



Sedex Members Ethical Trade Audit Report

Version 6.0



| Audit Details | | | |
|---|--|--|---|
| Sedex Company Reference: <i>(only available on Sedex System)</i> | ZC: Not Provided | Sedex Site Reference: <i>(only available on Sedex System)</i> | ZS: 286355979 |
| Business name (Company name): | Clover Serbia d.o.o. | | |
| Site name: | Clover Serbia d.o.o. | | |
| Site address: <i>(Please include full address)</i> | Rade Končara 1, 21000 Novi Sad | Country: | Serbia |
| Site contact and job title: | Snežana Vukovic - General Manager | | |
| Site phone: | 00 381 21 439 900 | Site e-mail: | snezana.vukovic@cloverttech.eu |
| SMETA Audit Type: | <input checked="" type="checkbox"/> Labour Standards | <input checked="" type="checkbox"/> Health & Safety | <input type="checkbox"/> Environment <input type="checkbox"/> Business Ethics |
| Date of Audit: | 12.-14.06.2017. | | |

| | |
|--|---|
| <p>Audit Company Name & Logo:</p> <p>TUV Rheinland</p>  | <p>Report Owner (payee):</p> <p>Auditee (Clover Serbia)</p> |
|--|---|

| Audit Conducted By | | | | | |
|--------------------|-------------------------------------|---|--------------------------|-------------|--------------------------|
| Commercial | <input checked="" type="checkbox"/> | Purchaser | <input type="checkbox"/> | Retailer | <input type="checkbox"/> |
| Brand owner | <input type="checkbox"/> | NGO | <input type="checkbox"/> | Trade Union | <input type="checkbox"/> |
| Multi-stakeholder | <input type="checkbox"/> | Combined Audit (select all that apply): N/A | | | |

Audit Content:

(1) A SMETA audit was conducted which included some or all of Labour Standards, Health & Safety, Environment and Business Ethics. The SMETA Best Practice Version 6.0 April 2017 was applied. The scope of workers included all types at the site e.g. direct employees, agency workers, workers employed by service providers and workers provided by other contractors. Any deviations from the SMETA Methodology are stated (with reasons for deviation) in the SMETA Declaration.

(2) The audit scope was against the following reference documents

2-Pillar SMETA Audit

- ETI Base Code
- SMETA Additions
 - Universal rights covering UNGP
 - Management systems and code implementation,
 - Responsible Recruitment
 - Entitlement to Work & Immigration,
 - Sub-Contracting and Home working,

4-Pillar SMETA

- 2-Pillar requirements plus
- Additional Pillar assessment of Environment
- Additional Pillar assessment of Business Ethics
- The Customer's Supplier Code (Appendix 1)

(3) Where appropriate non-compliances were raised against the ETI code / SMETA Additions & local law and recorded as non compliances on both the audit report, CAPR and on Sedex.

(4) Any Non-Compliance against customer code shall not be uploaded to Sedex. However, in the CAPR these 'Variances in compliance between ETI code / SMETA Additions/ local law and customer code' shall be noted in the observations section of the CAPR.

SMETA Declaration

I declare that the audit underpinning the following report was conducted in accordance with SMETA Best Practice Guidance and SMETA Measurement Criteria.

- (1) Where appropriate non-compliances were raised against the ETI code / SMETA Additions & local law and recorded as non-compliances on both the audit report, CAPR and on Sedex.
- (2) Any Non-Compliance against customer code alone shall not be uploaded to Sedex. However, in the CAPR these 'Variances in compliance between ETI code / SMETA Additions/ local law and customer code' shall be noted in the observations section of the CAPR.

Any exceptions to this must be recorded here (e.g. different sample size): N/A

Auditor Team (s) (please list all including all interviewers):

Lead auditor: Jelena Jeftic

Team auditor: N/A

Interviewers: Jelena Jeftic

Report writer: Jelena Jeftic

Report reviewer: Can Demirel

Date of declaration: 28.06.2017.

