



## **Appendix F**

Draft Responsible Workforce Management Policy

## Responsible Workforce Management Policy and Approach

### *Context*

MassPRIM's Stewardship Policy recognizes proactive engagement with investment managers on stewardship issues (as defined in the Stewardship Policy) is a part of its fiduciary duty to protect and enhance the long-term value creation of the PRIT Fund.

Companies with effective and responsible approaches to manage their workforce perform better than those that manage their workforce poorly. Practices such as safe and humane working conditions, fair pay and workplace practices and respect for human rights and labor rights create an engaged and stable workforce that can create a long-term competitive advantage.

The importance of these responsible workforce practices are recognized in MassPRIM's Proxy Voting Guidelines. The Responsible Workforce Management Policy (the Policy) is intended to encourage the adoption of Responsible Workforce Principles within private companies, with the goal of enhancing the overall value of investments, subject to the investment objectives of the fund.

### *Principles*

- **Elimination of forced and compulsory labor and child labor.** MassPRIM respects the human rights of those affected by their investment activities and does not support investment in companies that use forced or compulsory labor or child labor.
- **Non-Discrimination.** MassPRIM encourages the adoption of systems that reduce discrimination in recruitment, retention and other workplace practices.
- **Fair Pay.** MassPRIM supports the payment of industry standard wages and customary benefits to all portfolio company workers and contracted workers.
- **Health and Safety.** MassPRIM encourages practices that prioritize a healthy and safe work environment in portfolio companies.
- **Freedom of association.** MassPRIM recognizes the right to collective bargaining and encourages the adoption of a position of neutrality in the event of attempts to organize by workers in a portfolio company.

### *Approach*

- MassPRIM will provide a copy of the Policy to all existing Private Market managers and require that they attest to the related receipt.
- The due diligence phase of private market investments will include consideration of manager systems and track record relating to the issues captured by the Policy. New investments will include reference to the Policy in the associated legal contract.
- Existing managers will be regularly engaged on their alignment with the principles laid out in the Policy. Patterns of consistent non-compliance will be considered in future capital allocations.
- The principles will be applicable to MassPRIM's review of direct investments into funds with investment strategies that focus on the control of portfolio companies.