiceMaster Brands	10/1/2020	46,000	Home Service
Roark Capital Group	Massage Envy Franchising	1/1/2019	35,000	Personal Care and Well-Being industry

Owner	Company	Date Acquired	Employees	Industry and Sector
Roark Capital Group	Self Esteem Brands (Anytime Fitness)	1/1/2018	11,020	Gyms
Roark Capital Group	Driven Brands	4/17/2015	11,000	Automotive Service
Roark Capital Group	Focus Brands (Schlotzsky's, Carvel, Cinnabon, Moe's Southwest Grill, McAlister's Deli, Auntie Anne's and Jamba)	8/30/2007	10,514	Food Service
Roark Capital Group	Primrose Schools	1/1/2006	10,000	Education
The Carlyle Group	Medline Industries (Joint Venture with Blackstone)	10/1/21	34,000	Healthcare
The Carlyle Group	Sedgwick Claims Management Services	12/31/18	30,000	Finance and Insurance
Bain Capital	VXI Global Solutions	5/11/22	40,000	Software programming services, custom computer
Bain Capital	Surgery Partners	8/21/2017	12,200	Hospitals, general medical and surgical
Apollo Global Management	Tenneco	11/17/2022	73,000	Manufacturing
Apollo Global Management	LifePoint Health	6/1/2021	50,000	Healthcare
Apollo Global Management	Michaels	3/3/2021	45,000	Retail
Apollo Global Management	Tech Data/ SYNNEX	9/1/2021	28,500	Tech

Indicators and Sources

The scorecard used a composite measure that combines ten indicators regarding the labor practices of private equity's largest employers. Seven of these metrics measure labor practices at the relevant portfolio companies and three measure practices by private equity firms.

The indicators used to measure labor standards at the relevant private equity firms were built from the Private Equity Labor Rights Platform, which calls on private equity firms to institute standards to improve working conditions at their portfolio companies.

Certain demands in the Labor Platform could not be included in the metrics used because the data was unavailable. A sustainable living wage, for example, is listed first in the labor rights platform but could not be included in scoring because the data is not publicly available.

The indicators used to assess the portfolio companies are

1. **Wage and Hour Violations**
    a. The scorecard evaluates public information about wage and hour violations at each relevant portfolio company during ownership or control by the private equity firm.
    b. Scoring includes total wage and violation count per portfolio company and the amount paid per employee, based on the overall employee count at portfolio companies.
    c. Wage and hour violations were found on the US Department of Labor website and US Department of Labor press releases.
2. **Wage and Hour Lawsuit**
    a. The scorecard evaluates public information about wage and hour lawsuits that either reached final judgment or were settled at each relevant portfolio company during ownership or control by the private equity firm.
    b. Scoring includes the total reported lawsuit-related payment per employee, based on the overall employee count at portfolio companies.
    c. Wage and Hour lawsuit settlements and judgments were collected from various electronic court record sources.
3. **Bankruptcies**
    a. The scorecard includes each private equity firm's total number of bankruptcies in the past ten years.
    b. Bankruptcies were found on Pitchbook.
4. **Mass Layoffs**
    a. The scorecard evaluates total layoffs subject to state or federal WARN Acts at each relevant portfolio company during ownership or control by the private equity firm.
    b. Scoring includes total layoffs per employee, based on overall employee count at portfolio companies.
    c. Mass layoffs were found using WARN Act data reported by state. The WARN Act requires most employers with 100 or more employees to provide notification 60 calendar days before planned closings and mass layoffs of employees.
5. **Union Presence**
    a. The scorecard evaluates a history of union presence at portfolio companies. Private equity firms were scored by how many of their relevant portfolio companies had a union presence.
    b. Union presence was found using the National Labor Relation Board case search website, as well as various news stories covering union elections.

6. **Unfair Labor Practices**

    a. The scorecard evaluates the total number of unfair labor practices a company settled during ownership or control by the private equity firm.

    b. Unfair labor practices were found using the National Labor Relation Board case search website.

7. **OSHA Violations**

    a. The scorecard evaluates the total number of serious OSHA violations by each company during private equity ownership or control.

    b. Scoring includes a count of the number of "serious" violations and the total amount paid per employee.

    c. OSHA violations were found using the Occupational Safety and Health Administration website, which identifies certain violations as "serious."

8. **Labor Consulting**

    a. The scorecard evaluates the total amount each portfolio company spent on third-party consultants to persuade employees about their collective bargaining rights, obtain certain information concerning the activities of employees, or in connection with a labor dispute involving the employer.

    b. Labor consulting information was found using the US Department of Labor Office of Labor-Management Standards LM-10 reports website.

