



# 2014 Audit Season Summary Report: Labor Management

PREPARED FOR: R. J. Reynolds Tobacco Company  
DATE: May 14, 2015

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## Executive Summary

UL's Responsible Sourcing group (hereafter also "UL") was contracted by R. J. Reynolds Tobacco Company (hereafter also "RJRT") to analyze and present insights around labor practices among contract tobacco growers. UL used information obtained through on-site assessments against Good Agricultural Practices (GAP) Guidelines during the 2014 growing season. UL assessed RJRT's contract growers in the states of Florida, Georgia, Kentucky, North Carolina, South Carolina, Tennessee and Virginia. The information was later compiled into a database that allowed UL's team to analyze findings in greater detail.

Due to time constraints, grower and employee availability and varying farm sizes, UL's auditors used sampling techniques to answer survey questions and obtain representative information. Where possible, auditors used triangulation methods to support findings. Verification methods included observation, documentation review, as well as grower and employee interviews. While on-site assessments are generally conducted in private, there were several instances where the grower was present during the GAP assessment interviews (see Appendix).<sup>1</sup>

This report presents a summary of findings on labor management practices assessed by UL's auditors during the 2014 growing season. It covers elements related to employment terms and conditions, document retention, employment of minors, employee housing, farm safety and employee training. The report also includes insights gathered through employee interviews around topics, such as employee pay, treatment, safety and training. Any limitations to the analysis due to differences in data points are noted in the relevant sections of the report.

## Season Summary: Labor Management

A total of 99 growers were assessed and a total of 137 employees were interviewed between the months of September and November of 2014. The GAP assessments took place in 7 states, with the majority conducted in North Carolina and Kentucky.

**Table 1.** Assessments by State

State	No. of Assessments
Florida	1
Georgia	6
Kentucky	21
North Carolina	40
South Carolina	4
Tennessee	15
Virginia	12
<b>TOTAL</b>	<b>99</b>

**Table 2.** Overview of Assessments 2014

Key Facts	Total
Total number of growers assessed	<b>99</b>
Total number of employees interviewed	<b>137</b>
Percentage of growers only using immediate family labor <sup>2</sup>	<b>10%</b>
Percentage of growers who felt sufficiently prepared for on-site assessments	<b>97%</b>

<sup>1</sup> In order to streamline the presentation of the report, the overview of assessment methodology and tools is included in the Appendix. The Client has agreed to take the following steps before any external distribution of the report: a) the methodological appendix will always be included in the public version; and b) UL must approve the final public version of the report prior to its release.

<sup>2</sup> Immediate family includes only: a spouse, children, stepchildren, foster children, parents, stepparents, foster parents, and brothers and sisters.

## Labor Laws and Regulations

A total of 89 of the possible 99 growers were assessed against compliance with select laws and regulations related to labor management. Assessment results were missing answers from 10 growers. This may have been due to the unavailability of interviewees or time constraints, which did not allow auditors to complete the section in the survey.

With regards to record retention, all 89 growers maintained documentation at the farm that accounted for the number of full-time, seasonal, family, non-family (migrant, H-2A) employees. However, of those 89 growers, only 84% maintained employment eligibility verification documentation (I-9 Form) for all employees.

97% of assessed growers had employment posters posted in a clearly visible location at the farm. Examples of required posters included a Notice of Migrant and Seasonal Agricultural Worker Protection Act for employers of migrant employees and a Job Safety and Health Protection poster issued by the Occupational Safety and Health Administration (OSHA). Of the 89 growers, 69% reported providing employees a written statement with all necessary terms and conditions of employment. These terms and conditions include, but are not limited to, place of employment, wage rates, crops and kinds of activities for which employee would be employed, period of employment, and benefits provided.

**Table 3.** Documentation and Terms of Employment

Issue	Total
Percentage of growers maintaining employment eligibility verification documentation (I-9 Form) at the farm for all employees	84%
Percentage of growers using labor contractors to hire employees	20%
If using labor contractors, percentage of growers maintaining the following documentation: <ul style="list-style-type: none"><li>• A copy of the Farm Labor Contractor's Certificate of Registration with Department of Labor (DOL)</li><li>• Disclosure of employment</li><li>• If applicable, insurance (auto and workers comp), driver's license for all drivers, doctor's certificate for all drivers, housing inspections for all labor camps utilized</li></ul>	100%
Percentage of growers maintaining employment posters in a clearly visible location at the farm	97%
Percentage of growers providing a written statement to employees with terms and conditions of employment	69%

All growers returned to employees or made readily available any government-issued documentation upon verification of employment eligibility. All 137 of interviewed employees confirmed this practice. Assessment results also confirmed that employees were free to terminate or leave their employment at any time.

