UNREPORTED DEATHS

WE SPEAK TO:
COMPANIES/WORKERS/UNIONS/INVESTORS
FOR THE FULL PICTURE ON COVID-19 CASES
IN FOOD PROCESSING PLANTS
INTRODUCTION

FOOD WORKERS ON THE FRONTLINE

COVID-19 has uncovered scandals along the supply chain of our food internationally, with shocking cases of outbreaks in US meat factories making international news throughout the pandemic. But there has also been a crisis unfolding closer to home. The UK’s food production industry relies on a model of “just in time supply” of food to supermarket shelves powered by a 430,000 strong workforce operating fast production lines. Classed as essential workers, this workforce has continued operations throughout the pandemic – and a picture is now emerging that they have done so at a great risk to themselves.

PIRC has been engaging with food production companies and their workforces and unions since March, and has uncovered labour rights and safety breaches with COVID-19 outbreaks and fatalities occurring across the sector.

This briefing summarises some of our findings and a call to action for investors.
COVID-19 OUTBREAKS AND FATALITIES UNFOLDING WEEKLY ACROSS THE UK

Total food production workers by region:

<table>
<thead>
<tr>
<th>Region</th>
<th>Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Mids</td>
<td>61,000</td>
</tr>
<tr>
<td>Yorkshire</td>
<td>55,000</td>
</tr>
<tr>
<td>NW</td>
<td>46,000</td>
</tr>
<tr>
<td>East England</td>
<td>36,000</td>
</tr>
<tr>
<td>South West</td>
<td>32,000</td>
</tr>
<tr>
<td>London</td>
<td>34,000</td>
</tr>
<tr>
<td>West Mids</td>
<td>32,000</td>
</tr>
<tr>
<td>South East</td>
<td>25,000</td>
</tr>
<tr>
<td>North East</td>
<td>15,000</td>
</tr>
<tr>
<td>Scotland</td>
<td>46,000</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>21,000</td>
</tr>
<tr>
<td>Wales</td>
<td>24,000</td>
</tr>
</tbody>
</table>

Source: ONS Business Register and Employment Survey (2018). Figure for Northern Ireland is from 2017.

Northern Ireland
- 1 fatality reported in May from a Moy Park chicken factory
- 35 cases causes Cranswick Ballymena pork factory to temporarily close in August

Yorkshire & Humber
- 3 fatalities, 11 positive cases and 7 workers hospitalised at Cranswick pork factory in Barnsley, June

Wales
- 175 cases in 2 Sisters chicken factory, Llangeñi, June
- 289 cases in Rowan Foods Ltd. Factory, Wrexham, June

Scotland
- 58 positive cases in 2 Sisters factory, Tayside, August

South West
- 1 fatality and 13 positive cases in April at a Bakkavor cake factory in Swindon

East Midlands
- 300 cases in August in Greencore sandwich factory, Northampton, supplying M&S
- 72 cases in Bakkavor

East of England
- 119 cases in Banham Poultry chicken factory, Norfolk, August

Secret filming from ITV report of Bakkavor manager threatening redundancies for workers taking sick leave during the pandemic.

8. https://www.foodmanufacture.co.uk/Article/2020/07/07/Coronavirus-Health-officials-update-on-Welsh-meat-plants-cases#
Hidden deaths – why is there no public reporting of these cases?

From a sample of 20 media reports we know that there have been at least 1461 COVID-19 cases in food manufacturing, and 6 fatalities. We believe the actual figure to be much higher.

This is in stark contrast with the data released by the Health and Safety Executive (HSE), showing that only 47 COVID-19 cases had been reported in the sector up to 8 August. No fatalities had been reported.

The huge gap between the reported data and the actual cases is the product of a loophole in the HSE’s “RIDDOR” guidance (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations), updated for COVID-19, where employers are told to:

"make a judgement, based on the information available, as to whether or not a confirmed diagnosis of COVID-19 is likely to have been caused by an occupational exposure.” 15

In other words, the ball is in the company’s court to determine if a COVID-19 case was contracted at work, and they will only need to report on these cases. Perhaps unsurprisingly therefore, very few companies are doing so – designating outbreaks instead as “cases in the community” that have somehow infiltrated the workplace. This shifts the responsibility onto the Government and individuals, and means we have no public records of workforce outbreaks that can be linked to a particular employer. It also reduces the likelihood of sanctions by the HSE.

We are concerned that the current regime is resulting in a dramatic level of under-reporting. The HSE itself states:

“RIDDOR suffers from under-reporting. Not all employers report cases as required under the regulations. However, as there is no reliable estimate of the number of occupational COVID-19 cases, it is not possible to quantify the extent of under-reporting. […] in terms of reporting workplace non-fatal injuries, it is estimated that around half of RIDDOR reportable injuries to employees are reported to the enforcing authorities (for self-employed the proportion is substantially less). It is likely that disease reporting is lower.”

