

# **T-Mobile U.S. Shareholders: Vote FOR Proposal # 4 to Recommend a Human Rights Risk Assessment**

**American Federation of Labor & Congress of Industrial Organizations  
Office of Investment, 815 16th Street NW, Washington D.C. 20006**

**Important Proxy Voting Materials  
T-Mobile U.S. Inc. (NYSE: TMUS)  
Meeting Date: June 5, 2014**

Dear T-Mobile U.S. Shareholder:

We are writing to urge you to vote **“FOR”** a shareholder proposal that urges the T-Mobile U.S. Inc. (“T-Mobile”) Board of Directors to report to stockholders about how it assesses human rights risks in its operations and supply chain. The United Nations’ Guiding Principles on Business and Human Rights call on business enterprises to identify, prevent, mitigate and account for human rights violations. Failures to respect human rights can damage T-Mobile’s reputation and its brand name. The shareholder proposal appears as proposal # 4 on the T-Mobile proxy card for the 2014 annual meeting of shareholders.

## **HUMAN RIGHTS RISKS AT T-MOBILE’S OPERATIONS IN THE U.S.**

The right to form and join trade unions is enumerated in the United Nations’ Universal Declaration of Human Rights. T-Mobile has faced allegations that it has violated its employees’ freedom of association and right to collectively bargain in the United States. In recent years, the General Counsel of the U.S. National Labor Relations Board (the “NLRB”), has repeatedly issued complaints against T-Mobile and its predecessor company T-Mobile USA. These complaints have alleged that T-Mobile and T-Mobile USA interfered with the rights of its employees under U.S. labor law, including the right to form and join unions in a variety of locations. Many of these complaints have been settled while others remain pending.

On March 31, 2014, the General Counsel of the NLRB issued a consolidated complaint against T-Mobile. The consolidated complaint alleges that T-Mobile’s employee handbook and code of business conduct, distributed nationally to all its employees, unlawfully interfered with its employees’ rights under U.S. labor law. In addition, the complaint alleges that various T-Mobile employees were illegally interrogated, suspended and discharged to discourage their membership in a labor organization. We note that T-Mobile has settled some of the complaints. Nonetheless, the NLRB continues to pursue charges against T-Mobile for the behavior of its managers at multiple workplaces.

## **HUMAN RIGHTS RISKS AT T-MOBILE’S SUBCONTRACTED CALL CENTERS**

T-Mobile is also exposed to the risk of human rights violations from its practice of outsourcing of call centers overseas. T-Mobile’s predecessor companies have outsourced a significant portion of calls to offshore call centers. For example, T-Mobile USA contracted with Startek, Inc. for the provision of customer services from call centers in Honduras and other

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countries. MetroPCS contracted call center work to Telvista which has extensive call centers in Mexico. Although we are unaware of any allegations of human rights violations against Startek or Telvista, we note that Honduras and Mexico have been criticized by the U.S. State Department for their governments' failure to protect workers' right to collectively bargain.

We are concerned that T-Mobile's Supplier Code of Conduct is not adequate to prevent human rights abuses in countries that have systemic violations of workers' rights. For example, T-Mobile's Supplier Code of Conduct includes three of the four International Labor Organization's Fundamental Principles and Rights at Work, but omits freedom of association and the right to collective bargaining. Given that T-Mobile's suppliers may operate in countries where there is elevated risk of human rights abuses, including persecution of trade unionists, this omission is deeply troubling.

## **HUMAN RIGHTS RISKS IN T-MOBILE'S RETAIL SUPPLY CHAIN**

Finally, we note that T-Mobile is a major retailer of cellular telephones, tablet computers, and other consumer electronics. The potential for human rights violations in the supply chain for these products is well documented. According to data from U.S. Customs and Border Patrol & the U.S. Department of Homeland Security, T-Mobile receives thousands of metric tons of shipments of mobile phones and other electronics equipment from China. As has been widely reported, China faces significant problems with child labor and unacceptable conditions of work in electronics manufacturing areas.

For example, according to U.S. trade data, T-Mobile's most frequent shipper of electronics goods is Megatrend Electronics in Shenzhen, China. It has shipped 384 metric tons of cell phone accessories to T-Mobile since 2009. According to news reports in 2011, 40 children between the ages of 12 and 14 were found to be employed at Megatrend Electronics in Shenzhen and manufacturing Bluetooth adapters, while working 13 hours a day. The children were reportedly recruited by a labor agency, which took about 30 percent of their wage as commission.

## **CONCLUSION: PLEASE VOTE "FOR" HUMAN RIGHTS RISK ASSESSMENT (ITEM #4)**

We urge shareholders to vote "FOR" proposal # 4 on T-Mobile's proxy card to urge the board of directors to conduct a human rights risk assessment as called for by the United Nations' Guiding Principles on Business and Human Rights. Ensuring that T-Mobile complies with human rights is not just the morally right thing to do. Respecting human rights is also good for T-Mobile's business and its shareholders.

**About Us:** The AFL-CIO is a federation of 56 labor unions which represents 12.5 million union members. Members of AFL-CIO affiliated unions participate in pension plans that are shareholders of T-Mobile. The Communications Workers of America, an AFL-CIO affiliated union, represents T-Mobile employees and is seeking to represent additional T-Mobile employees. The AFL-CIO supports these efforts. For more information, please contact the AFL-CIO Office of Investment at (202) 637-3900 or by email at [invest@aflcio.org](mailto:invest@aflcio.org).

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