



Worker Equity in Food and Agriculture

Marjorie Kelly, Tellus Institute

Heather Lang, Sustainalytics

November 13, 2012



Before we begin...

The screenshot shows a GoToWebinar Viewer window. The main content area displays a slide with the Citrix logo and the text "online". The slide title is "Top 10 Tips for Effective Online Presentations". Below the title, it says "Thank you for joining! Please dial into the conference call:" followed by the following information:

- U.S. #: 800-833-0263
- International #: 617-213-4636
- Phone code: 106 677 41#

At the bottom of the slide, it states "We will begin at approximately 2:05pm EDT".

On the right side of the viewer, there is a control panel with the following sections:

- Audio:** Audio Mode: Use Telephone, Use Mic & Speakers. Includes a volume level indicator and an "Audio Setup" link.
- Questions:** A question box containing: "Q: Will we receive copies of this Webinar afterwards?" and an answer box containing: "A: You will receive a link to the archive recording." There is a "Send" button below.
- Webinar ID:** 650-934-018
- GoToWebinar™** logo.

The Windows taskbar at the bottom shows the Start button, several open applications (AIM, Microsoft Office, Enterprise..., G2M_DemandS..., Gmail - Compos...), and the GoToWebinar application. The system tray shows the time as 3:46 PM.

Before we begin...

2



The screenshot shows the GoToWebinar interface. At the top is a menu bar with 'File', 'View', and 'Help'. Below it is the 'Audio' panel, which includes a play button, a microphone icon, a 'MIC ON' indicator, and a speaker icon. The 'Audio Mode' section has two radio buttons: 'Use Telephone' (unselected) and 'Use Mic & Speakers' (selected). Below this are two progress bars for microphone and speaker activity, and a link for 'Audio Setup'. The 'Talking' section indicates 'Eric Bensley' is speaking. Below the audio panel is the 'Questions' panel, which contains a question and answer: 'Q: Will we receive copies of this Webinar afterwards?' and 'A: You will receive a link to the archive recording.'. At the bottom of the interface, the 'Webinar ID: 650-934-018' and the 'GoToWebinar™' logo are visible.

1





Worker Equity in Food and Agriculture

Marjorie Kelly, Tellus Institute

Heather Lang, Sustainalytics

November 13, 2012



Speakers



Marjorie Kelly,
Tellus Institute



Heather Lang,
Sustainalytics

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.

Sustainalytics

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 (eg. Walmart \$408 bil. revenue)
 - 31 privately held (eg. Cargill \$108 bil. revenue)
 - 14 cooperatives (eg. CHS \$25 bil. revenue)
 - Many employee-owned firms among grocery stores (eg. 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.

Worker Equity Policies & Practices

- 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**.

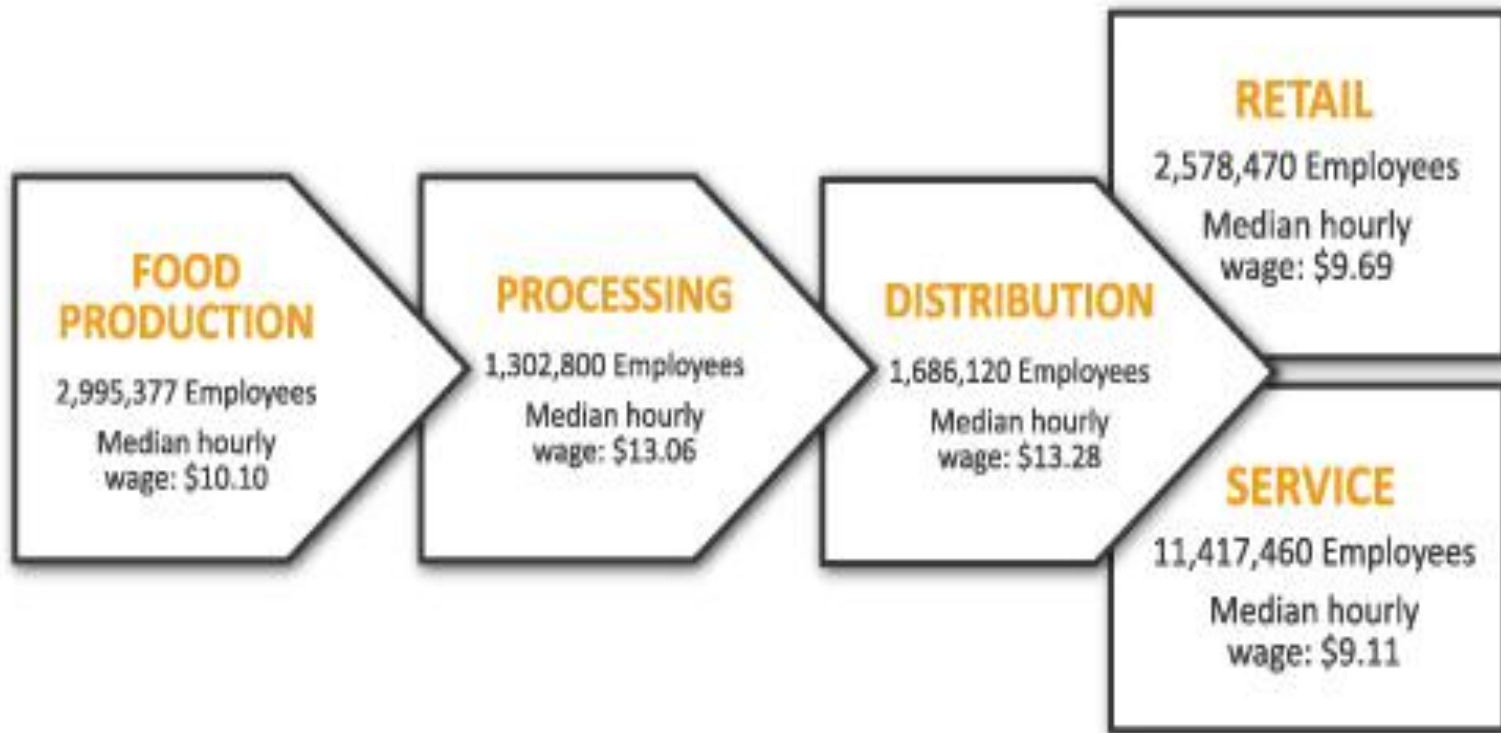
Employee-related policy	Top score
Freedom of association	18%
Core Labor Rights	9%
Elimination of Discrimination	21%