Deep HSE funding cuts and a split responsibility with local councils means that inspections of workplaces during the pandemic have been limited.

“The companies we’ve engaged have made it clear they are working with the relevant authorities, including Public Health England. But without information on workplace COVID-19 cases, investors are unable to play a role in supplementing this scrutiny, and supporting good governance over health and safety practices. Investors, some workers and the public at large have little way of knowing when a serious outbreak is occurring – and are left to wait for local media reports to break.”

16 https://www.ft.com/content/0e9d502e-9e6e-11ea-b65d-489c67b0d5d1?accessToken=zwAAAXLIiZ-Qkc8OrvAunm4RfOZXJc279YXQ.MEUCIQCxZy5jUdhYHR-Fv4AyAgx2351h52SWhsVMfodeqX13gigWa11UP_cG-y6F2y/dk2w1rHlviikkK-104bdL0u9Q&sharetype=gift?token=d2edf9db-b438-490e-b330-dbfe3ec05038
Labor risks underlying the outbreaks

Given the unprecedented impacts of the pandemic, localised instances of bad employment practice are likely to have occurred across most companies and sectors. But there are systematic risks occurring in food production where workforces, already experiencing vulnerabilities such as low pay, a lack of rights and limited access to union representation, are being exposed to additional risks and hardships. Repeat issues include:

- A reluctance to call in sick due to fear of loss of income
- Threat of lost hours and jobs, both implicit and explicit
- Requirement to work in large numbers where social distancing is impossible
- A lack of adequate PPE across both essential and non-essential work
- Expectations for workers to incorporate changed responsibilities in their job
- Poor consultation, with little or no involvement of unions
- A lack of corporate transparency over COVID-19 cases and fatalities

In July PIRC held a webinar on the food production industry for investors. We were joined by a food worker from a large plant in Lincolnshire, who told us about health and safety breaches, fake audits and cover ups during the pandemic – including one case of staff being asked to use cake boxes as protective face masks. Extensive workforce surveys carried out by Unite and GMB unions show these issues are not isolated. The GMB union has raised the issues up the supply chain to supermarkets, so far, to little avail.

We were also joined by Magaly Licolli of Venceremos, an organization in Arkansas, USA, focused on protecting human rights for poultry workers. She described how workers are often in already at-risk communities, and COVID-19 only serves to heighten their vulnerability:

"Immigrants, women and people of color are assuming great risks to their safety and the safety of their families at home because they don't have paid sick leave and are afraid of wage loss, or because they fear reprisals from managers should they speak out about workplace health and safety lapses."

Testimonials

They've already made redundancies in one factory, then they used agency workers to top up – which isn't allowed. They've been using 100 agency workers a day during the pandemic.

We weren't separated initially, people were actually touching each other. The night shift walked out over it.

There are only 4 or 5 sanitizer pumps around site for around 300 staff… I been told by my HR manager if we don't feel safe we can take 3 months off with no pay.

No chance of social distancing, corridors are too small and work areas are not designed for this sort of thing.

Audits are a sham. Auditors sit in an office for an hour when they arrive to do paperwork and everyone cleans up the plant.

Colleagues with COPD were asked to come back into work. When they were shielding, they were earning less than half of what they'd have earned on furlough.

Most of the workforce in the London factories are from black and ethnic minority backgrounds. And we know that this group is most susceptible to become really ill from the virus.

These testimonials are from direct interviews carried out by PIRC, as well as responses from workplace surveys carried out by union representatives. We should stress that there are also reports of good practices being implemented in some sites, such as regular H&S meetings, additional payments and staggered shifts. However given the continued outbreaks occurring, we feel it is important to draw attention to concerns being raised.

How are companies responding?

- Monitoring cases: Companies are using a combination of staff surveys, temperature checks, onsite COVID-19 tests, track and trace procedures and whistleblowing hotlines.
- Limiting transmission risk: PPE, one way systems and Perspex screens are used to limit contact. Furloughing has been used by some companies to enable vulnerable workers to shield, others are using sick pay. Some firms are regrettably still only providing statutory sick pay for periods of leave taken by isolating workers.
- Adjusting pay: Several firms have paid bonuses to production line staff and almost across the board, executive pay was been temporarily adjusted down. In some companies this change was however very short-lived: as reported in the FT in June, Bakkavor (already in the spotlight from an ITV exposé), returned its executives to full pay early, despite making redundancies among their line workers.
- Line speeds: There is a reluctance among food producers to slow line speeds. As a result, most workers are still...
standing within 1 meter of one another, which their status as essential workers allows for. During our engagement with companies one of the reasons provided for fast line speeds is animal welfare: in slaughtering thousands of pigs per week, slowing speeds would mean the pigs endure longer in caged conditions. This trade-off between animal welfare and workers’ rights will be a red flag for responsible investors.

