

ECONOMIC JUSTICE

ENDING THE SUBMINIMUM WAGE

WHY IT MATTERS

Labor extraction from vulnerable populations is foundational in the [history of Wall Street](#) and the United States financial market more broadly. While the Transatlantic Slave Trade ended in the late 19th century, and indentured servitude was abolished in the United States by the 13th Amendment, debt bondage still persists illegally in the U.S. and to varying degrees of legality elsewhere in the world. Moreover, the dire

effects of labor extraction still influence our economic system today, not least in market enthusiasm for business models designed to drive labor costs to zero. One often overlooked exemplification of the persistence of labor extraction is tipped workers' wages, [a direct legacy of slavery](#), whereby tipped workers are legally paid a fraction of the federal minimum wage (otherwise known as subminimum wages).



In 34 states, tipped workers, who are mainly employed in the restaurant industry, earn less than \$4.00 per hour, less than half the federal minimum wage.

By addressing safety and wage concerns in industries that disproportionately violate labor rights — such as the restaurant industry — we can begin to repair enduring harms and develop more equitable capital markets.



At Adasina, we believe that every person in the U.S. deserves to be paid a fair wage for their hard work. It's not just about social justice – it's about doing what's right. By ending the practice of paying subminimum wages, we not only fight against racial and gender inequalities but also set our companies up for long-term success.

— CASSIDY GAGNIER (She/Her)
Executive Coordinator | Adasina Social Capital



INTERSECTIONALITY



The subminimum wage perpetuates systemic racism by paying people of color less than their White counterparts in the tipped service sector, particularly in restaurants. This results in significant racial inequities, with **41% of all tipped workers** being people of color. Black-tipped workers often receive less in tips compared to their White colleagues, with **Black women earning just 60%** of what White men in the same positions make.



Additionally, the subminimum wage disproportionately impacts women, who make up over 66% of tipped workers; 37% of whom are mothers¹. Moreover, tipped workers who receive a subminimum wage report **twice the rate** of sexual harassment compared to those who receive a guaranteed wage. This increased risk of sexual harassment is a material concern for investors, as it can lead to employee discrimination claims, **high turnover rates**, and decreased morale in the workforce.



Over 40% of tipped workers are Black, Indigenous, or People of Color (BIPOC), and more than 20% of those being paid subminimum wage live in poverty.

ABOUT THE CAMPAIGN

On the recommendation of the influential **Poor People's Campaign**, originally led by Rev. Dr. Martin Luther King Jr., and dedicated to economic justice for all economically marginalized people in the U.S., we partnered, we partnered with **One Fair Wage** (OFW). OFW's focus on increasing wages and improving working conditions in the service sector prompted us to recognize the urgency of addressing the subminimum wage. Together, we documented the financial materiality of subminimum wage practices, highlighting corporate propagation of economic inequality, racial injustice, and gender disparities, and emphasizing the interconnected nature of these injustices. After mapping wages across industries, Adasina and our partners identified the restaurant industry — which employs about **13.6 million people** — as one of the most harmful for workers.

On the basis of these findings, we created Adasina's **Subminimum Wage Investor Dataset**, and in May 2020 we launched the **Investors for Livable Wages Coalition** to compel publicly traded companies to pay all employees the full minimum wage.



Adasina's focus on wages was driven by the exclusion of tipped workers from the movement to raise the minimum wage to \$15 that started in 2013.

Launched in 2020, Adasina's ongoing Ending the Subminimum Wage Campaign continues to urge corporations to raise wages for tipped workers in low-wage industries. The work quickly became even more pressing amid the context of the COVID-19 pandemic, when restaurant and other service industry workers faced high exposure to the virus to make ends meet.

SOCIAL JUSTICE PARTNERS HIGHLIGHTS

One Fair Wage: For this Campaign, Adasina partnered with One Fair Wage (OFW), a national organization of restaurant and service workers and restaurant owners working together to end all subminimum wages and improve working conditions in the U.S. service sector. Adasina leveraged data gathered by OFW to develop our **Investor Dataset** as our contribution to a joint mission to eradicate subminimum wages in the U.S. service sector. Adasina also supported OFW in amplifying its message and rallying corporations and investors to champion fair wages for all workers.



As a bartender for 15 years, with tips as well, it hasn't been easy. We had a pandemic and of course harassment and issues as well, but I am supporting (the end of the subminimum wage) so I can live. We need it to pass so we can take care of ourselves.

— JEWEL ANTOINETTE
SIMMONS
Restaurant Worker



Partnering with Adasina Social Capital has been invaluable in our fight to expose the corporate chains that lead the National Restaurant Association, end a legacy of slavery — that is the subminimum wage for tipped workers — and win more livable wages for a workforce that is overwhelmingly women, women of color, and single mothers working in very casual restaurants earning very little in tips and suffering from the highest rates of sexual harassment of any industry. Thanks to Adasina's partnership in targeting and exposing the corporate chains that have been lobbying for maintaining the subminimum wage for tipped workers, we are now winning policy to end the subminimum wage for tipped workers in multiple states nationwide.