Of the 89 growers, 52 growers reported providing housing to migrant employees. All of these growers had posted and filed a statement at the farm that included the terms and conditions of occupancy.

One grower reported employing non-family minors and maintained the necessary permissions and documentations at the farm, including a parental consent form and records that include at

minimum: 1) name in full, 2) place where minor lives while employed, 3) permanent address, and 4) date of birth.<sup>3</sup> In this same instance, minors below the age of 16 were prohibited from performing hazardous work, as defined by federal regulations.

**Table 4. Employee Housing and Employment of Minors**

Issue	Total
Percentage of growers providing housing to migrant employees	<b>58%</b>
If providing housing, percentage of growers posting and filing statement at the farm with the following terms and conditions of occupancy:	
<ul style="list-style-type: none"> <li>• Name and address of employer</li> <li>• Name and address of individual in charge of housing</li> <li>• Mailing address and phone number where persons living in the housing facility may be reached</li> <li>• Names of occupants of the housing facility</li> <li>• Housing charges</li> <li>• Utility charges</li> <li>• Meals to be provided and costs charged</li> </ul>	<b>100%</b>
Percentage of growers employing non-family minors	<b>1% (1 case)</b>

### Farm Safety and Employee Training

All 99 of RJRT’s contract growers included in the 2014 GAP assessment program were evaluated against farm safety and employee training requirements. With regards to safety records retention, all growers who provided housing to migrant employees had up-to-date safety inspection certification from a government agency. However, for the retention of workplace accident records, only 61% of growers maintained information on the number and cause of accidents.

Most growers reported that their employees worked with wet tobacco. Of the 98 growers whose employees worked with wet tobacco, majority reported taking precautions to limit employee exposure to wet tobacco and Green Tobacco Sickness (GTS). Employee interviews generally supported these findings, with 93% of employees stating that they take precautions to limit exposure to wet tobacco and GTS. Examples of precautions include wearing water-resistant Personal Protective Equipment (PPE), changing from wet into dry clothes and frequently washing hands.

**Table 5. Wet Tobacco and Green Tobacco Sickness (GTS)**

Issue	Total
Percentage of growers reporting taking precautions to limit employee exposure to wet tobacco and Green Tobacco Sickness (GTS)	<b>98%</b>
Percentage of employees reporting taking precautions to limit exposure to wet tobacco and Green Tobacco Sickness (GTS)	<b>93%</b>

<sup>3</sup> Minors: Individuals below age 18. If employer who owns or operates the farm is the parent or guardian of employed minors, records are not required.

All observed tobacco production equipment had guards or shields. 97% of growers had first aid kits readily available to employees. 80% also had fire extinguishers present near barns and near market preparation facilities. Growers were also assessed on employee access to the following types of Personal Protective Equipment (PPE): gloves and water-resistant clothing for those working with wet tobacco; safety gloves; safety hats/ helmets; safety footwear; safety glasses; hearing protection equipment; and dust masks. Some of these pieces of equipment were not applicable to the types of work performed by employees. Having accounted for such instances, majority of growers provided relevant PPE, where applicable. During employee interviews, 89% reported having free access to PPE.

**Table 6.** Employee Access to Personal Protective Equipment (PPE)

Issue	Total
Where applicable to employee’s work, percentage of growers that give employees access to the following equipment:	
• Gloves and water-resistant clothing during work with wet tobacco	<b>95%</b>
• Safety gloves	<b>93%</b>
• Safety hats/ helmets <sup>4</sup>	<b>90%</b>
• Safety footwear	<b>91%</b>
• Safety glasses	<b>93%</b>
• Hearing protection equipment	<b>94%</b>
• Dust masks	<b>93%</b>
Percentage of employees reporting free access to Personal Protective Equipment (PPE)	<b>89%</b>

GAP Guidelines require employee training on general tobacco and farm safety. Where applicable, growers were assessed against instructions on tobacco-specific topics, such as grade separation and prevention of carbon monoxide poisoning, as well as general safety practices around operation of farm machinery, heat stress, use of PPE, etc. UL’s auditors verified compliance through grower interviews, employee interviews, or review of relevant documentation, such as training records and brochures. Per the on-site assessment questionnaire, UL’s auditors reported on instances where employees should have received specific training but did not.