- **Automation:** The health risks have prompted fresh calls to increase the automation of food production. Levels of automation still lag behind other manufacturing work, encouraged by the low labour costs companies maintain through paying low wages and using temporary workers.

### Duty of care extends beyond factory walls – the myth of “community transmission”

Last month, 14% of the workforce (300+ people) tested positive in one Greencore facility which supplies Marks & Spencer. Despite an obvious connection to the workplace, the initial response from the local public health authority was to call out the workers’ personal lives, asking them to “understand their role in acting responsibly outside of the work environment” and warning against social gatherings and house sharing.

However with shared accommodation common within the sector, necessitated by the low wages workers receive, the line between work and home is blurred. Even where workers aren’t living together, an employer of 1000+ people in an out of town area is an integral player in shaping that community and local health outcomes. People are required to mix together just to get into work: many travel in on company-run buses, or having to arrive late as public buses carrying employees are overcrowded – as reported by the GMB union.20

### Workplace risks existed pre-COVID

As part of our engagement with companies in the sector, we’ve also reviewed information disclosed by the HSE and employment tribunal cases over a longer time period. The table below summarises data we have collated on a number of companies of interest.

In our sample, with the exclusion of 2 Sisters, which is privately owned, these are publicly listed companies. We’ve included 2 Sisters as both our engagement with unions and media reports suggested it was worthy of investigation. Some investors may have exposure via bonds issued by Boparan Hold-ings Limited, the parent company. In addition Moy Park, is a subsidiary of Brazilian meat processor JBS.

It’s important to note that in the very large majority of employment tribunal cases listed the claim was ultimately withdrawn by the claimant.

<table>
<thead>
<tr>
<th>Company</th>
<th>Number of HSE fines since 2009</th>
<th>Total HSE fines (£)</th>
<th>Employment Tribunal Cases since 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bakkavor</td>
<td>5</td>
<td>2,706,000</td>
<td>27</td>
</tr>
<tr>
<td>2 Sisters</td>
<td>3</td>
<td>1,904,000</td>
<td>35</td>
</tr>
<tr>
<td>Greencore</td>
<td>2</td>
<td>1,040,000</td>
<td>6</td>
</tr>
<tr>
<td>Moy Park (owned by JBS)</td>
<td>2</td>
<td>1,066,650</td>
<td>5</td>
</tr>
<tr>
<td>Cranswick</td>
<td>1</td>
<td>24,300</td>
<td>8</td>
</tr>
<tr>
<td>Hilton Food Group</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

### Investor response

Labour risks translate into reputational and financial harm, and this is even more acute during the pandemic. This chart shows the spike in interest in companies following media reports of COVID-19 outbreaks, who many will have never heard of before the pandemic.

Rather than waiting for these stories to break, there are ways that investors can take a more proactive response, such as:

1. **Engaging workforces and their unions directly across supply chains.** This has been a routine part of PIRC’s work during the pandemic. There are numerous ways to do so, our new regular report “WORK” features our approaches and findings for an investor audience.

2. **Taking a public stance.** PIRC has co-signed investor statements targeting meat processing companies. Led by ICCR and endorsed by 118 institutions with $2.3 trillion USD in combined assets, the statement calls for wage increases and rapid action on workforce safety.21 Recommendations targeted all companies connected to the sector, with a focus on those that are publicly-traded companies with U.S. operations such as: Hormel, JBS S.A, Marfrig Global Foods SA, Pilgrim’s Pride, Sanderson Farms, Seaboard, Smithfield/WH Group, and Tyson Foods.

3. **Promoting full disclosure of COVID-19 cases by companies.** Investors can play a role in encouraging companies across the food supply chain to lead by example and disclose all information they have on cases and fatalities.

4. **Targeting the top of the supply chain:** In this case supermarkets, to take more responsibility for working standards across the sector.

5. **Taking a long view:** Investors can play a role in promoting good labour standards, including union recognition and secure employment, through their ESG policies and stewardship codes. In May 2019, Unilever signed an agreement with two trade union confederations (IUF and IndustriALL) to ensure that the rights of all workers in their manufacturing operations are protected from “adverse human rights impacts stemming from the use of non-permanent employment contracts.” This agreement is the first of its kind and if followed by other food processors, supported by investors, would mark a positive step for labour standards in the sector.22

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20https://www.gmbscotland.org.uk/your-gmb/gmb-manufacturing/bakkavor
21https://www.bostonglobe.com/business/2020/05/21/meat-companies-get-pressure-from-investors-improve-working-conditions/WS6AcsRUXKxTzRUXLm9WM/story.html
22http://www.iuf.org/w7q-node/6861

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