



eBook

THE COST OF NON-COMPLIANCE

Lessons learned from 5 well-known companies



NON-COMPLIANCE CASES IN THE INDUSTRIAL SECTOR

The manufacturing industry is crucial in modern society, providing essential products such as chemicals, pharmaceuticals, consumer goods, and energy products. However, the production process and use of chemicals can also pose significant risks to human health and the environment if not professionally managed.

In recent years, several famous brands in the manufacturing industry have faced non-compliance cases, ranging from violations of environmental regulations to product safety issues.

These cases have resulted in significant fines, legal disputes, and damage to the company's reputation. However, they also offer valuable lessons on ethical behavior, environmental and social responsibility, and effective risk management.

In this e-book, we will explore five non-compliance cases from well-known brands in the manufacturing industry. By learning from these examples, we can better understand the industry's challenges and identify best practices for ensuring safe and responsible chemical production and use.



BAYER CROPSCIENCE

What happened?

In 2008, an explosion occurred at a Bayer CropScience plant in West Virginia¹. An investigation by the U.S. Chemical Safety and Hazard Investigation Board found that inadequate safety systems and training at the plant caused the explosion.

Specifically, the board found that the plant had not correctly installed or maintained pressure relief valves designed to prevent dangerous pressure buildups in chemical reactors. Additionally, the board found that workers had not been adequately trained on the hazards of working with hazardous chemicals and how to respond to emergencies.

Consequences:

As a result of these findings, two people died, and toxic chemicals were released into the air. Bayer CropScience was fined \$5.6 million for violations of federal safety regulations². The company was also required to implement several corrective actions, including improving its safety culture and procedures, investing in better safety equipment and systems, and providing more comprehensive training for workers.

Key takeaways:

- The tragic explosion that claimed two lives and caused environmental damage serves as a powerful reminder of the critical need for industrial companies to prioritize safety.
- To prevent such incidents, organizations must ensure that all equipment is correctly installed and adequately maintained.
- Employees must also receive proper training on the dangers of working with hazardous chemicals. In this way, companies can protect both their workers and the surrounding communities.



\$5.6 MILLION



HONEYWELL RESINS AND CHEMICALS LLC

What happened?

In 2013, Honeywell Resins and Chemicals LLC, the world's largest single-site producer of caprolactam and ammonium sulfate, was accused of violating federal and state air pollution regulations at its Hopewell, Virginia plant³. The allegations include exceeding Clean Air Act limits on nitrogen oxide (NOx), benzene, and other volatile organic compounds (VOCs) and particulate matter emissions. The plant also allegedly failed to comply with requirements to upgrade air pollution control equipment, detect and repair leaks of hazardous air pollutants, and develop safeguards on benzene waste.

Consequences:

Because of these violations, the Justice Department and the U.S. Environmental Protection Agency (EPA) announced that Honeywell Resins and Chemicals LLC has agreed to pay a \$3 million civil penalty and improve the facility's air pollution control equipment and processes.

\$3 MILLION
civil penalty

Honeywell has also agreed to reduce harmful air pollutants, install selective catalytic reduction at four production trains at the facility, conduct a third-party benzene waste operations audit, and implement an enhanced leak detection and repair program.

Key takeaways:

- The importance of complying with federal and state air pollution regulations in the chemical industry is vital.
- To prevent such incidents, industrial companies must prioritize air quality and invest in the equipment and processes necessary to minimize emissions of hazardous pollutants.
- They must also regularly inspect waste operations and implement robust leak detection and repair programs. Because fines aside, such incidents pose a direct threat to human life.



TYSON FOODS

What happened?

Tyson Foods, the largest meat and poultry processor in the US, was fined \$263,000 by the US Occupational Safety and Health Administration (OSHA) for multiple safety violations at its chicken-processing facility in Center, Texas⁴. The investigation was launched after a worker lost a finger while on the job, and OSHA identified two repeated and 15 serious violations of workplace safety laws.

Among the safety violations, Tyson Foods was accused of exposing workers to amputation hazards and high levels of carbon dioxide and peracetic acid without providing personal protective equipment.

The company also failed to ensure employees used appropriate eye or face protection when exposed to hazards, a similar violation for which the company was cited in 2012. Other violations included exposing employees to slip-and-fall, trip-and-fall, and fire hazards resulting from improperly stored compressed gas cylinders.

Consequences:

As a result of the safety violations, Tyson Foods was fined \$263,000 by OSHA. In addition to the fine, the company was required to implement various safety measures to protect its workers from hazards, including providing personal protective equipment, ensuring proper drainage to prevent slip-and-fall and trip-and-fall hazards, and properly storing compressed gas cylinders to avoid fire hazards.

