



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Panini America, Inc.

COUNTRY: United States

ASSESSMENT DATE: 07/24/19

ASSESSOR: Miriam Rodriguez

PRODUCTS: Promotional Products

NUMBER OF WORKERS: 100

Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

| FLA Code Element | Number of Violations |
|---------------------------------|----------------------|
| Compensation | 1 |
| Hours of Work | 5 |
| Employment Relationship | 30 |
| Health, Safety, and Environment | 20 |
| Forced Labor | 1 |
| Nondiscrimination | 1 |

Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

The facility's Equal Employment Opportunity (EEO) policy statement listed in the employee handbook (version 2014.06) lacks the following categories: sexual orientation, political opinion, social group, ethnic origin, and union affiliation or sympathy. The statements on harassment on page 28 also lacked these categories. [ER.3]

The temporary labor agency did not provide evidence of an EEO statement. In addition, the temporary labor agency's Policy of Harassment of and Disrespect statement lacks the following categories: political opinion, social group, ethnic origin, and union affiliation or sympathy. [ER.3]

The facility does not have a contract with the temporary labor agency, which would impart the power for the facility to pay wages directly to temporary workers assigned at the facility. The facility does not conduct periodic monitoring of the labor agency's practices or compensation procedures. [ER.6]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.3 and ER.6)

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

The facility does not have a policy or procedures on child labor, forced labor, or freedom of association. Nonetheless, the Company's

current practices and interviews with workers did not highlight any negative or illegal actions related to child labor, forced labor or freedom of association. A review of personnel files indicated each employee submits an employment application or resume, and the Company reviews and submit employment eligibility documents, which includes proof of age. [ER.1, ER.2, ER.16, ER.25]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.16, and ER.25)

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

The disciplinary system does not include third party witness (selected by the worker) during the imposition of a disciplinary action. It also does not include an appeal process. [ER.27]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.27)

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

The company has neither communicated nor provided any type of mechanism to anonymously report a grievance. The company provides guidance on Problem Resolution in the Employee Handbook (version 2014.06) which encourages reporting to management 'through the internal chain of command beginning with the supervisor, and as a final level of review, with the General Manager.' In addition, facility management did not provide any documented evidence of grievances received or resolved. [ER.25.3]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25.3)

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The current Employee Handbook (version 2014.06) neither details nor communicates a lactation policy for pregnant or nursing mothers, which is both a federal and state requirement. Additionally, management has not dedicated an acceptable area for nursing mothers. [ND.8]

Local Law or Code Requirement

Fair Labor Standards Act, Section 7 (Break Time for Nursing Mothers, March 2010); FLA Workplace Code (Nondiscrimination Benchmark ND.8)

Recommendations for Immediate Action

Revise and update company policies or procedures, and communicate to workforce, and identify the acceptable area for nursing mothers.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

The current company's Employee Handbook (revised 2014.06) does include an Hours of Work Policy. The handbook only states the need to properly record the arrival and departure times for all hourly employees. It also states that any overtime worked will be paid at the rate of time and one-half. There is no information on the the total weekly work hours (regular work hours plus overtime) not exceeding 60 hours per week, that overtime is voluntary, and that the company will provide, at minimum, one day off in seven days of work. [ER.16, HOW.1]

A review of payroll records and time cards identified two separate incidents in which workers exceeded 60 hours per week. In September 2018, an employee worked 62.50 hours, and in June 2019, another employee worked 62.75 hours. [HOW.1.3, HOW.8.3]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.16.1; Hours of Work Benchmarks HOW.1.3 and HOW.8.3)

Recommendations for Immediate Action

1. Develop and communicate an Hours of Work Policy in line with FLA requirements.
2. Monitor working hours to ensure that they do not exceed 60 hours per week.

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

Auditors found numerous unlabeled chemical containers within the production area. Each work area had these unlabeled containers. [HSE.9]

The eye wash station in the print area has a dirty basin and the eye spouts are not covered. [HSE.9]

During the assessment, the forklift driver left the vehicle unattended without setting the brakes. [HSE.14]

Workers demonstrated an inconsistent use of safety glasses and earplugs in the work area, approximately 25% of workers did not wear PPE. [HSE.8]

Assessors noted unsafe stacking of wood pallets which exceeded 8 feet in height. [HSE.14]

Assessors noted faded or unmarked floor markings throughout the work area. [HSE.5]

The facility had a lack of proper anchoring of conveyor belts (such as stretch wrapper conveyor, etc.). [HSE.1]

Assessors noted blocked electrical panels and control boxes. [HSE.5]

Exit routes lack clear access, proper signage, and do not identify doors which are not acceptable emergency exits. [HSE.5]

Local Law or Code Requirement

OSHA Requirements 29 CFR 1910.1200(f)(1) – Labeling and transfer of Chemicals; ANSI Z358.1-2014 - Emergency Eyewash Station; [29 CFR 1910.178(m)(5)(i)] – Powdered Vehicles, 29 CFR 1910.132 PPE – General requirements; 29 CFR 1926.250 Material Storage; 29 CFR 1910.22 (b) Aisles and Passageways, 29CFR1910.212(b) – Machinery and Machine Guarding; 29 CFR 1910.303 (g) – Electrical Panels Clearance, 29CFR1910.37 Exit Routes

and FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.5, HSE.8, HSE.9, HSE.14)

Recommendations for Immediate Action

1. Label all chemical containers in the production area.
2. Ensure eye wash stations are clean and accessible.
3. Ensure that the forklift operator properly operates the forklift.
4. Ensure that all workers are using appropriate PPE and workers are effectively trained on PPE usage.
5. Do not stack pallets higher than 8 feet.
6. Ensure all floor markings are easily visible and not faded.
7. Properly anchor conveyor belts.
8. Ensure that electrical panels and control boxes are not blocked.
9. Ensure exit routes have clear access, proper signage and properly identified.
10. Review and implement OSHA requirements.

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

Based on worker interviews, workers have little or no awareness of the company's or FLA's code of conduct. Additionally, the company has neither trained workers on or posted the code of conduct in the facility. [ER.16]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.16)

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

The company's Reduction in Force (RIF) statement in the employee handbook does not advise if there will be any prior consultation with worker representatives, or any communication or plans to mitigate adverse impacts on workers [ER.32]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.32)

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The facility has neither scheduled nor documented fire drills or inclement weather/tornado drills within the last 12 months. [HSE.5]
The Health & Safety committee, which meets monthly, lacks the participation or attendance of worker representatives. Only managers and supervisors are members of this committee. [ER.25]

Local Law or Code Requirement

FLA Workplace Code (Health, Safety, and Environmental Benchmark HSE.5; Employment Relationship Benchmark ER.25)