

A Deep Dive on ESG Metrics in the Meat Processing Industry

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NAMI
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pinion



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Today's speakers:



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Pinion Global
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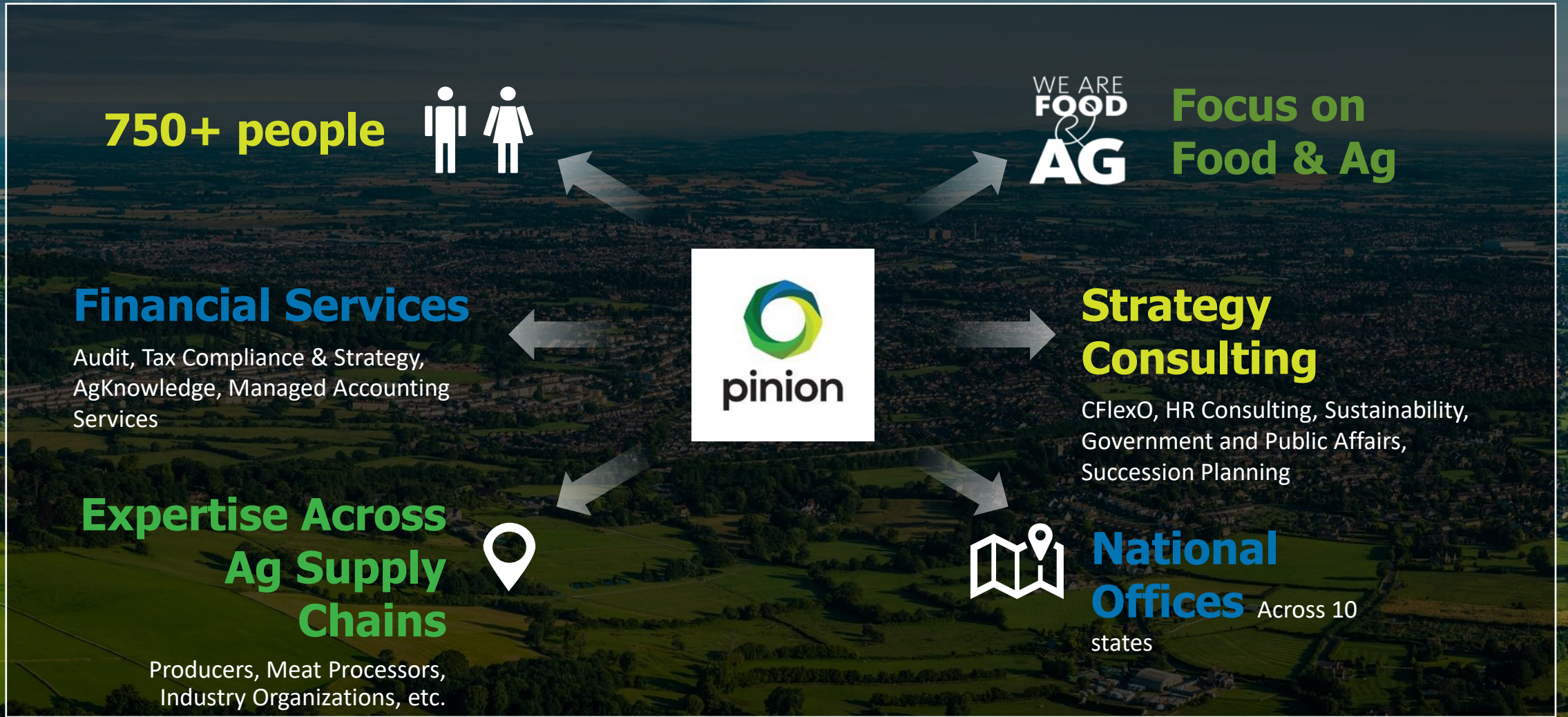
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A Deep Dive on ESG Metrics in the Meat Processing Industry

June 1, 2023

About Pinion



Our Sustainability Services

Sustainability Program and Strategy Development

- Materiality Assessments
- Sustainability Metric Development
- Carbon Strategy Development

Benchmarking and Reporting

- Data Management Planning and System Implementation
- Inventories, Accounting, and Benchmarking
- Customer Reporting

Goal Setting

- Baseline and Target Development (Science-Based Targets)
- Roadmap Development
- Strategic Planning and Modeling

Assurance

- Third-Party Verification – Stewardship Practices and Sustainability Data
- Certifications

Webinar Agenda

Objective: Provide **depth** and **detail** to the *'how'* and the *'why'* for Protein PACT reporting and ESG metrics in the meat processing industry.

