Mondelēz Union Network

What is Mondelēz International?

Mondelez is a global snack foods company which came into being on October 2, 2012 when the former Kraft Foods Inc. was split into two, resulting in the creation of two separate companies, both headquartered in the USA. Mondelēz took the "snacks" products (biscuits, confectionery, salty crackers, nuts, gum, Tang), giving it about two-thirds the revenue of the former Kraft. The remaining "grocery" products were stuffed into a North American (only) company now known as Kraft Foods Group. Former Kraft CEO Irene Rosenfeld now heads up Mondelēz.

If you worked for the former Kraft or one of its subsidiaries manufacturing or distributing snack products, including former Danone or Cadbury products, you now work for Mondelēz or one of its subsidiaries. In some countries, the name change will not be immediate.

Mondelēz

Oreo, Chips Ahoy, Fig Newtons, SnackWell's, Nilla wafers, Mallomars

Nabisco crackers including Ritz, Triscuit, Teddy Grahams, Honey Maid, Premium saltines, Planters nuts, Cheese Nips, Wheat Thins,

Lu biscuits

Philadelphia cream cheese

Toblerone chocolate, **Milka** candy bars, **Cadbury**, Green and Black's

Trident/ Dentyne gum

Halls

Tang

Jacobs coffee

Kraft Foods Group

Kraft macaroni and cheese

Stove Top stuffing

Kool-Aid and Capri Sun drinks

Deli brands including **Oscar Mayer**, Louis Rich, Lunchables, Deli Creations, Claussen pickles

Philadelphia cream cheese

Kraft, Velveeta and Cracker Barrel cheese

Jell-O

Cool Whip/Miracle Whip

A-1 steak sauce, Grey Poupon mustard

Vegemite

Maxwell House coffee

➡ Brand names in red are 'power brands' each generating revenue over USD 1 billion

In North America, Maxwell House coffee is 'grocery' (Kraft Foods Group), but elsewhere coffee is Mondelēz. Philadelphia cream cheese is now Kraft Foods Group in North America but Mondelēz everywhere else.

Why was Kraft split, and what does it mean for workers?

Kraft was split to deliver maximum short-term gain to investors and top management, who benefit from enormous compensation in the form of stock options. In 2006, Kraft's international sales were less than half of those in North America; the bulk of the company's revenue came from slow-growing grocery products like cheese and prepared meals. The company set its sights on the faster growing snacks market, and bought Danone's biscuits division in 2007 and then Cadbury in 2010. The huge cash flow from North American sales served as collateral for taking on enormous debt to finance these acquisitions.

Buying Cadbury brought about a major shift in the profit center. Confectionery and snacks now made up 75% of the portfolio, the largest share of revenue and 90% of growth. The most rapid growth is in developing markets, with Cadbury the springboard. So the grocery business was cut loose, and experienced asset-strippers from the private equity world were brought into top management and onto the Mondelēz board.

To tempt investor appetites for the sluggish grocery company, investors were offered a 50% increase in the dividend. To meet this aggressive target, 75% of Kraft Foods Group revenue after taxes will be paid out to shareholders.

To free up cash to meet the grocery company's dividend target, the Kraft debt was placed with Mondelēz. According to the Mondelēz filing with the United States Securities and Exchange Commission of October 5, the *only* publicly available information on the capital structure of the new company, Mondelēz has long-term debt of USD 22.09 billion with total equity of USD 25.29 billion – a debt-to-equity ratio of 87.3%, and a increase on the already substantial 76% which existed for the whole of Kraft at the end of 2011. That debt will have to be paid off, Mondelēz workers will be squeezed to pay the debt; Kraft Foods Group workers will be squeezed to produce the dividend bonanza.

The company's cash flow will be handled according to the principle of revenue in, interest out, leaving little or nothing for improved wages, pensions, investment in health, safety, and training etc., not to speak of research and development and capital expenditure. Mondelēz workers will pay the price through more attacks on wages and pensions, more redundancies, more outsourcing, more contract manufacturing and more attacks on trade union rights. ***Kraft's deeply anti-union corporate culture will be exported world-wide through Mondelēz*** *– and it's already happening!*

Since it acquired Cadbury, Kraft had already been trying to boost profits through layoffs and restructuring and expanding production through increased outsourcing, contract manufacturing and licensing agreements. These trends will intensify now that the new company has inherited virtually all of the former Kraft's debt. Mondelēz needs to grow its revenue, but for workers it will be jobless growth. Unions need to be on high alert, brace for what's coming and **ORGANIZE!**

What you can do

- ✓ Discuss the creation of Mondelēz and the likely impact with union members in the workplace
- ✓ Link up with workers in other Mondelēz factories and distribution centers to share information and provide mutual solidarity and support
- ✓ When any group of Mondelēz workers are attacked, hold membership meetings and meet with local management to demand that workers rights and decent jobs are respected everywhere
- ✓ Participate through your union in the IUF Mondelēz international union network to build the global fight back against job destruction, outsourcing, casualization and social dumping.
- ✓ Build international trade union power inside Mondelēz to support new organizing and the conversion of precarious to permanent jobs
- ✓ Contact us!

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