9. **Ban-the-Box**

    a. The scorecard evaluates the public availability of ban-the-box policies outside what is legally required. Ban-the-box policies require employers to refrain from seeking information from job applicants about their criminal histories before hire.

    b. Scoring was determined by the percent of the measured portfolio companies that made public or provided this policy.

    c. Ban the box information was found using extensive web searches regarding each portfolio company and by contacting private equity companies for such policies.

10. **Disclosure of Racial and Ethnic Composition of Workforce**

    a. The scorecard evaluates the public availability of demographic workforce data.

    b. Scoring was determined by the percent of the measured portfolio companies that made public or provided this data.

    c. This information was found using extensive web searches regarding each portfolio company and contacting private equity companies for such data.

Scoring

The scorecard used a composite measure that combines ten indicators regarding the labor practices of eleven large private equity employers. The values of the indicators were normalized and aggregated into a single score for each private equity firm.

The values for seven of the ten indicators were normalized using a min-max method to turn values into comparable percentages. The other three indicators, union presence, ban-the-box, and disclosure of the racial and ethnic composition of the workforce, calculated the percentage of portfolio companies that met the metric requirements and were already given a percentage value and did not need to be normalized. The min-max normalization converts the indicators into values ranging from 0 to 100%, allowing disparate data to be compared.

Minimum and Maximum Values For Each Indicator

Indicator	Min	Max
Wage and Hour Violation Count per 1,000 Employees	0	14.16
Wage and Hour Violation amount paid per 1,000 employees	$0	$26,149
Wage and Hour Lawsuit Payment per 1,000 Employees	$0	$127,011
Bankruptcies in the past 10 years	0	11
Mass layoffs during ownership or control per 1,000 Employees	0	13.04
Unfair Labor Practices settled by the company per 1,000 employees	0	0.17
Serious OSHA Violation count per 1,000 employees	0	0.62
OSHA Violation amount paid per 1,000 employees	0	$2,702.54
Labor Consulting spent per 1,000 employees	0	$1,272.52

Calculating normalized values can be expressed as:

(Companies indicator value - minimum value for that indicator)

(Maximum indicator value - minimum indicator value)

The scores were calculated using an average of all indicator scores. All calculated indices were weighed similarly, and a simple average was used.

The sum of indices scores / total indices counted

The scorecard letter grades used the following metric:

Letter Grade	Score
F	< 60%
D	60 - 69.9%
C	70 - 79.9%
B	80 - 89.9%
A	90 - 100%

Company Data

Indicator	Blackstone	KKR	Roark	Sycamore	Cerberus	CD&R
Wage and Hour Violation Count per 1000 Employees	6.57	0.46	14.16	0.01	0.28	2.97
Wage and Hour Violation amount paid per 1000 employees	$26,148.62	$0	$1,323.06	0	$60.12	$111.20
Wage and Hour Lawsuit Payment per 1000 Employees	$127,011	$27,775	$2,304	0	$54,820	0
Bankruptcies in the past 10 years	3	6	0	3	4	1
Layoffs during ownership or control per 1000 Employees	12.87	9.22	2.89	7.86	13.04	5.33
Unfair Labor Practices settled or lost by the company per 1000 employees	0	0.17	0.04	0	0.01	0
Serious OSHA Violation count per 1000 employees	320	314	465	615	298	500
OSHA Violation amount paid per 1000 employees	$2,702.54	$1,116.82	$137.13	$924.19	$1,554.83	$1,941.25
Labor Consulting spent per 1000 employees	$792.15	$305.20	$0	$429.72	$71.57	$0
% of companies with union presence	20%	42.86%	0%	0%	66.67%	33.33%
% of companies that had ban-the-box policies publicly available	20%	0%	0%	0%	0%	0%
% of companies with available demographic disclosure	0%	0%	0%	0%	0%	0%

Indicator	BC Partners	Apollo	Carlyle	Warburg Pincus	Bain Capital
Wage and Hour Violation Count per 1000 Employees	0.08	0.31	0.02	1.79	0
Wage and Hour Violation amount paid per 1000 employees	$0	$22.04	$0	$122.02	$0
Wage and Hour Lawsuit Payment per 1000 Employees	$80,155	$13,729	$0	$3,150	$0
Bankruptcies in the past 10 years	2	11	5	5	2
Mass layoffs during ownership or control per 1000 Employees	1.03	1.98	1.52	2.65	0
Unfair Labor Practices settled by the company per 1000 employees	0	0.09	0	0.01	0
Serious OSHA Violation count per 1000 employees	180	44	286	130	0
OSHA Violation amount paid per 1000 employees	$897.84	$30.27	$491.94	$36.28	$0
Labor Consulting spent per 1000 employees	$1,272.52	$0	$0	$0	$0
% of companies with union presence	66.67%	33.33%	0%	100%	0%
% of companies that had ban-the-box policies publicly available	0%	0%	0%	0%	0%
% of companies with available demographic disclosure	0%	33%	0%	0%	0%