— SARU JAYARAMAN
One Fair Wage



ADASINA LEADERSHIP



Through partnerships with influential organizations, including the [Robert F. Kennedy Foundation](#), [Mercy Corps](#), and [Interfaith Center on Corporate Responsibility \(ICCR\)](#), Adasina engaged shareholders in conversations about subminimum wages and influenced congressional dialogue and policy, such as the [Build Back Better Act](#), pushing for a universal and permanent family and medical leave program.



Adasina has sustained an active advocacy effort since 2020. Between 2020 and the end of 2023, we sent over 150 advocacy emails and engaged in direct dialogues with major publicly-held restaurant companies. We actively participate in webinars, panels, and live events, including [a rally on Wall Street](#) in 2023, to call on all publicly traded companies to end the practice of paying subminimum wages to their employees.



In 2023, Adasina participated in promoting worker rights as part of ICCR's [Advancing Worker Justice](#) program, including ICCR's [statement](#) signed by 136 institutional investors representing US\$4.5 trillion in assets calling on U.S. companies — particularly those in low-wage sectors such as the retail, restaurant, hospitality, and gig sectors — to pay a [Living Wage](#) to their workers.



KEY TAKEAWAYS



Focus on Policy Change When Company Engagement Is Insufficient

Numerous publicly traded companies resist raising wages in states where they are not legally required to do so, despite abiding by legal requirements to pay a full minimum wage in other states. This observation prompted us to shift our focus to policy reforms by mobilizing public support and lobbying for change at the policy level.



Private Companies Can Show the Way for Public Corporations

Private restaurants have shown remarkable progress in raising subminimum wages: since the launch of our Campaign in 2020, the number of participating privately owned establishments has grown to more than 5,000. This has substantially discredited public companies' insistence that they cannot afford to raise wages. It also underscores the likelihood that national policy may be necessary to ensure all tipped workers receive a fair wage. In 2024, Adasina plans to actively engage with 50 publicly traded companies in our portfolio to advocate for increased wages for their employees.

WINS

The Ending Subminimum Wage Campaign is ongoing. The Campaign has achieved notable milestones to date, as momentum builds.

Adasina worked with One Fair Wage to research and release data about the behavior of publicly traded companies that pay a subminimum wage and not the full federal minimum wage to tipped workers.

PUBLISHED SUBMINIMUM WAGE INVESTOR DATASET: In 2020, we published the first-ever Subminimum Wage Investor Dataset, identifying companies that fail to pay the legally mandated federal minimum hourly wage to their employees, contributing to increased poverty and economic injustice.

MOBILIZED INDUSTRY SUPPORT: Beginning in 2020, Adasina led the [Investor Statement in Support of Ending the Subminimum Wage](#), urging companies to end the practice of paying subminimum wages on the basis of multiple material reasons. As of December 2023, the Campaign has gathered more than 125 signatories representing over \$1 trillion in assets.

CONTINUED PROGRESS: Our Ending the Subminimum Wage Campaign continues to push publicly traded companies to end poverty wages. In the past 3 years, over 5,000 companies have voluntarily ended the practice.

CHAMPIONED LEGISLATIVE SUCCESS: In 2022, Adasina and our Social Justice Partner, OFW, undertook a 25-state strategy to pass fair minimum wage legislation. To date, fair minimum wage referenda have passed in all seven states where the issue has been put on the ballot.



Sixteen states maintain a tipped minimum wage at the federal minimum of \$2.13 an hour.



CALLS TO ACTION – WHAT CAN YOU DO



Adasina ETF Investors

Your investment in the Adasina ETF uses our Subminimum Wage Investor Dataset, which seeks to exclude companies that fail to pay the legally mandated minimum wage. Keep up the great work, and raise awareness with your community.



Institutional Investors

If you hold any of [these companies](#), we encourage you to engage with them and demand they create safe and equitable workplaces, and/or exclude companies that continue to pay subminimum wages and practice other economic injustices from your portfolio.



Individual Investors

Let your financial advisor or plan administrator know you want to take action in your investment portfolio, and ask them to consider Adasina products. They can reach out to invest@adasina.com to learn more.



Community-at-Large

If you or your firm haven't already done so, kindly sign on to the [Statement in Support of Ending the Subminimum Wage](#), and join hundreds of others who are working to advocate for economically just wages. We also encourage you to support our [Social Justice Partners](#) in their work to advance economic justice.



Service workers are the backbone of our economy. As we saw throughout the COVID-19 Pandemic, their work often puts their own health and safety at risk. They deserve to be paid a fair wage. I'm encouraged to see so many private restaurants raise tipped worker wages since the start of our Campaign, and hope our collective efforts help set a new standard for the industry.

— **JESS AKAMINE (She/They)**
Divisional Director, Adasina Social Capital