
POLICY STATEMENT

The Hekhsher Tzedek will indicate that a kosher product was made in compliance with a set of social justice criteria, in keeping with the teachings of the Jewish faith. In order to qualify for the Hekhsher Tzedek, a product must have been produced in a way that aligns with a strict set of standards regarding Wages and Benefits; Employee Health and Safety/Relations/Training; Product Development; Corporate Transparency and Integrity; and Environmental Impact. Compliance will be assessed, as applicable and wherever possible, at the level of the facility where the product was manufactured, although overall company performance will also be taken into account.

The qualifying process will take a multi-faceted approach. Data will be collected in a disciplined process from independent sources of information, including governmental agencies, non-governmental organizations, and the media, as well as from the companies whose products are under consideration for the Hekhsher. Engagement with companies will play a key role in the process, as Hekhsher certification will require a detailed knowledge of company/facility policies, procedures and performance. Transparency and a willingness to enter into dialogue with the United Synagogue of Conservative Judaism (USCJ), the Rabbinical Assembly (RA), and their partners will therefore be essential for a company's products to qualify for the Hekhsher Tzedek.

SUMMARY OF WORKING GUIDELINES

The following criteria and standards serve to summarize the guidelines for the implementation of the Hekhsher Tzedek Policy Statement and provide an overview for its implementation. The USCJ, RA and KLD Research & Analytics, Inc. will maintain a more exhaustive version, which will continue to evolve over time. Our approach to assessing compliance with the Hekhsher Tzedek standards includes the use of reputable third-party sources and direct contact (engagement) with companies.

Wages and Benefits

Companies must offer fair wages and benefits to all employees. Companies will be favored for the Hekhsher if they pay their workers the industry average or above; offer comprehensive health insurance and retirement benefits; and provide workers with paid time off for vacation, sick, and maternity leave. Companies may be disqualified from receiving the Hekhsher if they perform poorly in the aforementioned areas or if they have been involved in serious or widespread controversies relating to employee compensation and benefits. Compliance with these criteria will be assessed using the following indicators.

- **Worker Pay.** The focus of this indicator is on how well factory-level workers are paid compared to regional and industry averages.
- **Health Insurance.** Companies will be favored for the Hekhsher if they offer affordable health insurance to all full-time employees and a meaningful percentage of employees take advantage of the program
- **Retirement Benefits.** Companies will be favored for the Hekhsher if they offer all full-time employees an adequately funded defined benefit pension plan or a 401(k) plan through which they match employee contributions. The level at which the company matches employee contributions will also be assessed.
- **Vacation.** Companies will be favored for the Hekhsher if they offer paid vacation time to all full-time employees and a meaningful percentage of employees take advantage of the program.
- **Sick Leave.** Companies will be favored for the Hekhsher if they offer paid sick leave to all full-time employees.
- **Maternity Leave.** Companies will be favored for the Hekhsher if they offer maternity leave that exceeds the 12 unpaid weeks mandated by the federal government.
- **Controversies.** This indicator considers the company's record with regard to controversies associated with worker pay and benefits, e.g. non-compliance with minimum wage or overtime laws, Equal Employment Opportunity Commission (EEOC) wage discrimination lawsuits, or violations of the Family and Medical Leave Act.
- **Subcontractors.** Companies under consideration for the Hekhsher will be asked about their subcontractors' policies and practices as they relate to the Wages and Benefits criteria above.

Employee Health and Safety/Relations/Training

Companies must provide a safe and healthy workplace to all employees as well as adequate training regarding occupational hazards. Companies will be favored for the Hekhsher if they exhibit a low lost-time incident and employee turnover rate; are transparent about safety inspection performance; have strong health and safety programs; provide support for immigrant workers; and offer a satisfactory workplace environment.

Specific to the issue of labor relations, companies will be favored for the Hekhsher if they have demonstrated a hospitable and progressive relationship with their employees and the labor organizations that represent them. These companies will value their employees' contribution to their endeavor, and will involve them and the labor organizations that represent them in decisions that affect them in the workplace, and their loved ones at home. They will also foster and encourage the employment and promotion of women and minorities, and those physically and mentally challenged. They will also provide appropriate mechanisms for resolving disputes that are binding, easily accessible and

fairly administered. Companies will also be favored who respect employee wishes concerning representation by labor organizations, whose majority status has been appropriately demonstrated and maintained, and who adhere to the purposes and provisions set forth in the National Labor Relations Act. Companies will be disfavored if they have demonstrated a record of violating labor and employment laws or who promote or instigate conflict with labor organizations or employees.

