



**OFFICE OF  
STATE TREASURER  
DENISE L. NAPPIER**

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# **NEWS**

**FOR IMMEDIATE RELEASE**

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## **Connecticut Treasury counter motions at Lufthansa annual meeting focus on executive pay disclosure, labor and human rights for employees**

*US labor movement backs Connecticut motions; Workers rights at US plants questioned*

One of the leading U.S. public employee retirement systems, the Connecticut Retirement Plans and Trust Funds (CRPTF), has submitted two counter motions opposing management proposals which will be considered at the annual shareholder meeting of Deutsche Lufthansa AG (DHLAG), on June 18, 2003 in Cologne, Germany.

The two counter motions for the Annual General Meeting (AGM) focus on the issues of executive pay, stating that the company has failed to disclose the individual compensation of its executives, and labor and human rights violations, citing concerns about how employees at Lufthansa facilities around the world, including facilities of Lufthansa subsidiaries in North Haven and Hartford, Connecticut, have been treated.

Connecticut Treasurer Denise L. Nappier, one of America's leading advocates for corporate governance reform and shareholder rights, said Lufthansa puts the investments of shareholders at risk with policies and procedures that do not reflect the rights of workers and the need for accountability to shareholders.

"Compliance with international labor standards and executive pay transparency are cornerstones of corporate accountability," said Nappier. In addition to the Connecticut Pension Fund, leading U.S. labor organizations are urging Lufthansa investors to vote for the counter motions, in the best interest of the company and investors.

The first counter motion urges Lufthansa to protect its good name and reputation by adopting and enforcing a policy based on the United Nations' International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. The Pension Fund is concerned that Lufthansa could be associated with workplace human rights violations because of its operations in countries where labor and human rights are not adequately protected in law and/or practice, such as Burma and China.

In addition, serious questions have been raised about the treatment of Lufthansa's LSG Sky Chefs and Chef Solutions employees in Connecticut.

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"The behavior of Lufthansa's U.S. subsidiaries is in stark contrast to the company's stated policies of respecting employees' labor and human rights. The Executive Board should exercise leadership where subsidiary management has failed, and demonstrate that good corporate citizenship is not just a public relations message but instead genuinely the policy of Lufthansa" said Phil Wheeler, Regional Director of the United Auto Workers Union (UAW). Employees of Lufthansa's food processing segment, Chef Solutions, in North Haven, Connecticut have been trying to form a union affiliated with the UAW.

"We believe Lufthansa should improve the way it manages risk to its reputation to better protect its brand names," said Sherri Chiesa, Secretary-Treasurer of the Hotel Employees & Restaurant Employees International Union (HERE), which represents Lufthansa's approximately 9,000 U.S. LSG Sky Chefs employees.

The pension fund also filed a counter motion advocating that Lufthansa comply with the German Corporate Governance Code's suggestion to disclose individualized compensation of Executive Board members. Several German companies have already implemented this suggestion, including Altana, Bayer, Deutsche Bank, Deutsche Börse and ThyssenKrupp. In the supporting statement, the Pension Fund points out that disclosure of individualized executive pay is standard in the United Kingdom, Ireland, France, the Netherlands, and the United States.

The counter motions submitted by the Connecticut Retirement Plans and Trust Funds (CRPTF) have been backed by the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), HERE, and the UAW. The \$17 billion CRPTF holds approximately 486,100 shares of Lufthansa worth more than \$4,410,438.

Union members participate in the capital markets as individual investors and through a variety of benefit plans. U.S. Union members' benefit plans have over \$6 trillion in assets. Pension plans sponsored by unions affiliated with the AFL-CIO account for more than \$400 billion of that amount. Increasingly invested overseas, many of these pension funds have investments in Lufthansa.

*Additional information about these counter motions is available at [www.counterproposals-to-lufthansa.org](http://www.counterproposals-to-lufthansa.org).*

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