Note: The focus of this ethical audit is on the ETI Base Code and local law. The additional elements will not be audited in such depth or scope, but the audit process will still highlight any specific issues.

This report provides a summary of the findings and other applicable information found/gathered during the social audit conducted on the above date only and does not officially confirm or certify compliance with any legal regulations or industry standards. The social audit process requires that information be gathered and considered from records review, worker interviews, management interviews and visual observation. More information is gathered during the social audit process than is provided here. The audit process is a sampling exercise only and does not guarantee that the audited site prior, during or post-audit, are in full compliance with the Code being audited against. The provisions of this Code constitute minimum and not maximum standards and this Code should not be used to prevent companies from exceeding these standards. Companies applying this Code are expected to comply with national and other applicable laws and where the provisions of law and this Code address the same subject, to apply that provision which affords the greater protection. The ownership of this report remains with the party who has paid for the audit. Release permission must be provided by the owner prior to release to any third parties.

Non-Compliance Table

| Issue (please click on the issue title to go direct to the appropriate audit results by clause) <i>Note to auditor, please ensure that when issuing the audit report, hyperlinks are retained.</i> | | Area of Non-Conformity (Only check box when there is a non-conformity, and only in the box/es where the non-conformity can be found) | | | | Record the number of issues by line*: | | | NC Findings Only (note to auditor, summarise in as few words as possible NC's only) |
|--|--|---|-------------------------------------|--------------------------|--------------------------|---------------------------------------|-----|----|--|
| | | ETI Base Code | Local Law | Additional Elements | Customer Code | NC | Obs | GE | |
| 0A | Universal Rights covering UNGP | | | <input type="checkbox"/> | <input type="checkbox"/> | | - | - | • None |
| 0B | Management systems and code implementation | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 1 | - | - | Non-Compliance: • There are no evidences that company have delivered ETI code to their suppliers. |
| 1. | Freely chosen Employment | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | - | - | - | • None |
| 2 | Freedom of Association | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | - | 1 | - | • None |
| 3 | Safety and Hygienic Conditions | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | <input type="checkbox"/> | 1 | - | 1 | • Some evacuation paths and/or exits doesn't fully meet technical requirements related to fire safety: 1. Even there are second evacuation exit in second floor (offices), path that leads towards this way is not secured. 2. Even there are some evacuation exit doors that are opening outwards, some evacuation doors are opening inwards, or sliding or rolling doors are used as evacuation exits. |

| | | | | | | | | | |
|------|--|-------------------------------------|--------------------------|--------------------------|--------------------------|---|---|---|---|
| 4 | <u>Child Labour</u> | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | - | - | - | • None |
| 5 | <u>Living Wages and Benefits</u> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 1 | - | 1 | • Due the fact that factory doesn't have precise system for time evidence (such as card reading system, or similar), auditor couldn't draw solid conclusions regarding this performance area. |
| 6 | <u>Working Hours</u> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | 1 | | | • Due the fact that factory doesn't have precise system for time evidence (such as card reading system, or similar), auditor couldn't draw solid conclusions regarding this performance area. |
| 7 | <u>Discrimination</u> | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | | | | • None |
| 8 | <u>Regular Employment</u> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | • None |
| 8A | <u>Sub-Contracting and Homeworking</u> | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | • None |
| 9 | <u>Harsh or Inhumane Treatment</u> | <input type="checkbox"/> | <input type="checkbox"/> | | <input type="checkbox"/> | | | | • None |
| 10A | <u>Entitlement to Work</u> | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | • None |
| 10B2 | <u>Environment 2-Pillar</u> | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | • None |
| 10B4 | <u>Environment 4-Pillar</u> | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | • None |
| 10C | <u>Business Ethics</u> | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | • None |

General observations and summary of the site:

Factory Clover Serbia was founded at the end of 2005. From the August 2011 they become Clover Serbia d. o. o.
 Clover is global leader within their scope.
 In Clover global there are 3 scope areas:

Imaging, wireless, telecommunication. In Clover Serbia only activity that is performed on site is imaging.

