



Investor Statement: Recommendations for Meat Processors During COVID-19

The undersigned investors and fiduciaries represent 118 institutions and \$2.3 trillion in combined assets; many of these investors are direct stakeholders, via equity or debt, in meat processing companies.

Meat and poultry processing plants have emerged as among the most dangerous hot spots in the U.S. for COVID-19¹, with multiple facilities having been forced to close due to high numbers of infected workers.² For this reason, there is heightened concern among investors, legislators and the public for the essential frontline workers in this sector who are being exposed to increased health risks.³

A recent U.S. Executive Order designated meat processing plants as critical infrastructure that must remain open. Workers in these facilities have been deemed essential and exempt from state stay-at-home mandates; yet, to date,⁴ the U.S. CDC reports numerous COVID-19 cases among U.S. workers in 115 meat and poultry processing facilities in 19 states⁵. The meat sector workforce often lacks access to paid sick leave and includes many workers at heightened risk – those fearful of losing their jobs, of calling in sick for fear of wage loss and reprisal by managers, or of speaking out against plant managers that skirt the law. These vulnerable workers include many immigrants, refugees, women, and people of color, and workers who may speak a different language.⁶

While we are acutely aware that the COVID-19 pandemic creates unprecedented economic challenges for businesses around the globe, companies have a responsibility to implement enhanced protections to protect workers fulfilling corporate operations and those in their supply chains. The pandemic exposes meat processing companies to reputational, legal and financial risks that may significantly disrupt operations if COVID-19 outbreaks in plants continue.

In an Investor Statement on the Coronavirus Response⁷ released March 26th, 2020 and endorsed by 322 global institutional investors representing \$9.2 trillion USD in combined assets, investors made the case

¹ <https://www.cbsnews.com/news/u-s-meat-industry-a-top-source-of-new-covid-19-hotspots/>

² <https://investigatamidwest.org/2020/04/16/tracking-covid-19s-impact-on-meatpacking-workers-and-industry/>

³ <https://www.cpr.org/2020/05/01/colorado-leads-nation-for-most-covid-19-deaths-connected-to-meat-processing-plants-sixth-greeley-jbs-employee-dies/>; <https://minnesota.cbslocal.com/2020/05/01/coronavirus-in-minnesota-nobles-county-reaches-866-known-cases-of-covid-19-most-traced-to-jbs-pork-plant/>; <https://www.washingtonpost.com/business/2020/04/25/meat-workers-safety-jbs-smithfield-tyson/>; <https://www.motherjones.com/food/2020/05/meatpacking-coronavirus-workers-factory-jbs-tyson-smithfield-covid-crisis-sacrifice-outbreaks-beef/>

⁴ <https://www.whitehouse.gov/presidential-actions/executive-order-delegating-authority-dpa-respect-food-supply-chain-resources-national-emergency-caused-outbreak-covid-19/>

⁵ https://www.cdc.gov/mmwr/volumes/69/wr/mm6918e3.htm?s_cid=mm6918e3_x

⁶ <https://cepr.net/meatpacking-workers-are-a-diverse-group-who-need-better-protections/>

⁷ <https://www.iccr.org/investor-statement-coronavirus-response>

for enhanced worker protections during COVID-19, highlighting that *“board directors are accountable for long-term human capital management strategy; the companies they oversee have invested in their workforces and will be well served by having retained a well-trained and committed workforce when business operations are able to resume. Furthermore, the prospect of widespread unemployment will exacerbate the crisis and pose grave risks to basic social stability and the financial markets.”*

While several companies in the sector have implemented some enhanced safety measures, health protocols and worker benefits, we note the need to ensure these safeguards are implemented across all facilities and operations. Further, more actions are needed, including implementing the U.S. CDC and OSHA Meat and Poultry Processing Workers and Employers Guidance⁸ issued on April 26, 2020. The President’s executive order makes the CDC and OSHA guidance voluntary, however we urge companies for the long-term sustainability of their operations and the health and safety of their employees to comply fully and in a manner that provides the greatest protection for workers. Importantly, while some are suggesting that compliance with guidelines covering workers should give companies guaranteed immunity from legal accountability in cases involving coronavirus infection, we believe such proposals would jeopardize the health and safety of workers and endanger public health.⁹

Processing companies with U.S. operations, such as Hormel, JBS S.A, Marfrig Global Foods SA (National Beef), Pilgrim's Pride, Sanderson Farms, Seaboard, Smithfield/WH Group, and Tyson Foods, need to demonstrate how they will meet the dual challenges of maintaining meat production while prioritizing worker protection and safety in the coming months and beyond.

