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Dear Managing Directors Kestnbaum and Rogers,

In recent months, Blackstone portfolio company Packers Sanitation Services, Inc. (PSSI) has made headlines since the Department of Labor (DOL) filed a civil complaint against the company for using “oppressive child labor.”¹ Beyond the harms identified for children and adult workers at PSSI, the DOL announcement also had negative implications for the company. The investigation, ensuing consent order and judgment,² and media attention signal potential investment risks for Blackstone investors, which can only be remedied by immediately implementing and enforcing worker protections.

The Department of Labor’s complaint alleges that since August 2022, PSSI had employed at least 50 childrenⁱ – from 13 to 17 years of age – in hazardous occupations.³ The jobs performed by children included cleaning dangerous powered equipment during overnight shifts to fulfill sanitation contracts at five meatpacking plants in Nebraska and Minnesota.⁴ The Department of Labor also alleged that several minors employed by PSSI – including one 13-years-old – suffered caustic chemical burns and other injuries.⁵ The Department of Labor alleged that Packers Sanitation interfered with an investigation by intimidating minor workers to stop them from cooperating with investigators. PSSI also allegedly deleted and manipulated employment files.⁶

PSSI’s child labor violations have already led to at least one contract termination for the company, causing 121 workers in Minnesota to lose their jobs.⁷ Blackstone investors are taking notice too; the Minnesota State Board of Investment, which has invested in dozens of Blackstone funds, told *Minnesota Public Radio* that the board reached out to Blackstone and “conveyed how seriously we take our role as stewards of capital and reiterated our expectations regarding business and ethical standards.”⁸

In December 2022, US Senators Booker, Warren, Sanders, and Feinstein sent a letter to several PSSI meatpacking facility client asking them to clarify their relationship with PSSI and steps to ensure compliance with federal labor law. The same Senators also sent a letter to OSHA inquiring about a full inspection into PSSI labor practices and implementing additional industry-wide policies related to severe injuries.⁹

ⁱ Though the original complaint claimed 31 minors worked at PSSI, investigators have since identified an additional 71 minors at thirteen facilities. See: [“More than 100 children illegally employed in hazardous jobs, federal investigation finds: food sanitation contractor pays \\$1.5M in penalties.” US Department of Labor, Feb 17, 2023.](#)

News articles covering the recent child labor scandal have also brought attention to past labor issues at PSSI, with a former official from the Department of Labor's Occupational Safety and Health Administration (OSHA) pointing to the company's "long history of poor working conditions."¹⁰ This documented history of labor violations identified by OSHA includes the following examples:

- The National Employment Law Project (NELP) analysis of the January 2015 through September 2016 OSHA severe injury report found that PSSI's amputation rate was five times the rate for all manufacturing workers. PSSI stood out as a particularly dangerous workplace – NELP found that PSSI had the 14th highest number of reported severe injuries.¹¹
- Since May 2018, when Blackstone acquired PSSI, OSHA has conducted investigations of at least four amputations and three fatalities of PSSI employees, including one decapitation.¹²
- In July 2021, the US OSHA cited Packers Sanitation Services Inc, and three other companies in connection with a nitrogen leak that tragically caused the deaths of six workers and injured almost a dozen others at a Georgia poultry processing plant.¹³
- OSHA's 2021 investigation found 17 serious and two repeat violations by Packers at the plant.¹⁴

Since Blackstone acquired PSSI in 2018, Blackstone has collected more than more than \$430 million in dividends from PSSI, while the company has taken on more than \$530 million in debt financing.¹⁵ As the company sinks further into debt, workers pay the highest price while investors still see returns.

Given the DOL enforcement measures against PSSI and the scrutiny from members of Congress, community organizations, and the media, Blackstone must work to protect the company by protecting its workers. Blackstone is ultimately responsible for making sure that the companies in its portfolio uphold workplace health and safety – two Blackstone executives sit on the company's board, the firm has already paid itself using dividends while PSSI takes on more debt, and Blackstone and its investors will cash out when the company is sold.

By ensuring workers are protected, Blackstone can protect the company and its investment. As the world's largest alternative investment manager, Blackstone has the resources to ensure that its portfolio companies comply with labor law, and that workers are granted the following:

- 1) A Sustainable Living Wage
- 2) Protections in the Event of Layoffs
- 3) Paid Sick Leave and Affordable Health Care
- 4) A Commitment to End Occupational Segregation
- 5) A Workplace Free of Discrimination and Harassment
- 6) Safe Working Conditions
- 7) Equitable Scheduling and Hours of Work
- 8) The Right to Organize Free of Intimidation and Harassment
- 9) A Voice for Workers
- 10) Protection from Technology that Unnecessarily Undermines Working Conditions

We request a meeting with Blackstone to understand how the firm is managing risks to investors and PSSI workers and what steps Blackstone is taking to ensure that its portfolio companies comply with labor laws.