- About Pinion
- Polling on ESG metrics
- Metric Alignment with Other Frameworks
- Protein PACT by the Metrics
- Metrics Q&A

Member Polling on ESG Metrics

- NAMI will use this information to:
 - Guide further development of the Protein PACT program
 - Better understand their membership
 - Build metric compatibility across the animal protein industry
- Results will be completely anonymous and only analyzed in the aggregate.



Poll Question #1

Where is your organization on reporting ESG metrics?

- a) My organization is just getting started with ESG reporting.
- b) My organization has some experience with ESG reporting but we need help.
- c) My organization has internal ESG reporting but we are not currently reporting on all Protein PACT metrics.
- d) My organization has strong internal ESG metric reporting, and we share all relevant metrics with NAMI through the Protein PACT.
- e) My organization has strong internal ESG metrics reporting, and we share our metrics with NAMI *and* in a public sustainability or CSR report.
- f) Other/unsure



Poll Question #2

Which Protein PACT indicator category have you had the most challenges with (or do you feel would be most challenging if you are not reporting)?

- a) Animal Welfare
- b) Environment & the Planet
- c) Food Safety
- d) Nutrition Health & Wellness
- e) Labor & Human Rights
- f) Worker Safety
- g) Unsure/not applicable

The goal of today's webinar is to help you navigate ESG metrics as they pertain to your organization.

Your participation is key!

Poll Question #3

About how many customer sustainability surveys or questionnaires are you completing each year?

- a) 0
- b) Between 1 and 3
- c) Between 4 and 9
- d) More than 10
- e) Unsure

Part of the Protein PACT's mission is to reduce your reporting burden by streamlining and unifying industry sustainability metrics and reporting frameworks.

Poll Question #4

How would you describe the burden of responding to customer sustainability surveys or questionnaires?

- a) Not really a burden
- b) Somewhat of a burden
- c) Significant burden
- d) Very significant burden
- e) Unsure/not applicable



Poll Question #5

Would you consider using a NAMI provided Protein PACT sales tool to communicate sustainability attributes to your stakeholders?