Private Equity Labor Rights Platform

The indicators used to measure labor standards at the relevant private equity firms were built from the Private Equity Labor Rights Platform, which calls on private equity firms to institute a set of standards to improve working conditions at the portfolio companies they own. The platform lists the following demands for private equity employers.

1. A Sustainable Minimum Wage – The private equity industry is large enough to dominate wage markets. As such, PE firms should commit to pay the equivalent of US prevailing wages (as set by the SCA or the DBA) with a $25 floor, plus the accompanying fringe benefit rate. Studies have shown that prevailing wages help close racial wealth gaps, raise standards for women workers, lift families out of poverty, and increase productivity while reducing injury rates.

2. Equitable Scheduling and Hours of Work – It is imperative that private equity companies adopt policies that provide for a minimum amount of work hours and reliable work schedules for all employees, and discourage labor policies that result in precarious work schedules for employees.

3. Paid Sick Leave and Affordable Healthcare – Private equity-owned companies employ millions of workers in industries where the majority of workers lack paid sick leave and paid family leave. This is especially disturbing considering that these are also frontline workers who have worked through the pandemic. Private equity firms should ensure that the companies they own protect American workers and the public's health by providing paid sick leave, paid family leave, and healthcare coverage for their employees.

4. A Commitment to End Occupational Segregation – More than half of Fortune 500 companies now disclose data on the racial and ethnic composition of their workforces, recognizing this is a critical step to ending systemic bias in US employment. Given the size and diversity of the private equity economic footprint, private equity firms should develop recruitment and retention plans for their portfolio companies that lay out concrete goals for hiring BIPOC, LGTBQ+, women, and workers with disabilities, and in the interest of transparency and accountability, they should make those plans publicly available.

5. A Workplace Free of Discrimination and Harassment – Private equity firms must commit to the elimination of discrimination in employment and occupation at all of their companies. Private equity firms should lay out concrete plans to ensure equal pay and lay out policies to thoroughly investigate and resolve cases of workplace harassment. These policies should include a clear and equitable path to promotion for all employees at a private equity firm's properties. These policies should also ensure all portfolio companies do not require employees to disclose their criminal history as a condition of employment.

6. Safe Working Conditions – Private equity firms should ensure that all direct and contracted employees of their portfolio companies have safe working conditions and the training and protective equipment they need to do their jobs safely.

7. Protections in the Event of Layoffs – Since private equity-owned companies are prone to bankruptcies and layoffs, private equity firms should commit to provide severance of at least one week's pay per year of employment to laid off workers.

8. The Right to Organize Free of Intimidation and Harassment – Workers at private equity-owned companies deserve the ability to organize free from intimidation and harassment. Unionized workforces help level the playing field and improve legal compliance, particularly for workers of color and during times of unexpected crisis such as during the pandemic. Private equity companies should ensure all portfolio companies remain neutral towards concerted activity and do not engage in union avoidance.

9. A Voice at Work – Across a wide range of workplace issues, employees indicate that they don't have as much say on the job as they should. While there's no one size fits all approach to increasing worker voice, bills like the Accountable Capitalism Act and the Reward Work Act would give workers the right to choose a portion of the board of directors. Private equity firms should increase worker's voice by experimenting with practices like employees voting on board members and serving on the board. A study of 15 European countries over a decade showed that firms with workers on the board have more profitable acquisitions and are 30 percent less likely to have layoffs after a merger.

10. Protection from Technology that Undermines Working Conditions – Companies are turning to new technologies to improve efficiency, but these technologies may be used in ways that harm workers. When workers are subjected to constant surveillance and automated management, studies have confirmed what workers report: turnover, injuries, and anxiety increase under the constant threat of termination and discipline. Private equity firms should inform stakeholders when portfolio companies adopt new technologies and include an assessment process with public findings on how this will impact job quality, employee well-being, the right to organize, and job totals. As new tech-related jobs are created, companies should commit to prioritizing existing staff or potentially displaced staff for training and promotions. How workplace data is used, accessed, and restricted should be monitored and general partners should establish worker rights and protections related to surveillance, automated management, and other technology.

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