



## **Best Practice Guidance for the Poultry Industry**

We are investors and fiduciaries who believe focused attention and action on environmental, social and governance (ESG) practices helps to mitigate risks, identify opportunities, and safeguard long-term shareholder value. Companies in the poultry sector are considered at high risk for reputational, legal, and regulatory action via their operational and supply-chain impacts on the environment and local communities. Concerns about contaminated water supplies, exposure to microbes, including antimicrobial-resistant pathogens, and worker rights violations have already ignited public criticism. We are calling on companies in this sector to improve policies and practices in the following areas:

### **Worker Health and Safety**

Integral to the sustainability and safety of our food system is the health and prosperity of its workforce, yet workers in agricultural and food production sectors have experienced a long history of workplace and human rights violations, including unsafe line speeds, worker harassment and unethical recruitment practices. To ensure the health and well-being of its workers, companies in the poultry sector and its supply chain should have public policies and supplier codes that specifically address the following workplace solutions:

- Allow for adequate rest, meal, medical and bathroom breaks for employees across all operations;
- Sick leave for hourly and contracted workers, improved medical attention and follow-through, ongoing medical monitoring of issues and trends, injury prevention reporting, and increased ergonomic investment in plants;
- Cross-train employees, where possible, on different tasks to alleviate repetitive motion risks in the processing line;
- Provide appropriate personal protective equipment (PPE) free of charge to workers to do their jobs safely and effectively;
- Eliminate or prohibit broker fees for workers (including contracted workers), prohibit the retention of identification documents, provide written contracts with employment terms at time of hire (and in the first language of the worker), and follow related best practices to ensure responsible recruitment;
- Initiatives to work with national and regional health and safety agencies and/or unions and/or worker councils to conduct baseline assessments of ammonia and antibiotic exposure in plants;
- Solicit annual feedback from workers on worker satisfaction, health and safety, benefits and leave, worker treatment, freedom of association and collective bargaining rights, issues surrounding discrimination or harassment, and workplace retention, industry education and training policies;
- Independent, third-party audit of all of the above topics with full report to board of directors;
- Develop systems and protocols for anonymous whistle-blowing and grievance mechanisms, in various workforce languages, free from reprisal and harassment;
- A diverse board which brings a stronger mix of leadership skills, improved understanding of consumer preferences, more attention to risk; reduced reputational harm associated with workplace discrimination; and a larger candidate pool from which to pick top talent;
- Report on how companies are tying executive and board compensation to improvement metrics in these listed areas.

## **Water Contamination**

Water is a critical resource for the poultry sector. Poultry companies risk losing consumer trust when they are regularly implicated in toxic algal blooms, dead zones, and contaminated drinking water supplies. Yet both direct company and supply chain operations contribute to these water pollution problems through excessive wastewater discharges at slaughtering facilities, massive concentrations of livestock manure at animal facilities, and fertilizer runoff associated with growing animal feed. These discharge and runoff contaminants pollute local waterways, endanger both public and worker health, and contaminate the environment. Failure to dramatically reduce water pollution is already harming the industry's social license to operate, inhibiting growth plans, and threatening competitiveness. Developing and implementing water stewardship policies with the following criteria will guard against regulatory and legal risks and ensure that this critical resource is protected:

- Locate all new or expanded supply chain operations outside of watersheds that are already suffering from dead zones, algal blooms, nitrates, or other nutrient pollution.
- Ensure that no manure generated in the supply chain is applied to cropland that is already saturated with phosphorus, and transport excess manure out of soil-saturated areas and polluted watersheds.
- Ensure that no manure generated in the supply chain is applied to frozen land, and require contract growers to have no-leak storage facilities sufficient to store all manure generated while ground is frozen.
- Reduce the volume and concentration of manure in the supply chain by setting clear numeric goals for transitioning poultry production to rotational pasture and for shifting some production from poultry to plant-based protein product lines.
- Establish and report on time-bound targets for verifiably reducing run-off pollution throughout the supply chain;
- Commit to major reductions in direct discharges of nitrates, ammonia and other pollutants from slaughterhouses and other processing facilities;
- Ensure feed is sourced from suppliers whose fields are managed using best practices for reducing run-off pollution, including fertilizer optimization, conservation tillage, cover crops, and buffer zones;
- Engage with local community and other stakeholders to ensure that the company's water stewardship plans are sufficient to ensure that local and downstream water quality is clean – for fishing, swimming, drinking, and ecological function;
- Financial and technical support to help implement the policy among suppliers; and
- A transparent mechanism to regularly disclose progress on adoption and implementation.

## **Antibiotics Use**

About 80% of medically important antibiotics in the U.S. are sold for livestock use. The vast majority of antibiotic use in livestock production is to prevent disease caused by unhealthy conditions on farms, rather than to treat diagnosed illness. As a result, antibiotics are losing their effectiveness. The more antibiotics are used, the faster antibiotic-resistant bacteria (superbugs) evolve. Antibiotic resistance could cause 300 million premature deaths and up to \$100 trillion in global economic damage by 2050. Antibiotic use in poultry production is recognized by every major medical authority to be a significant public health and worker health risk. Research has shown that poultry processing workers are 32 times more likely to carry antibiotic-resistant E. coli bacteria, threatening the health and safety of tens of thousands of employees. Companies need to adopt an enterprise-wide policy on antibiotic use in their supply chains, including:

- Phase out the use of medically important antibiotics for growth promotion and disease prevention in the supply chain;
- Plans to assess how workers are impacted by the high use of poultry antibiotics and plans to create policies and practices that reduce potential harm to workers;

- Cost-effective initiatives to improve animal health and disease-resistance without relying heavily on antibiotics, and report on the progress of those initiatives.

In addition, industrial poultry operations also have a range of other impacts, including climate change, air pollution, and animal welfare. With public scrutiny and concern about the industry's practices rising, investors and other stakeholders call on companies in the poultry sector to step forward with clear plans for addressing the urgent sustainability risks outlined above. We look forward to engaging the industry on the risks all these issues present to the health and well-being of communities.