Worker Equity in Food and Agriculture

Marjorie Kelly, Tellus Institute
Heather Lang, Sustainalytics
November 13, 2012
Before we begin...

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Worker Equity in Food and Agriculture

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Speakers

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Tellus Institute

35-year-old nonprofit research and consulting organization in Boston working for a Great Transition to a fair, just and sustainable economy, with staff specializing in:

- Ownership and financial design for social mission.
- Sustainable communities.
- Corporate social responsibility.
- Ecological science.
We help clients turn vast quantities of environmental, social and governance information into insightful, value-added analysis to enable more informed investment and business decisions.

- More than 70 analysts involved in environmental, social and governance (ESG) research and analysis
- Company research includes detailed ESG profiles of more than 3,500 companies worldwide
- Developed a robust and fully transparent methodology to assess company performance based on 70 to 90 indicators per sector
Agenda

- Background
- Landscape of food and agriculture in U.S.
- Key findings
- Influencing change
- Questions
Worker Equity in Food and Agriculture

- Joint project of Tellus and Sustainalytics, supported by Rockefeller Foundation.
- Addresses blind spot of global food movement: worker equity practices.
- Concept includes:
  - fair wages
  - safe working conditions
  - right to organize
  - job security
  - professional development opportunities
  - employee engagement
Understanding the Landscape
Concentration of Players

Concentration may be the most significant factor in understanding food and agriculture companies. Every subsector is dominated by a handful of firms.

- 4 firms control 84% of beef packing.
- 3 firms control 55% of flour milling.
- 5 firms account for half of all U.S. grocery sales.
- Pork, turkey, chicken, soybean processing each have 55 – 80% of markets controlled by 4 firms.
Ownership Models

- Food sector has a surprising diversity of ownership models.
- List of 100 companies tracked (all over $1 billion in sales) includes:
  - 55 publicly traded (e.g. Walmart $408 bil. revenue)
  - 31 privately held (e.g. Cargill $108 bil. revenue)
  - 14 cooperatives (e.g. CHS $25 bil. revenue)
  - Many employee-owned firms among grocery stores (e.g. Publix, majority owned by its 148,000 workers)
Sector Impact

- Food system is 13% of U.S. GDP.
- Employs 1 in 5 of all private sector workers.
- Includes diverse industries, with different worker challenges:
  - **Ag**: 1.4 mil. crop workers, half undocumented; exemption from many wage laws; fatality rates 7 times norm.
  - **Food processing**: many labor disputes; animal slaughtering plants high rate of injury.
  - **Wholesale/distribution**: highest number of workers. Highest wages of 5 food sectors (median $13.28/hr.)
  - **Grocery stores/retail**: many jobs temporary, seasonal, part-time. One-third unionized.
  - **Restaurants**: 7 of 10 lowest-paying occupations. 9 of 10 workers no paid sick days. Tipped min. wage still $2.13.
Key Findings
Oversight & Disclosure

- Less than one-third of public companies tracked disclose explicit formal oversight of social issues.
- Even fewer release sustainability reports with focused and detailed disclosure on social issues.
- Few companies proactively engaging stakeholder input – PepsiCo, Darden Restaurants and Campbell’s Soup taking the lead.
- Despite prominent environmental reporting initiatives, a harmonized reporting system on social metrics is lacking.

Industry leaders
- Syngenta AG
- H.J. Heinz Co.
- Danone
- Coca-Cola Co.
- Unilever
- ConAgra foods
- Kellogg Company
- Tesco PLC
- Compass Group PLC
- Nestle S.A.
Approximately 1 in 5 companies tracked has exemplary policies on freedom of association and the elimination of discrimination.

Even where such policies exist, they are often poorly enforced and in some cases blatantly violated.

Food and agriculture companies face a number of high profile controversies surrounding labor disputes, most notably implicating Ahold, Walmart, Tyson and Nestlé.