- a) Yes
- b) No
- c) Unsure

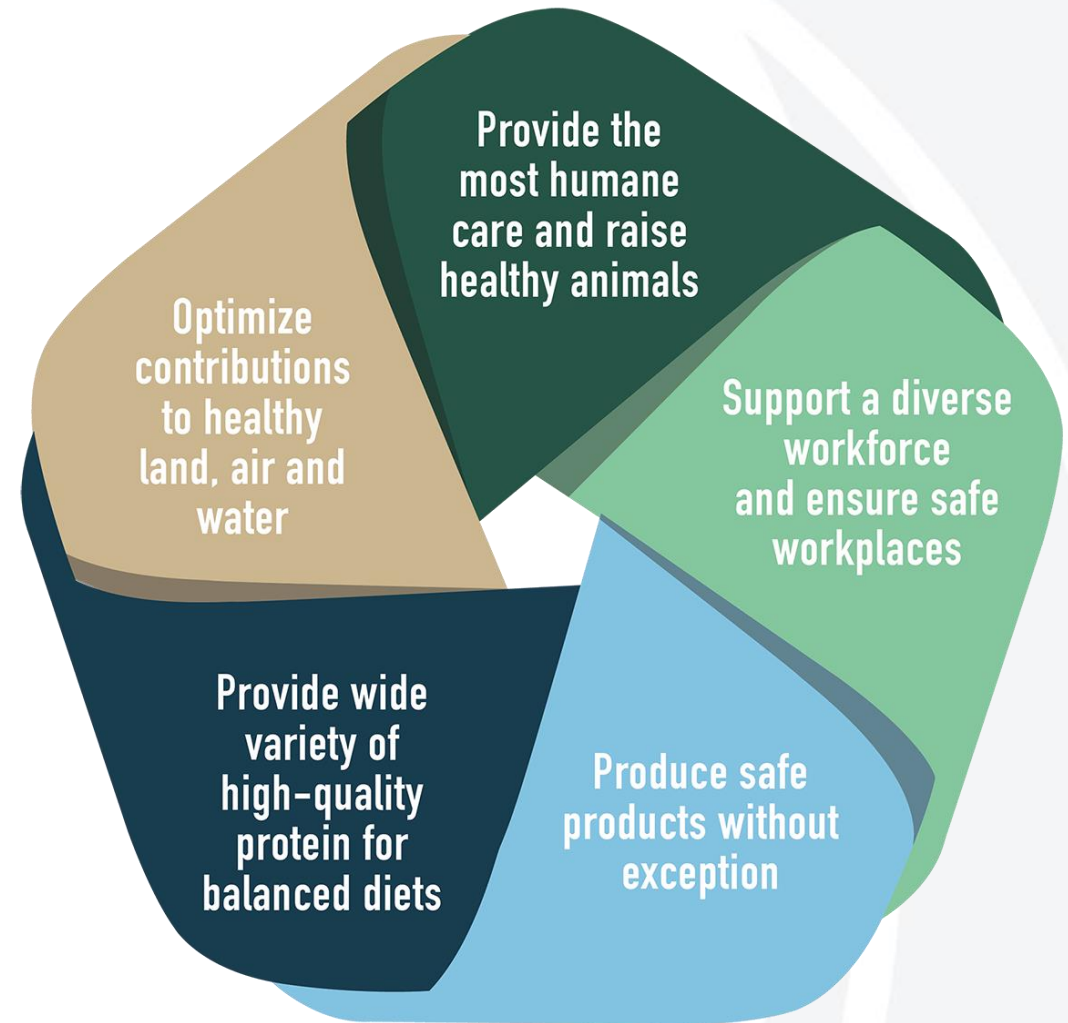


An aerial photograph of a town and its surrounding landscape. The town is densely packed with buildings and is situated in a valley. The surrounding area is filled with lush green fields, some of which are divided into smaller plots by hedges or fences. The sky is a clear, deep blue, and the overall scene is bright and vibrant.

Thank you for your participation!

Protein PACT Indicator Categories and Goals

- Animal Welfare
- Environment & the Planet
- Food Safety
- Nutrition Health & Wellness
- Labor & Human Rights
- Worker Safety



Alignment with Other Frameworks

Protein PACT and Global Frameworks

- **Protein PACT indicator categories and metrics are aligned with many leading global sustainability frameworks.**
- United Nations Sustainable Development Goals (SDGs)
- Global Reporting Initiative (GRI)
- Sustainability Accounting Standards Board (SASB)
- For example:
 - GRI includes in-depth explanations of your animal welfare practices
 - SASB includes disclosure of suppliers that have a GFSI food safety certification program



Protein PACT - Industry Framework Alignment

Protein PACT	USRSB	US-RSPE	We Care – Pork Checkoff
Animal Care	Animal Health and Well-being	Animal Health	Animal Well-Being
		Animal Well-Being	
Environment & the Planet	Air and GHG Emissions	Air Quality	Environment
	Water Resources	Energy & GHG	
	Land Resources	General (Planet)	
		Water Usage & Quality	
		Land Use	
Food Safety		Antimicrobial Stewardship	Food Safety
		Biosecurity	Public Health
		Food Defense	
		Food Safety & Quality	
Nutrition Health & Wellness		Community Support	Community
Labor & Human Rights Worker Safety	Employee Safety and Wellbeing	Employee & Supply Chain Well-Being	Our People



Protein PACT Metric Overview

- **Baseline metrics** - Easy “on-ramps” all NAMI members should be achieving every day.
- **Achievement metrics** – Key ESG metrics that align with industry-specific and global frameworks and demonstrate continuous improvement.

Spectrum of progress: Commit → Track → Deliver → Made Public

- **Commit** - Means internally the company has stated a commitment to the metric.
- **Track** - Means internally the company has a mechanism for measuring/recording/reporting information supporting this metric.
- **Deliver** - Means the company is meeting the internal goal(s) or commitment(s) pertinent to this metric.
- **Made Public** - At the company level, information regarding this metric has been published, printed, spoken about, or posted publicly displaying our commitment to this metric externally.