Factory is located in 16500 m2 In the moment they have 1800 different products. Production is mainly manual. EMS is very present in everyday business. Factory Clover Serbia has more than 20 departments.

. There is only one shift in the factory, but working times are different. One group works from 07:00-15:00, and most of the workers work from 07:40-15:40. Administration works from 08:00-16:00 or 09:00-17:00. Security 07:00-19:00 and cleaning from 14:00-22:00. Working week is from Monday-Friday. On Saturday they have worked only few times. Factory has 601 workers in the moment.

Negative Findings:

1. There are no evidences that company have delivered ETI code to their suppliers. (0.B.5 Suppliers should communicate this code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain.)
2. Some evacuation paths and/or exits doesn't fully meet technical requirements related to fire safety:
 1. Even there are second evacuation exit in second floor (offices), path that leads towards this way is not secured.
 2. Even there are some evacuation exit doors that are opening outwards, some evacuation doors are opening inwards, or sliding or rolling doors are used as evacuation exits.
3. Due the fact that factory doesn't have precise system for time evidence (such as card reading system, or similar), auditor couldn't draw solid conclusions regarding this performance area.

Observation:

1. There are no WR freely elected by workers.

Good Examples:

1. Factory has very well implemented management system that is integrated part of their everyday business. All workers are involved in it.
2. Top management has shown high commitment to the audit process and has shown wiliness for correction and improving of all potential gaps.
3. Factory stimulate workers to give ideas for improvements of their working conditions (and in case of good and acceptable ideas, financial bonus is given to the worker(s) who gave it)
4. Top management work on continuous improvements of working, labour and social conditions in the factory (that is confirmed by workers too)
5. Factory gives grants to the workers before winter season. Later those grants are paid by workers in 10 instalments (without any interest rate)
6. New year bounces are paid to the workers. Periodically, factory organizes team buildings to the workers. Before heating season, factory gives grants (without interest rate) to the workers. This is not obligatory, and relates only to the workers that are interested in it.
7. Factory pays additional medical checks or medicines to the workers whose financial situation and health condition are at the low level. This is kind of social awareness of top management.

**Please note the table above records the total number of Non-compliances (NC), Observations (Obs) and Good Examples (GE). This gives the reviewer an indication of problem areas but does not detail severities of each issue – Reviewers need to check audit results by clause.*

Site Details

| Site Details | | | | |
|---|--|---|---|----------------|
| A: Company Name: | | Clover Serbia d.o.o. | | |
| B: Site name: | | Clover Serbia d.o.o. | | |
| C: Applicable business and other legally required licence numbers and documents for example, business license no, liability insurance, any other required government inspections | | Business certificate – nr. 20094656 Liability insurance – nr. 6-76905 | | |
| D: Products/Activities at site, for example, garment manufacture, electricals, toys, grower | | Recovery, development, remanufacturing, remarketing and sales of toner cartridges. | | |
| E: Site description: (Include size, location, and age of site. Also, include structure and number of buildings) | | Company is located in one building in the area of 15.248m ² . The facility was built in 1968. All activities are carried out on the ground floor. There is area with one floor where are several office. The lighting in the building is partly natural and artificial (using fluorescent lamps in administrative building and production hall, as well as reflectors in storage parts). | | |
| | | Production Building no | Description | Remark, if any |
| | | 1 st Floor | 15248 m2 - Sector for development and research, production area, sector for support, packaging, distribution, warehouse. Company also has eating room. Changing rooms are also located in that floor. Changing room are equipped with lockers | None |
| | | 2 nd Floor | 324 m2 - Production management, marketing, maintenance and Health and Safety responsible person | None |
| | | Is this a shared building? | No. Factory is in rented building, | None |