Companies may be disqualified from receiving the Hekhsher if they perform poorly in the aforementioned areas or if they have committed health and safety violations. The following indicators will be used to assess compliance with these criteria:

- **Violations, Fines and Penalties.** Health and safety violations, at the facility level. Compliance with this indicator will be assessed by monitoring third-party media reports, using data provided by regulatory agencies, such as the Occupational Safety and Health Administration (OSHA) for U.S.-based operations, and engagement directly with the company.
- **Lost-time incident rate.** Companies will be favored for the Hekhsher if their lost-time incident rate is better than the industry average.
- **Safety Inspections.** This indicator focuses on the facility's record with regard to recent safety inspections - the company's willingness to share any results from the inspection with the USCJ/RA, or willingness to request such an inspection and share the results.
- **Awards and Certifications.** Company and facility-level health and safety awards and certifications. Companies with, for example, OSHA Voluntary Protection Programs (VPP) Star facilities and those recently acknowledged for good safety practices by an industry association will be favored for the Hekhsher.
- **Safety Management Systems.** Health and safety management systems will be assessed based on the details of the company's training program relative to industry peers, and on how many employees receive training and how often. Companies will be favored for the Hekhsher if they have safety committees that include worker participation as well as management, and if language-appropriate training is provided.
- **Employee Turnover.** Companies will be favored for the Hekhsher if the turnover rate is better than the industry average. Turnover due to the employment of seasonal workers will be taken into consideration in assessing performance (depending on the availability of this information.)
- **Union Relations.** Companies will be favored for the Hekhsher if they have a record of positive relations with unions. Indications of positive relations include union accounts that a company has taken steps to treat its unionized workforce fairly; encouragement of unions to organize new workers through cooperative policies or programs; multiple long-term union contracts; and the absence of strikes, lockouts or union-related controversies. Indications of poor union relations include historic patterns of acrimonious relations with unions; the adoption of

- union-busting tactics, including the use of replacement workers during strikes; prolonged strikes/lockouts; expired contracts; strong and well-documented opposition to unionization efforts; and National Labor Relations Board or labor law violations at non-union or union facilities.
- **Discrimination.** Well-documented incidents of discrimination towards employees. Indicators of poor performance in this area include significant fines, penalties, or lawsuit settlements over allegations of sex, race, age or disability discrimination against an individual or group; and unresolved discrimination lawsuits that have attained class-action status. Companies will be favored for the Hekhsher if they have avoided any major, recent employee discrimination incidents.
 - **Support for Women, Minorities, and the Disabled.** Companies will be favored for the Hekhsher if they make proactive efforts to have a diverse workforce, including women, minorities, and the disabled.
 - **Support for Immigrant Workers.** Companies will be favored for the Hekhsher if they make proactive efforts to support their immigrant workers and have avoided controversies associated with the poor treatment of these workers.
 - **Workplace Environment.** Companies will be eligible for the Hekhsher provided they offer an adequate workplace environment for employees, including restroom and lunch breaks.
 - **Subcontractors.** Companies under consideration for the Hekhsher will be asked about their subcontractors' policies and practices as they relate to the Employee Health and Safety/Relations/Training indicators above.

Product Development

Companies must offer quality products and services, and market them responsibly. Companies that work with animals should have policies and practices in place to ensure they are treated humanely at all points of the production cycle. Companies will be favored for the Hekhsher if they have strong quality management and animal welfare policies in place. Companies may be disqualified from receiving the Hekhsher if they perform poorly in the aforementioned areas or if they have been involved in serious or widespread controversies relating to product safety, marketing, or the treatment of animals. The following indicators will be used to assess compliance with these criteria:

- **Animal Welfare Policies.** Companies will be favored for the Hekhsher if they adhere to the Humane Farm Animal Care Standards (HFAC). Companies will remain eligible for the Hekhsher provided they adhere to animal welfare guidelines that are endorsed by the Food Marketing Institute (FMI) or National Council of Chain Restaurants (NCCR.) These include the animal welfare guidelines of the following producer groups:
 - American Meat Institute
 - Dairy Quality Assurance-National Milk Producers Association

- National Cattlemen’s Beef Association
- National Chicken Council
- National Turkey Federation
- United Egg Producers

The USCJ and RA view adoption of, and compliance with, FMI-NCCR animal welfare guidelines as a minimum standard, but encourage the adoption of more robust animal care standards (i.e. HFAC.)

- **Animal Welfare Controversies.** The company’s record with regard to animal treatment/cruelty controversies. Companies will be favored for the Hekhsher if they have avoided any major, recent controversies. In the case of controversies, efforts will be made to corroborate the claims, including requesting company comments on the allegations.
- **Product Marketing Controversies.** The company’s record with regard to marketing controversies or violations, including those relating to deceptive advertising practices and consumer fraud. Companies will be favored for the Hekhsher if they have avoided any major, recent controversies or violations.
- **Product Safety Issues.** The company’s record with regard to product safety. Companies will be favored for the Hekhsher if they have avoided any major, recent controversies or violations.
- **Quality Management Systems.** Company or facility-level quality management systems. Strong quality management systems may include those that adhere to management methodologies such as Six Sigma, The Deming Method, ISO 9000, and QS 9000.
- **Subcontractors.** Companies under consideration for the Hekhsher will be asked about their subcontractors’ policies and practices as they relate to the Product Development indicators above.

