Ten facts JDE workers need to know about the company and Unite

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Unite the union is presenting workers at Jacobs Douwe Egberts (JDE) Banbury plant with an ultimatum on behalf of JDE: accept the rotten deal it has worked out with the company to slash wages, terms and conditions or face the sack in September.

The *World Socialist Web Site* is presenting information derived from the most recent financial reports and accounts of parent company JDE Peet's and its British subsidiary so that workers can understand both the company and its financial situation.

1. JDE Peet's and the pandemic

JDE's Banbury plant is part of the giant Netherlands-based multinational JDE Peet's, which says it is "the world's largest pure-play coffee and tea group by revenue." The second largest coffee roaster after Nestle, it sold "approximately 130 billion cups of coffee and tea in the financial year ended 31 December 2019 in more than 100 developed and emerging countries."

Its brands, which it describes as "our local jewels… iconic in their local market" include Jacobs, Senseo, Peet's Coffee, Ti Ora, Kenco, Tassimo, Moccona, L'OR and Douwe Egberts, as well as several well-known tea brands, including Horniman's Tea.

JDE Peet's profits were barely hit during the pandemic, despite lockdowns that led to the closure of offices, hotels, bars, restaurants and many of the company's coffee stores, as sales of coffee for home consumption soared and workers put in the extra hours to keep the lines running while infections and deaths soared internationally.

As the company declared, "Despite the challenging conditions of the pandemic and lockdowns in 2020, throughout it all, JDE Peet's made significant progress across many areas in our first year as a publicly traded company. In this context, our employees' resilience and dedication kept our factories running, our supply chains effective and our customers and consumers served, despite the pandemic's many challenges."

2. Massive dividend payout for the shareholders

Announcing revenues of €6.7 billion and an operating profit of €933 million for 2020, the company stated in its report to shareholders, "The strength we experienced in our In-Home segment largely offset the reduction we saw in Away-from-Home consumption" and "Early on, we adapted our Away-from-Home business models, and as a result, we expect these activities to come out even stronger following the crisis."

Its message for 2021 was that the future looked bright. "Shareholders are set to get a €89 million handout from its profits in 2020, equivalent to nearly €4,500 for each of the company's 20,000 workers worldwide."

The profit squeezed out of workers at the Banbury plant was even greater, with each of the 371 workers, including top management, delivering more than £7,600 of profit after tax and debt charges for the parent company in 2019, the last year available. This figure is probably a gross underestimate as JDE trades with its sister companies within JDE Peet's on terms designed to minimize overall costs, including tax and financing charges, to the parent company.

When new CEO Fabien Simon (former CFO of JDE) was appointed last year, he received a "golden hello" of €10 million. He will reportedly receive a gross annual salary of €1 million and a monthly expense allowance of €3,300, plus "bonus opportunities" equal to 250 percent of his salary. Yet JDE workers have been told the company "cannot afford" to pay £750,000-£800,000 to avoid forcing them onto unsociable and unhealthy night shifts.

3. Who owns JDE Peet's ?

JDE Peet's was floated on the Amsterdam stock market in May last year after a merger between JAB Holding Company, JDE, and Peet's (the San Francisco Bay Area-based coffee roaster and retailer) to form JDE Peet's.

Two massive corporations own 77 percent of the shares. JAB Holding, a German private investment group headquartered in the tax haven Luxemburg—and with holdings in companies producing well-known brands such as Coty, Pret A Manger, Krispy Kreme and Petcare—is the company's largest shareholder via its shares in Acorn Holdings. The latter is a holding company that controls JDE Peet's along with the Keurig Dr Pepper Group, a major producer and distributor of hot and cold beverages.

Around 90 percent of JAB's shares are owned by the billionaire Reimann family that supported Hitler and the Nazi party well before 1933 and profited from forced labour in their industrial chemicals company in southern Germany.

The second-largest shareholder of JDE Peet's is Mondelez International. The Chicago-based multinational food, confectionary and beverage company owns well-known brands such as Oreo, Ritz, TUC, Peek Freans, Côte d'Or, Toblerone, Cadbury, Green & Black's, Trident, Dentyne and Chiclets. There is a Mondelez-owned factory in Sheffield—the largest sweets factory in Europe. Mondelez also owns the famous Cadbury factory in Bourneville. Unite has issued no appeal for support from the workers there, keeping the Banbury300 isolated.

Mondelez has been mired in controversy in recent years.

* NGO Mighty Earth reported in 2017 that much of the cocoa used in chocolate produced by Mondelez and other major chocolate companies was grown illegally in national parks and other protected areas in Ivory Coast and Ghana.

* Greenpeace International reported in 2018 that 22 palm oil suppliers to Mondelez International cleared over 70,000 hectares of rainforest from 2015 to 2017.

* In 2015, the US Commodity and Futures Commission alleged that Mondelez International and its former subsidiary was involved in wheat-futures price fixing.

* Earlier this year, eight former child slaves from Mali brought a class-action suit against Mondelez claiming the company, along with Nestle and other well-known chocolate manufacturers, knowingly engaging in forced labour.

4. The purpose of the flotation

JDE Peet's floatation last year raised €2.25 billion in Europe's biggest IPO since 2018, generating €1.55 billion for one of its parent companies, Mondelez International, that sold some of its shares.