Protein PACT Indicator Categories

Animal Health and Well-being

Environment & the Planet

Food Safety

Nutrition, Health and Wellness

Labor & Human Rights

Worker Safety

Animal Welfare Metrics

Baseline	Demonstrate compliance with applicable animal welfare transport regulations. <i>(Slaughter)</i>
	Demonstrate compliance with the Humane Methods of Slaughter Act and all pertinent regulations derived from that act (9 CFR part 313). <i>(Slaughter)</i>
Achievement – Animal Transport	A written company program for animal welfare during transport is in place. <i>(Slaughter)</i>
	At a minimum annually, passes an accredited third-party NAMI Animal Handling Transport Audit conducted by a certified auditor.
	Participates in country- and species-specific transportation programs . <i>(Slaughter)</i>
Achievement - Live Animal Holding & Slaughter	At a minimum, annually passes an accredited third-party NAMI Animal Handling Audit conducted by a certified auditor. <i>(Slaughter)</i>
	Have an employee(s) on staff or consultant that maintains animal handling and welfare training based on the NAMI Animal Handling Guidelines . <i>(Slaughter)</i>
	Maintains a written company animal welfare policy that requires direct live animal suppliers implement an Animal Welfare program that includes employee training and specific standards for animal care . <i>(Slaughter)</i>
	Maintains a written animal welfare policy that requires suppliers to implement a comprehensive Animal Welfare Program based on the NAMI Animal Handling Guidelines . <i>(Further Processor)</i>
Achievement – Industry Engagement	Participates in species-specific stakeholder initiatives (e.g., industry welfare committees) to improve animal well-being. <i>(Slaughter) (Further Processor)</i>

Animal Welfare is top of mind for consumers

As concern about animal welfare grows among consumers, **demonstrating a commitment to animal health and well-being is essential** not just for producers, but also processors, brands, and retailers.

- **60%** of consumers indicate **animal welfare is important** and **50%** state that it impacts their food purchasing decisions.*
- **2025 Protein PACT Goal:** 100% of NAMI members who handle animals will pass third-party animal transport and handling audits and all members will require all suppliers to implement mandatory employee training and follow species-specific standards for animal care.



*According to a 2022 NAMI consumer sentiment survey conducted by Technomic.

Protein PACT Indicator Categories

Animal Health and Well-being

Environment & the Planet

Food Safety

Nutrition, Health and Wellness

Labor & Human Rights

Worker Safety

Environment & the Planet

Sustainability is a major driver in consumers' food purchasing decisions, with **45% of consumers considering sustainability as the #1 issue** when making food purchasing decisions.*

The wide scope of environmental data makes this a challenging reporting category, with impacts across the company and supply chain.



Baseline	Adheres to all applicable local, state, and federal environmental regulations (e.g., reporting obligations, inspections, response to compliance issues).
	Holds all applicable permits (e.g., air quality, NPDES, water appropriation).
	Conducts an annual review of compliance obligations.

*According to a 2022 NAMI consumer sentiment survey conducted by Technomic.

Environment & the Planet Metrics – Waste & Packaging

Achievement – Waste Related Programs	A waste management program is in place to prevent waste generation when possible and manage significant impacts from waste generated.
	A nonfood waste management program is in place to increase nonfood waste diversion and reduce nonfood waste sent to landfills.
	A food waste reduction program is in place to minimize food waste of products packaged for distribution and sale within company establishments and facilities.
Achievement – Waste Related Goals	A goal is established to reduce waste generated .
	A goal is established to increase waste diversion and/or reduce waste sent to landfill.
	The waste avoidance plan(s) includes a zero-waste-to-landfill goal is established.
	A food waste reduction goal (s) is in place.
	A zero-waste-to-landfill goal is accredited by a third party to a published standard.
Achievement – Packaging	A waste reduction program is in place to reduce packaging used .
	A waste reduction program is in place to increase the percentage of packaging used that is recyclable .
	A waste reduction program is in place to increase the percentage of packaging used that is compostable .
	A waste reduction program is in place to increase the percentage of packaging used that is reusable .
	A waste reduction program is in place to increase the use of sustainable materials in the creation of packaging such as renewable, compostable, and recycled content.
	A goal is established to reduce virgin nonrenewable packaging used.