Key takeaways:

- The Tyson Foods non-compliance case highlights the severe consequences of workplace safety violations and the importance of proactive safety measures.
- The fines and penalties associated with non-compliance can be significant, and workplace accidents can devastate employees and their families.
- Safety is an ongoing process that requires regular audits, training, and hazard assessments, and employee involvement is critical.
- By prioritizing workplace safety, companies can establish safer workplaces, reduce non-compliance risks, and prevent workplace accidents and injuries.



SHELL

What happened?

In May 2016, a pipeline operated by Shell in the Gulf of Mexico spilled an estimated 1,926 barrels of oil, leading to an investigation by the U.S.⁵ Coast Guard and the Bureau of Safety and Environmental Enforcement. The spill occurred approximately 97 miles off the coast of Louisiana, and the cause was attributed to a “sheared flowline” that was part of the subsea infrastructure.



Consequences:

As a result of the spill, Shell agreed to pay \$3.8 million in damages and penalties to the U.S. government and Louisiana, which included \$2.6 million for natural resource damages, \$350,000 for the cost of responding to the spill, and a \$900,000 civil penalty.

Shell also committed to implementing several remedial measures, including conducting additional inspections and testing of subsea infrastructure, developing a spill response plan, and upgrading equipment and procedures to prevent future incidents. The spill was another blow to Shell’s reputation and highlighted the risks associated with offshore drilling operations.

Key takeaways:

- The Shell pipeline spill incident in the Gulf of Mexico highlights the importance of compliance with safety and environmental regulations in the oil and gas industry.
- Companies must prioritize compliance to avoid incidents that can cause significant harm to the environment and public health, as well as legal and financial penalties for the organization.
- To avoid non-compliance incidents like this, companies in the oil and gas industry can also implement compliance software solutions that provide tools to manage risk, stay up to date on regulatory changes, and demonstrate a commitment to safety and ethical business practices.

JOHNSON & JOHNSON



What happened?

Johnson & Johnson faced a non-compliance case related to its baby powder products⁶. In 2018, a Missouri jury awarded \$4.7 billion in damages to 22 women who claimed that they developed ovarian cancer as a result of using Johnson & Johnson's talc-based baby powder. The plaintiffs argued that the company had known for decades about the potential risks associated with talc but failed to warn consumers or take action to remove the product from the market.

Johnson & Johnson denied any wrongdoing and appealed the decision. Still, the case raised questions about the safety of talc-based products and the responsibility of companies to disclose potential risks to consumers. In response, Johnson & Johnson has since announced that it will discontinue its talc-based baby powder in the United States and Canada, although it maintains that the product is safe and does not cause cancer. While the company denied these allegations and did not admit fault, the court ultimately found sufficient evidence to support the plaintiffs' claims and ruled against Johnson & Johnson.

Consequences:

The consequences for Johnson & Johnson have been significant. In addition to the \$4.7 billion awarded to the plaintiffs in the Missouri case, the company has faced numerous other lawsuits related to its baby powder products, with many alleging that the talc-based powder caused cancer or other health problems.

The negative publicity surrounding the non-compliance case has also damaged Johnson & Johnson's reputation and eroded consumer trust. In response, the company has made significant changes to its marketing and labeling practices, including adding warning labels to its talc-based baby powder and launching a new marketing campaign to promote the safety of its products.

The case has also had broader implications for the cosmetic and personal care industry, with other companies facing scrutiny over the safety of talc-based products and the need for stronger regulation and oversight.

Key takeaways:

- To prevent incidents like this, companies must ensure that they comply with all relevant regulations and guidelines, such as labeling requirements and product testing standards.
- Maintaining open and transparent communication with consumers, regulators, and other stakeholders is essential to build trust and demonstrate a commitment to ethical business practices.
- They should also conduct thorough research and testing of products to identify potential risks and disclose any potential hazards to consumers. other stakeholders to build trust and demonstrate a commitment to ethical business practices.

It is possible to avoid similar unpleasant scenarios in your business

We understand that staying compliant can be complex and challenging for companies. Numerous regulations and laws must be adhered to, and navigating through the various layers of compliance requirements can be overwhelming. But it is important to remember that compliance is not only a legal obligation but also a way to protect and grow a business.

Get in touch with us

If you wish to learn how +Compliance solution can transform your business, please reach out to our advisor.