| | | | | |
|---|---|--|--|--|
| | <table border="1" data-bbox="643 219 1465 320"> <tr> <td data-bbox="643 219 916 320"></td><td data-bbox="916 219 1182 320">but building is not shared with other factory.</td><td data-bbox="1182 219 1465 320"></td></tr> </table> <p>The system of ventilation and air conditioning is installed in all parts of the building, except in the storage parts, and some offices. Offices that are outside the administrative building are equipped with air conditioning, enabling good working conditions in the working premises.</p> <p>Visible structural integrity issues (large cracks) observed and without structural engineer evaluation</p> <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Details: There were no visible cracks in production area or factory yard.</p> | | but building is not shared with other factory. | |
| | but building is not shared with other factory. | | | |
| F: Site function: | <p><input type="checkbox"/> Agent</p> <p><input checked="" type="checkbox"/> Factory Processing/Manufacturer</p> <p><input type="checkbox"/> Finished Product Supplier</p> <p><input type="checkbox"/> Grower</p> <p><input type="checkbox"/> Homeworker</p> <p><input type="checkbox"/> Labor Provider</p> <p><input type="checkbox"/> Pack House</p> <p><input type="checkbox"/> Primary Producer</p> <p><input type="checkbox"/> Service Provider</p> <p><input type="checkbox"/> Sub-Contractor</p> | | | |
| G: Month(s) of peak season: (if applicable) | November, December and March | | | |
| H: Process overview: (Include products being produced, main operations, number of production lines, main equipment used) | <p>Production (bare bulk: disassembling, cleaning, filing, assembling of bulk, engineering, q. control, etc.), including 10 production lines.</p> <p>Distribution and packaging (welding machines for plastic bags). 24 cell places (production lines).</p> <p>Warehouse of raw materials and final products</p> <p>Main equipment used: work station, pneumatic drills and screw drivers, welding machines for plastic bags, fixtures holders, special design machines, packing machines, fork lifts</p> | | | |
| I: What form of worker representation / union is there on site? | <p><input type="checkbox"/> Union (name)</p> <p><input type="checkbox"/> Worker Committee</p> <p><input checked="" type="checkbox"/> Other (Suggestion box)</p> <p><input type="checkbox"/> None</p> | | | |
| J: Is there any night production work at the site? | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>20 minutes in second shift are considered as night work (according to local law night work is considered from 22:00-06:00)</p> | | | |
| K: Are there any on site provided | <p><input type="checkbox"/> Yes</p> | | | |

| | |
|--|---|
| worker accommodation buildings e.g. dormitories | <input checked="" type="checkbox"/> No If yes approx. % of workers in on site accommodation: N/A |
| L: Are there any off site provided worker accommodation buildings | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes approx. % of workers: N/A |
| M: Were the site provided accommodation buildings included in this audit | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If No, please give details : because it is N/A – factory doesn't provide housing to the workers |

| Audit Parameters | | | |
|---|---|--|--|
| A: Time in and time out | Day 1 Time in: 09:00 Day 1 Time out:17:30 | Day 2 Time in: 09:00 Day 2 Time out:17:30 | Day 3 Time in: 09:00 Day 3 Time out:17:30 |
| B: Number of Auditor Days Used: | 3 (3 Days x 1 Auditor) | | |
| C: Audit type: | <input checked="" type="checkbox"/> Full Initial <input type="checkbox"/> Periodic <input type="checkbox"/> Full Follow-up <input type="checkbox"/> Partial Follow-Up <input type="checkbox"/> Partial Other – Define | | |
| D: Was the audit announced? | <input checked="" type="checkbox"/> Announced <input type="checkbox"/> Semi – announced: Window detail: N/A <input type="checkbox"/> Unannounced | | |
| E: Was the Sedex SAQ available for review? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, why not: N/A | | |
| F: Any conflicting information SAQ/Pre-Audit Info to Audit findings? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes , please capture detail in appropriate audit by clause: N/A | | |
| G: Who signed and agreed CAPR (Name and job title) | Snežana Vukovic - General Manager | | |
| H: Is further information available (if Y please contact audit company for details) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | |
| I: Previous audit date: | N/A | | |
| J: Previous audit type: | N/A | | |
| K: Was any previous audit reviewed during this audit | <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A | | |

