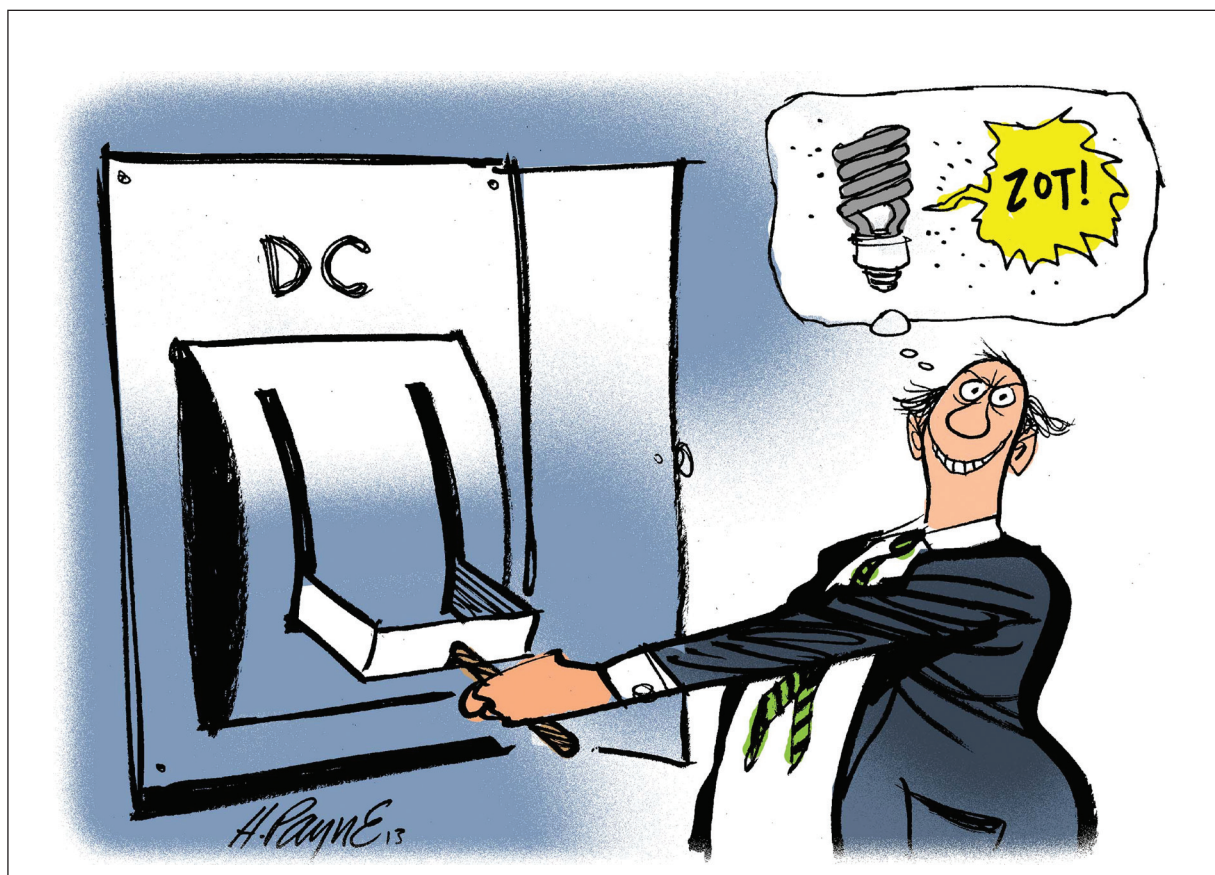


The Environmental FORUM

Advancing Environmental Protection Through Analysis • Opinion • Debate



Broken Circuit: Obstructionism in the Environment's Most Important Court

U.S.–U.K.

Sustainability and the Special Relationship

King Coal, R.I.P.

The Possible Demise of a Popular Fuel Source

Bio-U.S.EPA

Regulation and the New Economy

The Rest of the Story

DENNIS TREACY is chief sustainability officer of Smithfield Foods — which has often found itself as a symbol of Big Food and the negatives that come with that labeling, including environmental problems. He has seen firsthand the progress that can be made using better governance to resolve these issues. Here is his statement at a special ELI briefing, edited for space constraints

Why on earth would a factory farmer come to the Environmental Law Institute? We came in response to your request to hear from Smithfield Foods about its environmental problems and its record in resolving them. I haven't traveled here to tell you that we're perfect; I was a regulator, so I know the score. In the 11 years since I joined Smithfield we have made good progress, but there is still a way to go.