Environment & the Planet – Land Use, Suppliers, Water

Achievement – Land Use	A land use program is in place that includes policies to mitigate impacts on natural resources (e.g., forests, wetlands, and grasslands) for all facility construction, renovation, and/or expansion .
	A land use program or policy is in place that includes policies to address land conversion.
Achievement – Supplier Commitments	The company engages in supply chain projects in North America to encourage implementation of practices that reduce GHG emissions in the supply chain.
	Supplier or procurement programs are implemented to assess the environmental impacts.
	Supplier approval is based on the suppliers’ demonstrated effort in taking steps to improve environmental impacts.
	A land use program or policy for suppliers is in place that includes policies to address land conversion and/or deforestation.
Achievement – Water and Effluent Programs	A water use (quantity) program is in place.
	A water quality program is in place.
	A water use goal is established with reduction goals by source.
	A water risk assessment has been completed for your operations.

Environment & the Planet Metrics – Energy & Emissions

Achievement – Energy Use	An energy management program is in place to increase energy efficiency.
	An energy use intensity (EUI) goal(s) is established.
	A program is in place to increase renewable energy use .
Achievement – Scope 1 & 2 Emissions	Scope 1 & 2 GHG emissions data are tracked .
	Goals are set for scope 1 & 2 GHG emissions reductions.
	Scope 1 & 2 data are validated by a certified third party.
	Scope 1 & 2 targets are validated by a certified third party.
	Scope 1 & 2 data are verified by a certified third party.
	Scope 1 & 2 targets are verified by a certified third party.
Achievement – Scope 3 Emissions (Supply Chain Emissions)	Scope 3 GHG emissions are tracked .
	Scope 3 data is validated by a certified third party.
	Scope 3 targets are validated by a certified third party.
	Scope 3 data is verified by a certified third party.
	Scope 3 targets are verified by a certified third party.
Achievement – GHG Target Setting	A goal is in place to reduce GHG emissions .

Environment & the Planet Metrics - SBTs

- **2030 Protein PACT Goal:** 100% of NAMI members will have an approved science-based target to reduce emissions in line with the Paris Climate Agreement goals.
- FLAG target requirement will affect meat processors and food companies.
- Recent introduction of the **Science Based Targets Network**, which extends SBTs to non-emissions nature-based categories like water and land use.



<p>Achievement – Science Based Targets</p>	<p>The Company has set a Science-based Target (SBTs). <i>Note: SBTi will require companies to set a FLAG target in addition to a corporate target.</i></p>
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Protein PACT Indicator Categories

Animal Health and Well-being
Environment & the Planet

Food Safety

Nutrition, Health and Wellness

Labor & Human Rights

Worker Safety

Food Safety Metrics

Baseline	Complete, at a minimum, an annual review of food safety programs and data with a multidisciplinary team.
	All employees trained in the fundamentals of food safety and personnel responsible for food safety tasks receive additional requisite training . Training is provided in the appropriate languages of the trainees.
	Food safety data , including relevant pathogen or indicator organism testing, are tracked, trended, and reviewed as part of a regular evaluation.
	Implements a robust sanitation program , which includes daily sanitation of product contact surfaces, daily intensive visual monitoring, thorough less than daily sanitation and inspection schedule, regular enhanced sanitation activities for key pieces of equipment or areas, and relevant environmental sampling.
	Do you utilize allergens? If yes: Implements an allergen control program , which includes receiving and storage controls, workflow controls, labeling verification, and allergen or indicator monitoring.
	A foreign material control and prevention program (FM CPP) is in place.
	Utilizes a multidisciplinary team(s) to design and evaluate programs and investigate incidents; team(s) may vary depending on the incident.
	An accredited third-party food safety audit is conducted annually, at a minimum.



Food Safety Metrics - Achievement

Achievement – Robust Food Safety Program	A multidisciplinary team periodically reviews food safety programs and takes improvement action in response to available data.
	Competency goals have been established for food safety training .
	Goals specific to food safety data have been established, including relevant pathogens or indicator organisms.
	Goals specific to relevant environmental sampling have been established.
	Food safety is embedded into the company culture (e.g., vision, mission, values) through communications and initiatives.
	The company is engaged within the industry on food safety best practices , new technologies, and scientific advancements.
Achievement – Robust Foreign Material Control & Prevention Plan	FM CPP utilizes thorough foreign material risk assessments of process, ingredients, materials, equipment, etc.
	Foreign material incident response programs are in place to address internal and external causes.
	Root cause analysis program is in place for substantiated foreign material incidents.
Achievement – Third-Party Audit	A continuous improvement achievement goal has been established, beyond a passing score on a third-party food safety audit .