We urge companies to put in place and monitor the following recommendations. If taken, these steps will better protect workers, and by extension, their families and broader communities:

- Enforce physical distancing. In most cases, this requires a reduction in line speed¹⁰ in order to minimize the spread of the virus. The company should end any lobbying efforts that seek to pressure the USDA to grant line speed waivers; withdraw all pending company applications for line speed waivers in all species; and suspend line speed increases in all plants where line speed increases have already been implemented;
- Provide wage increases (rather than lump sum future bonuses contingent on uninterrupted attendance) to reflect the increased risks to workers, and full paid sick-leave for all workers who test positive for COVID-19 and for those workers who were in close contact with infected individuals;
- Provide personal protective equipment, including the most effective respirators available, to all workers on the production floor at the beginning of every shift, with appropriate fit testing and training on proper donning and doffing procedures, in languages workers understand;
- After thoroughly cleaning and sanitizing each plant, require all workers to be tested before entering the plant. Then mandate retesting and quarantining of all employees who

⁸ <https://www.cdc.gov/coronavirus/2019-ncov/community/organizations/meat-poultry-processing-workers-employers.html>

⁹ <https://centerjd.org/content/fact-sheet-unsafe-harbors-problem-unsafe-immunity-proposals>; <https://www.politico.com/news/2020/04/28/trump-to-order-meat-plants-to-stay-open-215555>

¹⁰ <https://www.usatoday.com/story/news/2020/04/24/usda-let-poultry-plants-move-faster-crowd-lines-covid-coronavirus-spread-meat-packing-workers/3013615001/>

subsequently have had confirmed contact with other infected persons before allowing them back in the plant;

- Ensure testing is available for workers and their family members or those living in the same residence with workers;
- Work closely with regulatory agencies to provide regular and timely updates on the number of new cases in each plant, the number of deaths, and other relevant information which can reasonably be done while maintaining confidentiality of individual employees;
- Respect workers' rights to freedom of association, to organize a union and to bargain collectively, free from retaliation, as recognized by the UN through its International Labour Organization (ILO) Conventions.
- In non-union plants, implement systems and policies to both protect workers from retaliation and encourage workplace safety and risk reporting, in order to ensure that all workers report any workplace safety lapses or symptoms of illness. This would include education for all employees, reporting mechanisms for workers' safety and health concerns, and hiring external auditors to monitor the integrity and use of such systems for improved effectiveness and for the purposes of remediation.
- Clarify that the company opposes any and all federal or state policies that would deny meatpacking and poultry workers unemployment benefits or stimulus relief for refusing to go back to work for fear of contracting COVID-19.¹¹
- Ensure all measures and benefits are applicable to all employees regardless of immigration status.
- Publicly report on implementation of steps taken to ensure the long-term sustainability of company operations and employee health and safety during the pandemic. Our request to you is consistent with the April 8th statement on "The Importance of Disclosure – For Investors, Markets and Our Fight Against COVID-19¹²" from the U.S. Securities and Exchange Commission Chairman Jay Clayton and Corporation Finance Director William Hinman, requesting that company disclosures reflect "how the company's COVID-19 response, including its efforts to protect the health and well-being of its workforce and its customers, is progressing", and acknowledging that "historical information may be relatively less significant".

Failure to take all necessary actions that prioritize the safety and health of workers, to act responsively to employee concerns, and instill the trust and confidence of staff in company actions, may hinder production recovery efforts and the continuity of business operations. In contrast, employee absenteeism is likely to decrease when workers see a spectrum of effective strategies being implemented to keep them safe and financially secure if they happen to contract COVID-19 in the workplace.

We believe the pandemic presents an opportunity for meat processors to authentically solicit worker input regarding improvements to production, safety, and workplace practices without negative consequences, and to enforce health and safety protocols among managers/supervisors. This feedback

¹¹ <https://www.thenation.com/article/politics/meatpacking-coronavirus-class-war/>

¹² <https://www.sec.gov/news/public-statement/statement-clayton-hinman>

could well result in systemic improvements that will benefit the sector when the pandemic subsidies and more predictable production schedules are allowed to resume. These improvements will bolster the confidence of the investment community, and the public more broadly.

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The Local Authority Pension Fund Forum	The Province of Saint Joseph of the Capuchin Order

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