Our corporate tagline is "Smithfield Foods: Good food. Responsibly." How can we say that after a difficult past? We would not have adopted this motto unless we had some confidence that things are getting better. We have close to 50,000 employees, we market in 60 countries. We have many brands. Annual sales are \$13 billion. We are the largest pork company in the world. When you are number one, there is a different set of expectations.

Maybe you have seen the old CNN photograph of pigs stranded on the roof of a barn, which made its way around the Internet. After a huge hurricane in the 1990s, farms and lagoons — and most everything else in eastern North Carolina, including municipal wastewater systems, gas stations, and industrial facilities — were swamped. Although the photo of the pigs was not from one of our farms, it made people think of an animal and environmental disaster. Around the same time, Smithfield also received a \$12 million fine from violations arising at one of its processing plants in Virginia.

That is the Smithfield that I decided to join 11 years ago. At that time, I was the Director of the Virginia Department of Environmental Quality. When I told my staff that I was leaving for Smithfield Foods, they gasped. Unfortunately, most people knew Smithfield in that negative way.

So that's why I've come here today. I'm not saying we are perfect now, I'm just saying that there is a "rest of the story."

People relate to animals and relate to food in a very special way. When I hear "factory farm," I'm reminded that while we are doing better, we're still Big Food. We're still raising a lot of hogs for consumption. Many books have been written about Big Food. Many have a chapter on or reference Smithfield. There is no similar stack of books about the positives of modern agriculture and feeding a growing world with fewer resources, or how Smithfield has done something differently, because no one wants to believe it.



The only way to deal with that is to change the way we operate. I'm the chief sustainability officer and report directly to our CEO, and over the past decade, we have developed programs that we think are very good. One is our environmental management system. The implementation of an EMS has worked well for us. Today, every farm and plant that we own in the world is ISO 14001 certified. We were the first in our industry to adopt ISO 14001 for our entire business. The system now helps us make sure that our employees are focused on environmental management. It may range from a senior environmental engineer in charge of a plant or a plumber who works on a farm. Maybe his environmental job is to turn a valve on at 3 p.m. and turn it off at 3:02. That might be his environmental job, but at least he knows it.

One of the benefits of an ISO 14001 EMS is the participation of third parties. We have third parties telling us that now we're doing the right thing. We also have reviews, internal and external, to make sure that our programs are working and working well. We have a unique incident recording system. If inspectors come to a plant in Iowa or Utah, we know immediately that they're there. We let them in. We also put in the near misses, which don't amount to a violation but could have; that's our process in order to get in front of the issues. We don't just pay our \$10,000 fine and move on — we are moving in a better direction.

Some people think that meatpacking plants are dangerous work environments. Applying some of the lessons learned in our EMS, we developed a system for injury prevention, and launched that system in 2006 and 2007. Our CEO changed the focus from workers' compensation costs to telling employees that we don't want them to be injured and telling managers that we don't want employees to go home hurt. That one move changed everything. The message is personal, it's real, it's not a spreadsheet, and it works for Smithfield.

People are even more concerned about the animals than the environment these days. People relate to animals, they worry about them. We recognize animal care is very important to our customers. We borrowed once again from our EMS and put in place an animal management system so that our employees know what's expected. One of the issues that is making news now is sow housing. Most in our industry house pregnant sows in individual animal stalls. The food is at one end, the waste at the other. The animal can lie down but cannot turn around.

“People relate to animals, they worry about them. We recognize animal care is very important to our customers”

That has really upset a lot of people. In 2007, we announced that we would remove those stalls on our company farms over 10 years. Why did we do it? Not because we thought the animal welfare was inferior; we did it because our customers asked us to do it. It's controversial. It is praised by animal activists but it is highly criticized within our own industry.

We are a company that grew by acquiring other companies. It is a decentralized structure that is tough to manage. We have acquired companies with their own environmental problems, and I could tell you war stories about our efforts to resolve those issues. Our employees and managers are doers. They want to make meat products. They want to get products out the door. They are highly prized on Wall Street. They are people who make things happen and help make Smithfield an exciting company in the business world. But in the environmental world they were viewed as wrong-doers. As a company, we needed something positive and something real to change its reputation.

Folks ask if sustainability concepts are real at Smithfield. Are we greenwashing? You've heard the phrase “you don't want to know how sausage is made.” We think you do. We tell everybody on our website. Because if we don't, someone with a smartphone will. We are a large, publicly traded company so we get a lot of attention.