Consumers focus on contamination

Contamination is the primary driver of consumer food safety concerns.*

- Baseline metrics set the bar for food safety programs.
- Achievement metrics are focused on program robustness, foreign material control/prevention, and third-party audits.
- Strong participation in this category can ease consumer worry and build trust.

Top Consumer Concerns on Meat Food Safety

Contamination of food by bacteria

General concerns over food recalls

Concerns with the future of America's food supply

Meat should be free from any additives

More government regulation on food safety

Food recalls impact future purchases

*According to a 2022 NAMI consumer sentiment survey conducted by Technomic.

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Nutrition, Health and Wellness

Labor & Human Rights

Worker Safety

Nutrition, Health and Wellness Metrics

Baseline	Nutrition facts regarding recommended daily allowance of essential nutrients are provided on an approved label.	
	Product portfolio includes products that include the following attributes (check all that apply); this baseline metric applies broadly to companies of all types, e.g., food service supplier, processor, branded product portfolio, etc.	<p>Beneficial Nutrients</p> <ul style="list-style-type: none"> • Excellent source of protein • Good source of protein • Excellent source of iron • Good source of iron • Excellent source of B12 • Good source of B12 • Lean <p>Nutrients to Limit</p> <ul style="list-style-type: none"> • Reduced fat • Low in fat • Fat free • Light • Reduced sodium • Low in sodium • Sodium free <p>Lifestyle or Wellness Preference</p> <ul style="list-style-type: none"> • Organic (certified) • Non-GMO (certified) • Gluten free • No added nitrates/nitrites • No artificial claims
	Product portfolio includes products that include the following claims (check all that apply); this baseline metric is more applicable to branded Companies.	

Nutrition, Health and Wellness Metrics - Achievement

Achievement – Nutrition Information	Nutrition-related information is voluntarily provided to customers and/or consumers
Achievement – Voluntary Nutrition Initiatives	Voluntary participation in nutrition initiatives a. Industry-led initiatives In-store On Package Online b. Third-party initiatives (not including further processors) Fee-based initiatives Non-fee-based initiatives (e.g., Smart Snacks, USDA Foods, etc.)
Achievement – Contributions to Food Security	Company contributions a. Food banks b. Charities c. Employee volunteer time d. Monetary donations e. Education materials f. Scholarships g. Disaster relief h. Other, please describe

Consumers are drawn to healthy choices

Healthy eating remains deeply ingrained in consumer habits, with 45% of consumers stating they are drawn to items with added health benefits.*

- More than half of millennials are seeking greater transparency around the health benefits of consuming animal protein.
- Demonstrating support for **nutrition science and hunger relief** is a bonus that can help mitigate some misgivings about the meat industry's wellness profile.
- Desire for more wellness information is at an all time high.

Consumers on Nutrition and Health in Meat Choices

45% are more likely to order an item if it has added health benefits

42% put a lot of effort into making nutritional choices

29% only eat meat that is unprocessed

41% avoid certain meat products for health reasons

*According to a 2022 NAMI consumer sentiment survey conducted by Technomic.

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Labor and Human Rights Metrics

Baseline	A code of conduct is in place for employees .
	A code of conduct is in place for suppliers .
	Training and/or resources on the code of conduct is provided in the appropriate languages of the employees .
	Training and/or resources on the code of conduct is provided in the appropriate languages of the suppliers .
	Internal programs are in place for handling workplace grievances and provide for anonymous reporting .
	Published and/or posted a no discrimination, no harassment policy that is provided in the appropriate language(s) of employees.
	Published a responsible recruitment policy for direct employees and subcontractors.
	The company mission statement addresses diversity, equity, and inclusion .
	Books, records, and accounts are accurately maintained and transparent in compliance with applicable laws and regulations.
	Employees have access and ability to choose to associate or to not associate with any group in accordance with applicable laws and regulations.