Majority of assessed growers instructed employees on proper baling and market separation of tobacco as well as prevention of non-tobacco related materials (NTRM). Only 4 employees reported not receiving instructions on baling, market separation and NTRM prevention, as necessary.

Among the 43 growers with air-cured and fire-cured operations, all provided instruction on grade separation. Among the 16 growers with dark-fired operations, 15 provided instruction on carbon monoxide poisoning. During the employee interviews, there were no reported instances where employees should have received said trainings but did not.

<sup>4</sup> Safety hats and helmets included sun protection hats, but did not include baseball caps and rags.

95% of growers reported providing instruction on general farm safety, symptoms and treatments of Green Tobacco Sickness (GTS) and heat stress. However, 10% of interviewed employees who should have received this instruction reported that they did not.

Majority of growers also provided training on the use of PPE, and to a lesser extent, recognition of Restricted-Entry Interval (REI), which refers to the time period after application of pesticides during which entry into the treated area is restricted. 69 out of the 99 growers reported employee use of farm equipment and machinery – 97% of those growers instructed employees on safe operation of such machinery. 45 out of 99 growers had employees working with tobacco agrochemicals – 98% of those growers provided instruction on storage, handling, application and disposal of agrochemicals. Employee interview results were generally consistent with these findings.

**Table 7.** Employee Safety Instruction<sup>5</sup>

Employee Safety Instruction Topic	% of Growers Reporting Instruction of Employees	% of Interviewed Employees Who Should Have Received Instructions, but Did Not
General farm safety	95%	3%
Where applicable, operation of farm equipment and machinery	95%	0%
Where applicable, symptoms and treatments of Green Tobacco Sickness (GTS)	95%	10%
Symptoms and treatments of heat stress	95%	9%
Where applicable, storage, handling, application and disposal of tobacco agrochemicals	98%	3%
Use of Personal Protective Equipment (PPE)	98%	3%
Recognition of Restricted-Entry Interval (REI)	89%	6%

### Employee-Grower Relationship

UL’s auditors conducted interviews with a total of 137 workers among 99 of RJRT’s contract growers. Among interviewed employees, job duties included planting, weeding, harvesting, transporting, working with agrochemicals, topping/ sucker removal and market preparation. All interviewees were seasonal full-time employees, with majority (79%) having worked for the same grower in the past. Employees who had previously worked with their current employers had, on average, been working on the same farm for 7 years. Majority of interviewed employees (77%) were H-2A employees living on the farm or farm housing.

Most of the interviewed employees were paid on hourly basis. Hourly wages ranged between \$8.00 and \$11.00 per hour, which is at or above local minimum wages. The average hourly wage was \$9.73 and the median hourly wage was \$9.87. 88% of employees reported receiving an

<sup>5</sup> Reference **Table 7** compares employee safety instruction results, as reported through grower interviews and documentation review as well as through employee interviews. The percentages are inverse perspectives of the same issue, as reported by growers and employees. For example, when it comes to general farm safety, 95% of growers reported instructing employees on the topic, and 3% of interviewed employees reported that they should have received instructions, but did not.

itemized written statement of pay, which included: total earning, hourly rate and/or piece rate, daily units produced (if piece rate), total hours worked, deductions, and beginning and end date of payment period.

Employee treatment was evaluated on a 4-point scale: “Poor,” “Fair,” “Good” and “Very Good.” Most employees rated their treatment on the farm as “Good” or “Very Good,” while 3 employees rated their treatment on the farm as “Fair.” Of the 137 employees interviewed, none rated their treatment on the farm as “Poor.”

96% of employees reported knowing who to contact if they had a concern or a problem. All 137 of interviewed employees noted that, if given a choice to work on the same farm next year, they would return.