| Audit attendance | Management | Worker Representatives | |
|--|--|---|---|
| | Senior management | Worker Committee representatives | Union representatives |
| A: Present at the opening meeting? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| B: Present at the audit? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| C: Present at the closing meeting? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| D: If Worker Representatives were not present please explain reasons why | One production worker was present during the opening meeting, but since it is not legally required, factory doesn't have elected | | |

| | |
|--|--|
| (only complete if no worker reps present) | WR. |
| E: If Union Representatives were not present please explain reasons why: (only complete if no union reps present) | There are no unionized workers. Actually, there re few members of governmental union, but they don't have local activities in the factory. This fact was confirmed by workers too. |

Worker Analysis

“ The term "migrant worker" refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national and where they do not intend to remain permanently or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity

| Worker Analysis | | | | | | | | |
|--|-----------|-----------|--------|-----------|-----------|--------|--------------|-------|
| | Local | | | Migrant* | | | | Total |
| | Permanent | Temporary | Agency | Permanent | Temporary | Agency | Home workers | |
| Worker numbers – Male | 243 | 47 | 0 | 0 | 0 | 0 | 0 | 290 |
| Worker numbers – female | 251 | 60 | 0 | 0 | 0 | 0 | 0 | 311 |
| Total | 494 | 107 | 0 | 0 | 0 | 0 | 0 | 601 |
| | | | | | | | | |
| Number of Workers interviewed – male | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 7 |
| Number of Workers interviewed – female | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 6 |
| Total – interviewed sample size | 13 | 0 | 0 | 0 | 0 | 0 | 0 | 13 |

| | |
|---|--|
| A: Nationality of Management | Serbian, Croatian, Hungarian |
| B: Majority nationality of workers | <p>Main countries:</p> <p>Country 1: Serbian approx % total workforce_____</p> <p>Country 2: Hungarian approx % total workforce_____</p> <p>Country 3: Bosnian approx % total workforce_____</p> <p>Auditor Note: Due the Personal protection Law, factory doesn't require this data during the employment process (so the percentage was not available).</p> <p>All workers are Serbian citizens, but there are some that are different nationalities, such as Croatian, Hungarian, Bosnian, Montenegrin, Slovakian, Roman, ...</p> |
| C: Worker remuneration (management information) | <p>0 % workers on piece rate</p> <p>0 % hourly paid workers</p> <p>100 % salaried workers</p> <p>Payment cycle:</p> <p>0% daily paid</p> |

| | |
|--|--|
| | 0% weekly paid 100% monthly paid 0% other – please give details: N/A |
|--|--|

| Worker Interview Summary | | |
|--|---|--------------|
| A: Were workers aware of the audit? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| B: Were workers aware of the code? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| C: Number of group interviews: <i>(Please specify number and size of groups. Please see SMETA Best Practice Guidance and Measurement Criteria. If the auditor was not able to follow the BPG, please state within the declaration)</i> | Six group interviews of 5 persons | |
| D: Number of individual interviews <i>(Please see SMETA Best Practice Guidance and Measurement Criteria)</i> | Male: 3 | Female: 3 |
| E: All groups of workers are included in the scope of this audit such as; Direct employees, Casual and agency workers, Workers employed by service providers such as security and catering staff as well as workers supplied by other contractors. <i>Note to auditor: please record details of migrant /agency/contractor workers in section 8 – Regular Employment, under Responsible Recruitment</i> | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If N, please give details: N/A | |
| F: Interviews were done in private and the confidentiality of the interview process was communicated to the workers? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| G: In general, what was the attitude of the workers towards their workplace? | <input checked="" type="checkbox"/> Favourable <input type="checkbox"/> Non-favourable <input type="checkbox"/> Indifferent | |
| H: What was the most common worker complaint? | Salaries could be higher. | |
| I: What did the workers like the most about working at this site? | Workers feel safe in the factory. They confirmed that all legally granted rights are provided to them. They enjoy in time payments. Social and health insurance is paid to the. Management and superiors treat them with respect. Very good two ways communication. | |
| J: Any additional comment(s) regarding interviews: | No. Mostly workers were very satisfied with working conditions in the factory. | |
| K: Attitude of workers to hours worked: | Workers confirmed that they work from 07:40-15:40. During working time, they have 30 minutes lunch break. | |
| L. Is there any worker survey information available? | | |