Within days of the flotation, JDE Peet's shares jumped 12 percent to give it a market value of €16.8 billion, allowing those who had bought shares to sell off and make a quick profit. The company is now worth around €15 billion.

Apart from enriching its former owners, €700 million would go on reducing its high debt and lay the basis for further acquisitions and capital investment, further increasing the company's capital base from which the shareholders would expect a rate of return, typically 10-15 percent, courtesy of the workforce. It signals a significant ramping up of the rate of exploitation of JDE Peet's workers in the form of jobs, speed-ups and the gouging of wages and pensions.

5. JDE Peet's dividend policy

The company has stated that its dividend policy "intends to preserve the independence of the company" and this in turn "will mainly depend on its financial position," including its operating results. This is code for saying that its share price, and hence its dividends, must remain high to avoid a takeover.

In fact, the company declares that it "intends to provide a stable and *increasing* dividend per share, while the pace will be determined by the company's capital allocation priorities." [emphasis added] Investment and borrowings would be adjusted to ensure this.

The interests of the owners come first and foremost.

6. The attack on workers

Last year's flotation was hailed as good news for the firm's shareholders and its lenders, but that can only be achieved by squeezing the workforce ever-harder—by increasing the working day and reducing overtime payments. At Banbury, management plans to introduce a four-shift pattern, forcing staff to work 12-hour shifts, nights, weekends etc., while cutting traditional Christmas and bank holiday pay rates, and bringing in unpaid breaks and limiting them to 30 minutes. These plans would cost workers thousands in lost pay, with some losing £7,000–£12,000 per year.

In relation to pensions, the company's financial report and accounts highlighted its defined benefits (DB) pension plan as "the most significant DB plan in the UK," being more expensive than defined contribution (DC) plans and targeting it for cost reduction. The planned termination of the defined benefit pension scheme and its replacement by the inferior DC scheme will cost workers far more and save JDE millions of pounds a year.

JDE Peet's intends to wring every penny it can out of workers to pay its shareholders and keep the stock market happy.

7. JDE Peet's relies on the unions

Key to corporate cost cutting is the company's reliance and partnership with the unions. The company boasts, "In many locations, we have works councils in place. Approximately 33 percent of our people are covered by collective bargaining agreements." They include employees in the UK. The Unite union is now trying to push through a filthy deal that imposes the dictates of JDE management and its shareholders.

8. JDE Peet's depends on its workers

JDE Peet's main manufacturing plants are in the United States, France, Russia, the Netherlands, Germany, the UK, Brazil, China and Malaysia. However, because of the specialised technology needed for roasting, processing, and packaging its products, the company has consolidated its production capacity into large manufacturing sites. This, together with the high utilisation of these plants, "does not permit the spare capacity necessary to serve as backup for each other in case of significant interruption." It cannot easily switch production elsewhere, which would also incur additional transport costs to service its markets.

In the UK, JDE processes and packages instant or freeze-dried coffee into various formats. It also processes and packages Tassimo R & G aluminium capsules for single-serve coffee.

The upshot is that workers are in a powerful position and should not be brow beaten by the union into accepting the rotten deal with a highly profitable company that is raking in billions.

9. JDE Peet's workers have allies around the world

Most important of all, JDE Peet's has a presence in more than 140 countries with revenues of €3.2 billion. It operates in nearly 40 countries, employing about 20,000 workers. These workers have the same interests as you. They are all exploited by the same global corporation. They are your allies.

10. Unite sits on massive assets while forcing striking workers back to work on sellout contracts

Unite's financial assets are enormous. The union's latest financial accounts (for 2019) show the union has net assets of £439 million, including £108 million in cash, £67 million in investments and £209 million in property. In 2019, Unite's income from members was £162 million, but it spent just £1.3 million on all "disputes" (broadly defined) across the UK.

Unite officials have more in common with HR executives than with the workers they supposedly represent. General Secretary Len McCluskey earned £99,338 in salary and benefits last year. But McCluskey and other Unite officials have access to additional perks, with the 2019 accounts citing: "Executive Committee (Head Office) expenses" £338,000, "conferences" £1.8 million, "committees/executive councils" £3.1 million, "branch and regional costs" £169,000, "payments to regions and branches" £15 million.

Unite held 245 ballots for industrial action in 2019, but just 25 of these resulted in strikes or "action short of strikes". Unite's role was to suppress industrial action in a pandemic that was killing tens of thousands of workers and with thousands more facing "fire and rehire", job destruction and the slashing of conditions. Unite has a strike fund of £40 million yet its officials have told JDE workers there is no way to fight the company's threats. Unite is a strike-breaking organisation that collaborates with the companies and the Johnson government against workers' most basic rights and interests.

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The *World Socialist Web Site* and the Socialist Equality Party urge workers at JDE's Banbury plant to vote "No" to the deal agreed between Unite and JDE and elect your own rank-and-file committee to organise a fight-back against the company's "fire and rehire" agenda. Workers should draw up their own list of demands, including the withdrawal of all attacks on jobs, conditions and wages, appealing to your brothers and sisters across the UK, Europe and internationally who will support your fight.