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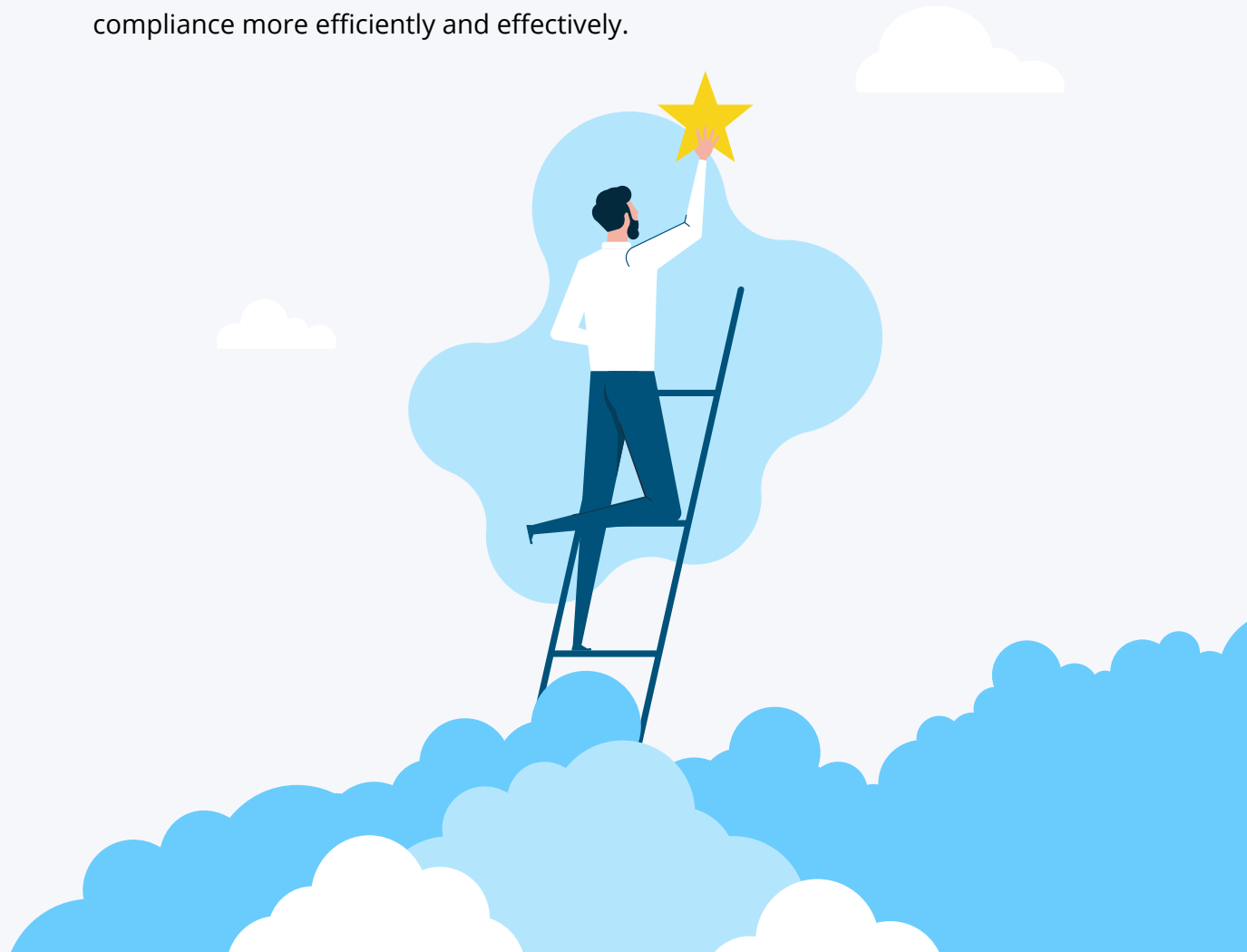
You can reach our headquarters at:

✉ contact@beinformed.com

Would you like to be called back? Please leave a message on our website:

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That is why our +Compliance solution is designed to simplify compliance processes and ensure that companies meet all requirements with ease. Compliance does not have to be complicated, and +Compliance is here to help companies achieve compliance more efficiently and effectively.



Useful resources

We understand that preventing non-compliance cases can be challenging for many companies. With so many layers and ongoing changes, staying up-to-date and ensuring your organization remains compliant takes serious work. That's why we would like to share valuable sources with you to explore +Compliance Solution deeper.

Video



Visual learner? Watch the +Compliance Solution video

Sit back to learn by watching the brief story of +Compliance Solution and how it works.

[Watch Now](#)

Whitepaper



Read all the details you need to know

You can find more detailed information related to the solution in our whitepaper.

[Download Now](#)

Webpage



Visit the webpage of our solution for a good start

Learn about the +Compliance Solution and how it works.

[Read Now](#)

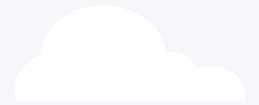
Blog



In a nutshell: Compliance in the FMCG Sector

Check our blog article to learn the essential building blocks of compliance process in the FMCG industry.

[Read Now](#)





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