Corporate Transparency and Integrity

Companies must operate transparently and with integrity, respecting ethical standards of conduct and corporate governance. Companies will be favored for the Hekhsher if they exhibit strong Corporate Social Responsibility (CSR) reporting practices and demonstrate a willingness to engage in a productive dialogue with the USCJ/RA. Companies may be disqualified from receiving the Hekhsher if they perform poorly in the aforementioned areas or if they have been involved in serious or widespread controversies relating to corporate governance and accounting practices and standards. The following indicators will be used to assess compliance with these criteria:

- **Corporate Governance Controversies and Violations.** The company’s record with regard to controversies and violations associated with allegations or convictions of bribery, insider trading, or other fraudulent activities. Companies will be favored for the Hekhsher if they have avoided any major, recent controversies.

- **Accounting Controversies.** The company's record with regard to controversies concerning accounting practices. Companies will be favored for the Hekhsher if they have avoided any major, recent controversies.
- **Transparency.** The company's CSR reporting practices and willingness to respond to questionnaires from, or meet with, the USCJ/RA. Strong CSR reporting will be gauged by the frequency and depth of reporting as well as by whether a company is a signatory to frameworks such as the Global Reporting Initiative or Ceres Principles. Companies that have taken an active stance against transparency, or concealed or lied about CSR performance, will not be eligible for the Hekhsher.

Environmental Impact

Companies must avoid having a negative impact on the environment, and by extension, communities located near company facilities. Companies will be favored for the Hekhsher if they employ strong environmental management systems and demonstrate a commitment to the environment through the adoption of proactive environmental initiatives. Companies may be disqualified from receiving the Hekhsher if they perform poorly in the aforementioned areas; have been involved in serious or widespread environmental impact controversies; hold substantial liabilities for hazardous waste; are notably high emitters of toxic chemicals; or have paid substantial fines or civil penalties for violations of environmental regulations. The following indicators will be used to assess compliance with these criteria:

- **Community Controversies.** The company's record with regard to controversies concerning environmental contamination and its effects on communities, particularly incidents that lead to community health concerns. Companies will be favored for the Hekhsher if they have avoided any major, recent controversies, and efforts will be made to corroborate third party claims, including requesting company comments on the allegations.
- **Regulatory Problems.** The company's record with regard to environmental fines or penalties. Companies will be favored for the Hekhsher if they have avoided any major, recent fines, penalties and settlements (or proposed fines, penalties and settlements) from a government regulatory authority.
- **Hazardous Waste Liabilities.** The company's record with regard to accrued liabilities for hazardous waste sites, or fines and civil penalties related to hazardous waste management violations. Companies will be favored for the Hekhsher if they do not have significant liabilities and have avoided any major, recent hazardous waste violations.
- **Toxic Emissions.** The company's emissions of toxic chemicals. Facilities whose toxic emissions are notably high may not be eligible for the Hekhsher. "Notably high" will generally be defined as facilities that have emissions above the median

- amongst all facilities in the United States. Because this measures absolute emissions, it eliminates any bias relative to company size.
- **Environmental Management Systems.** Company and facility-level environmental management systems. Companies with high-quality environmental management systems, such as ISO 14001 certification, will be favored for the Hekhsher.
 - **Environmental Initiatives.** Company and facility-level environmental initiatives. Companies that demonstrate a commitment to the environment, e.g. through the adoption of initiatives such as pollution prevention and recycling programs, will be favored for the Hekhsher.

Engagement

Companies that do not meet any of the preceding standards will be engaged with in an attempt to address concerns about, and ultimately improve, their performance relative to the indicators.

Notices

Copyright © 2008 by KLD Research & Analytics, Inc. All rights reserved. No portion of this material may be reproduced in any form or medium whatsoever without the express, written, prior permission of the copyright holder. For information, please contact:

Peter D. Kinder
KLD Research & Analytics, Inc.
4th Floor
250 Summer Street
Boston, MA 02210
(617) 426-5270 (vox)
(617) 426-5299 (fax)
PDKinder@KLD.com (EMail)

Disclaimer. This material is designed to provide accurate and authoritative information in regard to the subject matter covered. It is provided with the understanding that the authors are not engaged in rendering legal, accounting or other professional services. If legal advice or other expert assistance is required, the services of a competent professional should be sought. *Adapted from a Declaration of Principles jointly adopted by the American Bar Association and a committee of publishers.*