Our board of directors has formed a sustainability committee. I appear before the committee quarterly and report what I'm telling you. These are independent directors, most of them are very worried about reputation, risk containment, compliance, the media. They ask me many of the same questions that are running through your head. Our CEO is incredibly engaged in this. He goes to customer visits and talks about sustainability. He means it, and so do I.

The presidents of our companies also have a sustainability committee at the corporate level so that we learn across the company what matters. Do we take it seriously? Yes. It started with the people who actually do the work, the people who worry about the environment and the animals. Our board jumped on very quickly. Our challenge was in the middle, as in all companies.

Our environmental compliance committee is another group that worries about compliance issues and violations — how many did we get, what's the problem? If you get one, you have to explain yourself. Formalized training didn't exist until 2002; today we gather more than a hundred environmental people

each year from our companies for a boot camp and more advanced training classes.

We're seeing results. We use metrics, and we keep track of them. I can tell you the environmental status in any plant or farm in our system with a few keystrokes. We still have some violations from time to time at our plants, but they have gone down dramatically. And for the last 31 months, we've had zero notices of violations on our company farms in the United States. We are proud of that. We are proud of it because our people are proud of it. They don't want to go to church and apologize for their company. We've been placed on the FTSE4Good index in London, which is an index of socially responsible companies. A customer has given us its first ever sustainability award. We have this difficult past. But we are moving in the right direction.

I sit on the National Academy of Sciences Roundtable on Science and Technology for Sustainability. We recently conducted a study on food security — how we will be able to feed the world in 2050 when the global population will rise to 9 billion. We began a dialogue with universities, the World Wildlife Fund, many others about sustainable intensification. Sustainable intensification advocates expanding production rather than expanding the land used for agriculture, making farming more efficient. It stresses the importance of using all available technology, including important genetically modified organisms. Unfortunately, as the National Academy learned, smaller and organic systems cannot provide the needed productivity increases.

At the same time, we have learned that conventional farming is much more efficient in resource use and outputs. As an example, one presenter at the National Academy's study compared the environmental impacts of conventional beef production (using modern technology and techniques) with "natural" and grass-fed systems. She found that if the U.S. beef demand in 2010 was supplied entirely from grass-fed systems, an extra 64 million animals would have been required. This would require an extra land area equivalent to three quarters of the size of Texas just to graze the animals. The extra water needs would be sufficient to supply over 46 million households, and the increase in greenhouse gas emissions would equate to an additional 26.6 million cars on the road. Data like these are directly contrary to popular perceptions that smaller or organic systems have less environmental impacts.

The National Pork Board, which is our industry's scientific organization, has published a pie chart

which shows the contribution of swine to greenhouse gas production. Pigs are not ruminants, as are lamb and cattle. Our contribution is much lower — less than 1 percent of U.S. GHG production.

So here's what I've learned along the way: When you do good things, it's boring. We are not cool. We are not Apple, we are not Yahoo. We are a meat company. That's difficult to deal with for some people and puts you in a boring category right out of the box, of what we can do as a company. We cannot be greenwashers. Our programs must be substantive. We are moving rapidly in the world of social media. You can get us on Facebook and YouTube and Twitter. On our website, we are trying to be as open as possible.

Let me tell you what I tell our people inside Smithfield and our people who grow animals for us. First, think like EPA: if EPA walked into your farm or plant right now, what would you do? Would you pick up the phone and call your boss? And make them fill out a form and send them back and make them get a subpoena? Or would you let them in? The answer needs to be you let them in. If you're not doing what you're supposed to be doing, keeping EPA out for an hour or two isn't going to help. So think like EPA, are you ready for them?

Second, think like an animal lover. A lot of people think of a pig the same way they think of a dog or cat or a horse. And some people view food animals differently from companion animals. I'm talking about dog and cat people. If they walked into a farm or a slaughter plant, would they be horrified or would they be okay with it? Are you able to explain what you're doing? Are you being the best you can be? Think like a neighbor. Does it stink around here? Is runoff coming into the water? Is the spray from the fields drifting into the neighbor's — if it bugs them, it ought to be bugging you.

Think like somebody who has never been on a farm before. This is the biggest challenge. Farmers in America tend to think that people don't know where their food comes from and if only they knew, and only if we could educate them, we could get back to work.

Think like a customer. To us, that means large grocery chains and restaurants. Every customer we have asks about sustainability. I go on sales calls now to explain our sustainability work before we can even talk to them about price.

Last, think like a philosopher. Forget the science and the management, are you doing the right thing? Is this ethically acceptable? I believe that it is. •

"Forget the science, are you doing the right thing? Is this ethically acceptable? I believe that it is"