- ☐ Yes
☒ No

If Yes, please give details: N/A

M: Attitude of workers:

(Include their attitude to management, workplace, and the interview process. Both positive and negative information should be included) Note: Do not document any information that could put workers at risk

Employees seemed comfortable with the process and were able to contribute openly. They were not coached for interview. Workers were very open and not been trained. They are familiar with their rights. Answers were in accordance with the information we received from management. They are satisfied with workplace, relationship and communication they have with management. Workers feel safe in the factory. They confirmed that all legally granted rights are provided to them. They enjoy in time payments. Social and health insurance is paid to the. Management and superiors treat them with respect. Very good two ways communication.

N: Attitude of worker's committee/union reps:

(Include their attitude to management, workplace, and the interview process. Both positive and negative information should be included) Note: Do not document any information that could put workers at risk

Factory doesn't have workers committee, since it is not required by law. There are few workers that are unionized in global level (on State level), but there is no union activities that are performed on site.

O: Attitude of managers:

(Include attitude to audit, and audit process. Both positive and negative information should be included)

The representatives of management were ready to cooperate and provide access to all relevant documents to the auditors. They show willingness for permanent process improvement, and highly developed awareness of social issues. All relevant processes leader were available during entire audit

Audit Results by Clause

0A: Universal Rights covering UNGP

[\(Click here to return to NC-table\)](#)

0.A. Guidance for Observations

0.A.1 Businesses should have a policy, endorsed at the highest level, covering human rights impacts and issues, and ensure it is communicated to all appropriate parties, including its own suppliers.

0.A.2 Businesses should have a designated person responsible for implementing standards concerning Human rights

0.A.3 Businesses shall identify their stakeholders and salient issues.

0.A.4 Businesses shall measure their direct, indirect, and potential impacts on stakeholders (rights holders) human rights.

0.A.5 Where businesses have an adverse impact on human rights within any of their stakeholders, they shall address these issues and enable effective remediation.

0.A.6 Businesses shall have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter.

Note for auditors and readers. This is not a full Human Rights Assessment, but instead a check on the business's implementation of processes to meet their Universal rights covering UNGP responsibilities.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

Ethical codex is published 30.12.2016. and it is shared in scare point and published in announcement board in production and entrance. Ethical code includes: prohibition of discrimination, Remuneration, human rights, personal data, confidentiality, Anti-corruption, ethical behavior, environment, Last version of labor rules is published on 06.06.2017. It includes: human rights, hiring and termination, training, working time, OT, annual leave, disciplinary practice...

According to appointment, HR manager have all responsibilities regarding ethical questions, human rights, discrimination, mobbing...

Company has certified ISO 9001:2015 and ISO 14001:2015. As a part of certified system they have procedures in place, available to the management and the workers. Also, as a part of system they have recognized all stakeholders. SWAT analyze of stakeholders is part of document Context of the organization.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

Details:

Ethical codex 30.12.2016

Labor rules 06.06.2017.

Human rights policy (February 2017.)

HR policy (May 2017)

Context of the organization, 03.05.2017.