**Table 8.** Employee Treatment

Issue	Total
Average hourly wage of employees	<b>\$9.73</b>
Percentage of employees who were provided with an itemized written statement of pay	<b>88%</b>
Percentage of employees who rated their treatment on the farm as “Good” or “Very Good”	<b>98%</b>
Percentage of employees who know who to contact if they have a concern or a problem	<b>96%</b>
Percentage of employees who would return to work at the same farm if given a choice	<b>100%</b>

## Recommendations

In order to address and improve the most relevant findings of this summary report, UL recommends that RJRT:

- Confirm that all growers maintain employment eligibility verification documentation (I-9 Form) at the farm for all employees. Only 84% of growers assessed against compliance with laws and regulations maintained such documentation. RJRT should consider providing growers with a copy of the most recent government-issued I-9 Form as well as information on what documentation must be verified to complete it.
- Emphasize the importance of provision of legally-required documentation to employees, specifically provision of 1) a written statement of employment terms and conditions and 2) itemized pay statement in the next round of grower training. Only 69% of growers provided a written statement of employment terms and conditions to employees, and only 88% of interviewed employees reported receiving an itemized statement of pay. RJRT should consider providing sample forms that contain all information required in respective forms.
- Emphasize the importance of retention of accurate accident records. Only 61% of growers who should have provided accident records with number and causes of accidents maintained such records. RJRT should consider providing growers with sample forms for recording workplace accidents.
- Confirm that all growers increase employee access to Personal Protective Equipment (PPE). Although majority of growers (90-95%) reported giving employees access to equipment, such as safety gloves, hats and glasses, there is still a gap in employee access to said equipment. This gap can be closed by emphasizing the importance of providing PPE to all employees, regardless of whether employees have their own. It is also

recommended that RJRT follow up with individual growers who did not provide PPE at the time of the assessment.

- Confirm that all growers conduct relevant health and safety training for all of their employees. While grower testimonies and employee interviews generally aligned, there were some gaps in the provision of relevant instructions. For example, 10% of employees who should have received instruction on symptoms and treatments of Green Tobacco Sickness (GTS) reported not having received it. Another area that scored relatively low on employee training was instruction on recognition of Restricted-Entry Interval (REI), with 89% of growers reporting provision of instructions on the topic to their employees.
- Confirm that all growers have fire extinguishers present near barns and near market preparation facilities. Only 80% of assessed growers had fire extinguishers in these spaces.

## Appendix: Assessment Methodology

UL's auditors assessed 99 of RJRT's contract growers as part of the 2014 GAP Connections pilot audit program. All growers were assessed against three components of GAP guidelines: Crop Management, Environmental Management and Labor Management. On-site assessments lasted, on average, two to three hours, with visits to multiple farms within a single day.

Due to time constraints, grower and employee availability and varying farm sizes, UL's auditors used sampling techniques to answer survey questions and obtain representative information. Where possible, the auditors used triangulation methods to support findings. Verification methods included observation, documentation review, and grower and/or employee interviews. Interviewed employees were selected by auditors, except in one instance, where the interviewed employee was the only employee available at the farm. While employee interviews are generally conducted in private, there were 6 instances where the grower was present during GAP assessment interviews. This may have influenced the responses gathered during the interview process.

All assessments began with an opening meeting between UL's auditors and the grower's management. If the grower was not present at the time of the assessment, auditors were required to collect an *Alternate Authorization Form*, indicating the grower's authorization of a designated representative to answer audit questions on his or her behalf. Auditors also took this opportunity to share the benefits of participation in the audit program, such as assurance of alignment with Good Agricultural Practices (GAP), identification of misunderstandings around expectations, and reduction of risk of violations of labor and environmental regulations.

After the opening meeting, UL's auditors proceeded with the questions in the assessment questionnaire, using documentation and record review as well as interviews. Documentation review included but was not limited to hiring and recruitment policies and practices, and occupational health and safety policies and procedures, among others. Where applicable, auditors conducted a walk-through of the premises. Where sampling was used, auditors noted this in the report. Verification methods were also noted for each question.

Upon conclusion of the assessment, auditors surveyed growers about their experiences during the assessment. Audit results were submitted using the GAP Connections online platform.

UL's auditors used the 2014 *U.S. Tobacco GAP Program Assessment Questionnaire* to conduct the assessments. The audit form was developed based on GAP Guidelines, national labor laws and regulations, and occupational health and safety standards. The *U.S. Tobacco Program Assessment Employee Interview Form* was used to conduct employee interviews.