<table>
<thead>
<tr>
<th>Employee-related policy</th>
<th>Top score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freedom of association</td>
<td>18%</td>
</tr>
<tr>
<td>Core Labor Rights</td>
<td>9%</td>
</tr>
<tr>
<td>Elimination of Discrimination</td>
<td>21%</td>
</tr>
</tbody>
</table>
Unionization

- Unionization in the food industry is comparatively high – One-third of grocery stores are unionized.
- Unions are widely associated with better worker treatment and make a noteworthy difference in wages.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Unionized employee Hourly wage</th>
<th>Non-unionized employee Hourly wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail cashier</td>
<td>$13/hr</td>
<td>$9.25/hr</td>
</tr>
<tr>
<td>Poultry, fish, &amp; meat processing</td>
<td>$16.50/hr</td>
<td>$12/hr</td>
</tr>
</tbody>
</table>
Compensation: Low Road

Source: Food Chain Workers Alliance
### Compensation: High Road

<table>
<thead>
<tr>
<th>Company</th>
<th>Type</th>
<th>Most common job (salaried)</th>
<th>Average annual pay**</th>
<th>Most common job (hourly)</th>
<th>Average annual pay**</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AGRICULTURAL PRODUCTION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FOOD PROCESSING</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Mills</td>
<td>Public</td>
<td>Retail Sales Representative</td>
<td>$47,199</td>
<td>Operator</td>
<td>$52,145</td>
</tr>
<tr>
<td><strong>RESTAURANTS / FOODSERVICE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Darden Restaurants</td>
<td>Public</td>
<td>Restaurant Manager</td>
<td>$56,991</td>
<td>Server</td>
<td>$24,499</td>
</tr>
<tr>
<td>Starbucks Corp.</td>
<td>Public</td>
<td>Store Manager</td>
<td>$53,634</td>
<td>Distribution Partner</td>
<td>$33,614</td>
</tr>
<tr>
<td><strong>RETAIL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Publix Super Markets</td>
<td>Private</td>
<td>Store Manager</td>
<td>$110,644</td>
<td>Deli Clerk</td>
<td>$26,753</td>
</tr>
<tr>
<td>Wegmans Food Markets</td>
<td>Private</td>
<td>Store Department Manager</td>
<td>$56,040</td>
<td>Store Customer Service</td>
<td>$29,286</td>
</tr>
<tr>
<td>Whole Foods Market</td>
<td>Public</td>
<td>Store Team Leader</td>
<td>$80,199</td>
<td>Cashier</td>
<td>$26,812</td>
</tr>
</tbody>
</table>
Some of the most dangerous jobs in the U.S. are found in the food industry, where numerous injuries and fatalities take place each year.

Fatal injury rate for all industries is 3.5 fatalities per 100,000 workers.

Fatal injury rate in agriculture is over 25; for warehousing and transportation jobs it is 15.
Supply Chain Workers

- 6 of 57 companies taking the lead on supply chain policies and programs (5 of which are European) – **Danone** stands out as a leader among its peers.
- 18 of 57 companies studied disclose no monitoring activities at all; 17 have only limited monitoring; and 22 reference robust monitoring systems.
- Supply chain exposure is a shared concern across the industry requiring a collaborative response.

**Industry leaders**

- Danone
- Tesco PLC
- Syngenta AG
- Koninklijke Ahold N.V.
- Starbucks Corp.
- Sodexo S.A.
- Coca-Cola Co.
- General Mills Inc.
- Sysco Corp.
- Costco
- McCormick & Co.
Influencing Change
Business Case for Worker Equity

- Zeynep Ton in HBR found food retailers (incl. Costco and Trader Joe’s) that offer good wages and training also offer low prices, better customer service, and solid financial performance. “Bad jobs are not a cost-driven necessity but a choice.”

- UK’s Tesco sought to improve customer service by adding jobs and increasing training. Result: improved financial performance.

- UFCW study found meat recalls at 21% of non-unionized plants, vs. 12% at unionized plants. Unionized plants have lower turnover, culture of safety, employee ability to negotiate on equipment and staffing.
Pathways for Change

- Need more research to make the business case.
- Enhance metrics to measure social / worker impact.
- Push for company disclosure on social / worker issues. Get wage data out of the shadows.
- Build corporate capacity to tackle these issues. Need for multi-stakeholder initiatives for collaborative learning and engagement.
- Situate worker equity issues alongside public health, environmental concerns, animal welfare, to resonate with global food movement.
Questions
Additional Materials

- Additional materials and webinar recording available at: www.sustainalytics.com/webinars
- Download the full report at: www.sustainalytics.com/publications
- Email: contact@sustainalytics.com
- Evaluation survey
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