Sincerely,

Adasina Social Capital

Adrian Dominican Sisters, Portfolio Advisory Board

Augustine Asset Management

Casey Nunn, Trustee Director - Vision Super

Cathy Rowan, Corporate Responsibility Coordinator, Maryknoll Sisters

CommonSpirit Health

Congregation of St. Joseph

Corporate Responsibility office - Province of Saint Joseph of the Capuchin Order

Daughters of Charity, Province of St. Louise

Dominican Sisters ~ Grand Rapids (MI)

Interfaith Center on Corporate Responsibility

Majority Action

Max M. and Marjorie S. Fisher Foundation

Mercy Investment Services, Inc.

Northwest Coalition for Responsible Investment

Private Equity Stakeholder Project

Region VI Coalition for Responsible Investment

Seventh Generation Interfaith Coalition for Responsible Investment

Sisters of Mary Reparatrix

Sisters of St. Dominic of Blauvelt, New York

Sisters of the Humility of Mary

Sisters of the Precious Blood

SOC Investment Group

¹ “US Department of Labor seeks nationwide court injunction to stop Packers Sanitation Services’ ‘oppressive child labor’ violations at processing facilities,” US Department of Labor, Nov 9, 2022. <https://www.dol.gov/newsroom/releases/whd/whd20221109>.

² “Court Enters Permanent Injunction against Food Sanitation Contractor to End Oppressive Child Labor Practices; Requires Hiring Outside Compliance Specialist,” US Department of Labor, December 6, 2022. <https://www.dol.gov/newsroom/releases/whd/whd20221206-3>.

³ “Child Labor Claims Lead to Packers Sanitation Consent Order (1),” <https://news.bloomberglaw.com/safety/child-labor-allegations-lead-to-packers-sanitation-consent-order>

⁴ “US Department of Labor seeks nationwide court injunction to stop Packers Sanitation Services’ ‘oppressive child labor’ violations at processing facilities,” US Department of Labor, Nov 9, 2022. <https://www.dol.gov/newsroom/releases/whd/whd20221109>

⁵ “US Department of Labor seeks nationwide court injunction to stop Packers Sanitation Services’ ‘oppressive child labor’ violations at processing facilities,” US Department of Labor, Nov 9, 2022. <https://www.dol.gov/newsroom/releases/whd/whd20221109>

⁶ “US Department of Labor seeks nationwide court injunction to stop Packers Sanitation Services’ ‘oppressive child labor’ violations at processing facilities,” US Department of Labor, Nov 9, 2022. <https://www.dol.gov/newsroom/releases/whd/whd20221109>

⁷ Sepic, Matt. “Worthington meatpacker ends contract with cleaning firm accused in child labor probe,” *Minnesota Public Radio*, Dec 13, 2022. <https://www.mprnews.org/story/2022/12/13/worthington-meatpacker-ends-contract-with-cleaning-firm-accused-in-child-labor-probe>.

⁸ Sepic, Matt. “Minnesota scrutinizes its pension investments amid child labor probe,” *Minnesota Public Radio*, November 22, 2022. <https://www.mprnews.org/story/2022/11/22/minnesota-scrutinizes-pension-investments-amid-child-labor-probe>.

⁹ <https://www.booker.senate.gov/news/press/booker-colleagues-demand-end-to-child-labor-at-meatpacking-facilities>

¹⁰ <https://www.wpr.org/packers-sanitation-services-child-labor-investigation-wisconsin>

¹¹ Berkowitz, Debbie and Hooman Hedayati. “OSHA Severe Injury Data from 29 States: 27 Workers a Day Suffer Amputation or Hospitalization,” National Employment Law Project, April 2017. <https://www.nelp.org/publication/osha-severe-injury-data-from-29-states/>.

¹² Private Equity Stakeholder Project. “Profit over Safety: Private Equity’s Leveraged Bet on Packers Sanitation,” March 2022. <https://pestakeholder.org/wp-content/uploads/2022/03/Packers-Sanitation-Blackstone-Leonard-Green-PESP-March-2022.pdf>.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Ibid.