Labor and Human Rights Metrics - Achievement

Achievement – Employee Retention	Retention rate goals are established by role (production, management, C-suite, etc.)
	Retention rate goals are established by demographic (gender, race, age, tenure, etc.)
Achievement – Employee Complaints	A mechanism is in place for employees to anonymously submit complaints .
	Complaints are appropriately managed to avoid fear of retaliation .
Achievement – Hiring Process	Company engages activities to eliminate bias in hiring process (includes bias training, interview training, clear articulation of job competencies, and consistent format for collecting feedback on/from candidates).
	Company tracks pertinent demographic metrics for salaried workforce and review metrics at a regular cadence.
	Company tracks pertinent demographic metrics for hourly workforce and reviews metrics at a regular cadence.
Achievement – Employee Wellbeing	Annual training on discrimination, bullying, harassment, and retaliation is conducted in the appropriate languages of the trainees for: hourly employees, front-line supervisors, and upper management.
Achievement – Belonging & Inclusion	The company has an annual survey and/or focus group(s) measuring employee satisfaction and employee engagement .
Achievement – Social Accountability Audits	Social compliance audits are conducted annually.
	Company performance on social accountability audits is reported to relevant employees.
	Company policies and practices align with the United Nations Universal Declaration of Human Rights .

Labor and Human Rights help build consumer trust

Consumers want to support businesses that respect their employees, provide good jobs, livable wages, and embrace diversity and inclusion.

- **Trust in the industry to treat all employees fairly,** regardless of their background, and to treat their employees with respect, **has increased.**

Consumers trust that the meat industry...

Provides good jobs

Embraces diversity in its workforce

Provides their employees with livable wages

Adheres to fair hiring practices

Treats all employees fairly regardless of background

Treats their employees with respect

*According to a 2022 NAMI consumer sentiment survey conducted by Technomic.

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Worker Safety Metrics

Baseline	A written worker safety program is in place.
	All new employees complete safety training and on-boarding as appropriate for their job function prior to starting their job. Employees receive continued safety training , including training in hazard recognition, appropriate for their job function.
	Employees at all levels are involved in safety investigations and knowledgeable of and involved with the safety program and communications.
	Employees recognize hazards and improve safety as a group.
	Power Industrial Trucks (PIT) operators are trained to recognize near misses and accidents prior to operating.
	Safety training(s) may be provided in writing or verbally. Trainees should confirm understanding.
	A safety committee or team has been established and meets regularly.
	Employee safety information is incorporated in production meetings .
	Safety metrics are established, and performance is reviewed by upper management regularly .

Worker Safety Metrics - Achievement

Achievement – Hazard Recognition	All departments, lines, or areas are inspected for potential hazards monthly by the appropriate, responsible employee(s).
	Corrective actions are completed and documented within a month of the hazard identification.
	Near-miss incidents are reported to designated personnel within 24 hours.
	Near-miss incidents are reviewed by designated personnel on a weekly basis.
	Appropriate personnel investigated and closed near miss incidents in a timely manner .
	Supervisors lead safety huddles/toolbox chats regularly with hourly workers.
	Injury data is analyzed at least annually and used to set company goals .
Achievement – Employee Engagement	Hourly employees are encouraged to report safety incidents , as demonstrated by a written policy that is communicated to employees and provides avenues that employees can communicate to and feel encouraged to do without retaliation or discrimination.
	Hourly employees are involved in internal audits and inspections.
	Safety perception surveys are conducted regularly.
Achievement – Worker Safety Training	Supervisors are trained in hazard recognition with content and frequency appropriate for their job function.

Worker Safety is in the spotlight

As workplace injury rates within the industry continue to fall, **communicating progress is key to building consumer trust.**

- Around **1 in 2 consumers trust** that the meat industry adheres to federal and state regulations on workplace safety.*
- Between the pandemic and some national news stories, consumers need to be reminded that safety comes first in the meat processing world.

Consumer's Perceptions of Worker Safety

Meat processing plants are important to communities

Workers in processing plants play an important role in society

The industry provides a safe work environment for employees

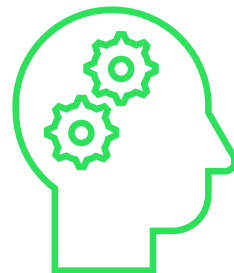
The industry provides employees with training and info on workplace hazards and prevention

*According to a 2022 NAMI consumer sentiment survey conducted by Technomic.

Key Takeaways

Key Takeaways

1. Protein PACT has compatibility and alignment with many relevant industry and global ESG frameworks.
2. The meat processing industry is uniting behind greater supply chain transparency, environmental and social responsibility, and emphasizing the importance of animal welfare.
3. Emissions are the start, but not the end-all for environmental metrics.
4. Building trust among consumers and stakeholders requires widespread adoption of clear, consistent industry ESG metrics.
5. NAMI resources can help ease ESG overload and are available to members.



Protein PACT and Metric Q&A

Feel free to email us with more questions

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pinion

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