

TRADER JOE'S COMPANY

A Note to Our Customers about Florida Tomatoes and the CIW

May 11, 2011

To Our Valued Customers:

We have received numerous inquiries regarding claims made by the Coalition of Immokalee Workers (CIW) about our purchasing practices relating to Florida-grown tomatoes. We believe the claims contain many misleading and false statements that require clarification. Further, many customers ask why we would not just sign on to a cause that is a simple “Fair Food” approach to selling tomatoes? Unfortunately, the agreement that Trader Joe’s has been asked to sign is overreaching, ambiguous and improper. Let us explain.

We buy only five Florida tomato items and we only buy them during the growing season in Florida (generally from October to May). We purchase these products through wholesalers who aggregate the product and package the tomatoes for shipment to our warehouses that supply our stores. These wholesalers have indicated to us that they have agreed to pass along an extra “penny per pound” to the workers who harvest these tomatoes. As we have previously stated, we have no problem paying the “penny a pound” and have been actually doing so for some time now. Additionally, these wholesalers are willing to provide reasonable “audit” rights to the CIW or their agents to verify the pass through for all of their purchases. Our wholesalers have told us they are willing to sign an agreement with CIW that includes a pass through of the “penny per pound” and reasonable audit rights to provide a basis for verification of such pass through.

Accordingly, it appears to us that all of the expressed goals of the CIW that were indicated in their presentation at the Georgetown University Conference on the “Future of Food” as posted on the CIW website on May 10, 2011 can be met by a readily available relationship between our wholesalers and the growers. This relationship will be supported and endorsed by Trader Joe’s.

What we will not do, however, is sign an agreement that includes undefined or overreaching factors such as those in the agreement that has been provided to us by the CIW. Among such factors are the following:

1. The draft agreement defines the “penny per pound” as “The Premium will be set at a level which will result in an increase in Qualifying Worker pay resulting from paying a 1.5 cents per pound gross premium (or 1.3 cents per pound net premium).” This makes no sense and is at odds with the expressed CIW request for “only a penny per pound.”

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2. The draft agreement says that “Trader Joe’s will require a Participating Grower to ‘pass through’ at least 87% of such Premium received from Trader Joe’s as additional net wage compensation for Qualifying Workers, using the Participating Grower’s normal payroll process.” We support the concept of getting the workers an extra penny per pound. We have no idea where or how 87% fits. We and our wholesalers are willing to pay the “penny per pound” but have no way to determine if such payment is actually getting to the individual worker. We wonder where the excess is supposed to go.
3. The draft agreement requires Trader Joe’s to provide monthly detailed reports and historical reports of “Florida Tomato” purchases. Further, the agreement seeks to have us agree to extend this reporting requirement to a potential successor entity to the CIW that is not scheduled to be formed until October of 2011. This information is readily available from our wholesalers and they are willing to provide it to verify that Trader Joe’s has paid the extra “penny per pound” to them and through them to the growers.
4. The draft agreement contains a requirement that Trader Joe’s somehow will pay the total premium whether or not the supply of Florida Tomatoes is sufficient to meet our demands or regardless of where we actually buy the tomatoes. This, of course, is a ridiculous requirement to which no serious business would agree.
5. The draft agreement requires Trader Joe’s to terminate any vendor or supplier upon written notice from the CIW. This is one of the reasons for our characterization of “overreaching.”
6. The draft agreement contains a confidentiality requirement that can be breached upon the sole judgment of the CIW. That is among the reasons we believe the draft agreement is improper.

We have great concern for the rights of all who work to provide products sold in our stores. We require our suppliers to meet very strict requirements related to the law and ethical standards. We have developed a solution to this matter that provides workers with an “extra penny per pound” and includes a process to verify that it all works. The only possible remaining factor is some hope by the CIW that by spreading misleading and not factual information they will pressure Trader Joe’s into signing an agreement that is poorly conceived and improper on its face. We will not.

As we always say in our radio ads, “Thanks for listening.”