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.

Sector	Unionized employee Hourly wage	Non-unionized employee Hourly wage
Retail cashier	\$13/hr	\$9.25/hr
Poultry, fish, & meat processing	\$16.50/hr	\$12/hr

Compensation: Low Road



Source: Food Chain Workers Alliance

Compensation: High Road

Company	Type	Most common job (salaried)	Average annual pay**	Most common job (hourly)	Average annual pay**
AGRICULTURAL PRODUCTION					
Monsanto (2010)	Public	Research & Development	\$100,147	Manufacturing & Production	\$48,307
FOOD PROCESSING					
General Mills	Public	Retail Sales Representative	\$47,199	Operator	\$52,145
J.M. Smuckers Co. (2011)	Private	Route Sales Representative	\$51,075	Consumer Comm. Center Rep.	\$27,400
McCormick & Co. (2010)	Public	Finance	\$115,000	Manufacturing Role	\$46,750
RESTAURANTS / FOODSERVICE					
Darden Restaurants	Public	Restaurant Manager	\$56,991	Server	\$24,499
Starbucks Corp.	Public	Store Manager	\$53,634	Distribution Partner	\$33,614
RETAIL					
Publix Super Markets	Private	Store Manager	\$110,644	Deli Clerk	\$26,753
Wegmans Food Markets	Private	Store Department Manager	\$56,040	Store Customer Service	\$29,286
Whole Foods Market	Public	Store Team Leader	\$80,199	Cashier	\$26,812

Health & Safety

- 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

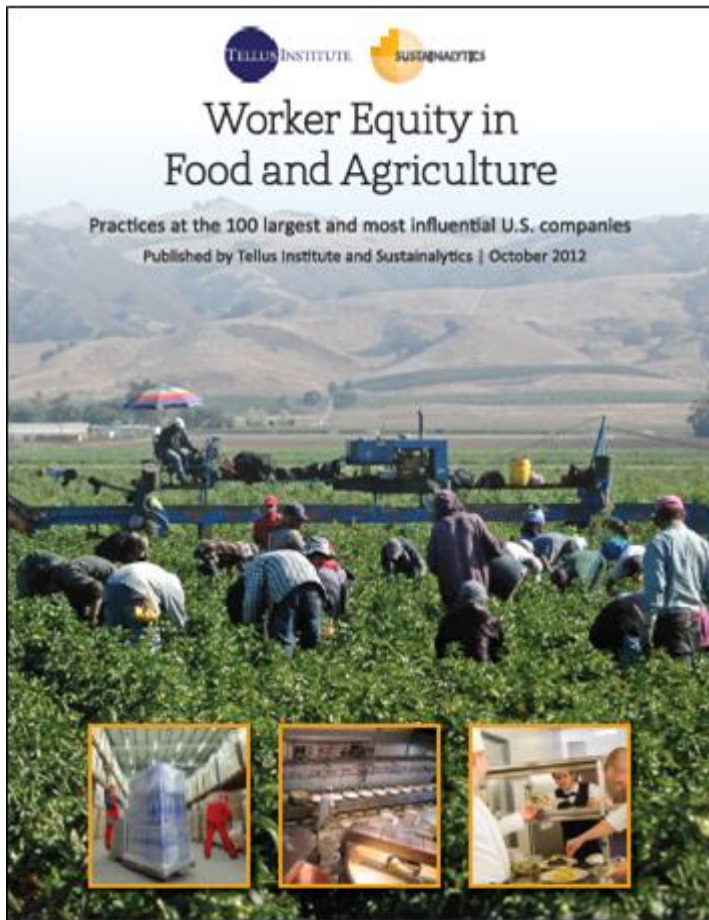
- Zeynep Ton in HBR found food retailers (incl. Costco and Trader Joe's) that offer good wages and training also offer low prices, better customer service, and solid financial performance. "Bad jobs are not a cost-driven necessity but a choice."
- UK's Tesco sought to improve customer service by adding 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



For more information please contact:

Marjorie Kelly
Project Leader and Fellow
Tellus Institute

kellyinfo@tellus.org
www.tellus.org
[@tellusinstitute](https://www.instagram.com/tellusinstitute)

Heather Lang
Director, Research Products , North America
Sustainalytics

heather.lang@sustainalytics.com
www.sustainalytics.com
[@Sustainalytics](https://www.instagram.com/Sustainalytics)



Disclaimer

Copyright © 2012 Sustainalytics and Tellus Institute. All rights reserved. No portion of this material may be reproduced in any form without the expressed, written permission of Sustainalytics and the Tellus Institute.