Any other comments: None

| | |
|--|---|
| <p>A: Policy statement that expresses commitment to respect human rights?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>Factory has Business ethic, Labor rules (06.06.2016) and Human rights policy (February 2017.) and HR policy. Ethical codex is published 30.12.2016. and it is shared in scare point and published in announcement board in production and entrance. Ethical code includes: prohibition of discrimination, Remuneration, human rights, personal data, confidentiality, Anti-corruption, ethical behaviour, environment...</p> <p>Last version of labor rules is published on 06.06.2017.. It includes: human rights, hiring and termination, training, working time, OT, annual leave, disciplinary practice...</p> |
| <p>B: Does the business have a designated person responsible for implementing standards concerning Human Rights?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>Name: Draga Miljanović Job title: HR & office manager According to appointment, HR manager have all responsibilities regarding ethical questions, human rights, discrimination, mobbing...</p> |
| <p>C: Does the businesses have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>Suggestion and compliance procedure (last update) 31.01.2017.. Suggestion box is posted in factory in two places, and works can anonymously to raise grievance. Frequency of box opening is once per day. Feedback is sent to the workers latest 5 days after it was placed in the box.</p> |
| <p>D: Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please give details:</p> <p>Factory has Business ethic, Labor rules (06.06.2016) and Human rights policy (February 2017.) and HR policy. Ethical code includes: human rights, personal data, confidentiality, ethical behaviour ...</p> <p>Last version of labor rules is published on 06.06.2017.. It includes: human rights, personal data ...</p> <p>Besides, each worker signs confirmation about data privacy. Those are stored in personal files of the workers in HR department.</p> <p>Workers whose work is connected with personal data of the workers, have specific form of</p> |

| | |
|--|--|
| | declaration and approval for private data usage (in accordance to local law) |
|--|--|

| Findings | | |
|---|-------------------------------------|----------------------------------|
| Finding: Observation <input type="checkbox"/> | Company NC <input type="checkbox"/> | Objective evidence observed: N/A |
| Description of observation: NONE | | |
| Local law or ETI/Additional elements / customer specific requirement: N/A | | |
| Comments: NONE | | |

| Good examples observed: NONE | |
|---------------------------------------|----------------------------------|
| Description of Good Example (GE): N/A | Objective Evidence Observed: N/A |

Measuring Workplace Impact

| Workplace Impact | | |
|---|--|---|
| A: Annual worker turnover: Number of workers leaving in last 12 months as a % of average total number of workers on site over the year (annual worker turnover) | Last year: 9,2 % | This year 9 % |
| B: Current % quarterly (90 days) turnover: Number of workers leaving from the first of the 90 day period through to the last day of the 90 day period / [(number of employees on the 1 st day of 90 day period + number of employees on the last day of the 90 day period) / 2] | 621,5 = ((642+601)/2) | |
| C: Annual % absenteeism: Number of days lost through job absence in the year / [(number of employees on 1 st day of the year + number employees on the last day of the year / 2] * number available workdays in the year | Last year: 0 % | This year 0% |
| D: Quarterly (90 days) % absenteeism: Number of days lost through job absence in the period / [(Number of employees on 1 st of the period + Number of employees on the last day of the period / 2] * Number of available workdays in the month | 0 | |
| E: Are accidents recorded? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Average number of injuries is 10 per year. HSE responsible keeps all relevant records and report it to governmental institution, as it is required by law. | |
| F: Annual Number of work related accidents and injuries per 100 workers: [Number of work related accidents and injuries * 100] / Number of total workers] | Last year: 2016 Number: 13 injuries 13x100/638=2,03% | This year: 2017 Number: 10 injuries 10x100/604=1,66% |
| G: Quarterly (90 days) number of work related accidents and injuries per 100 workers: [Number of work related accidents and injuries * 100] / Number of total workers] | 2016 January-Mart: 1 injury 1x100/638=0,15 April-Jun: 5 injuries 5x100/638=0,783 Jul-September: 1 injury 1x100/638=0,15 October -December: 3 injuries. 3x100/638=0,94 | 2017 January-Mart: 8 injuries 8x100/604=1,32 April-Jun: 2 injuries 2x100/604=0,33 |
| H: Lost day work cases per 100 workers: [(Number of lost days due to work accidents and work related injuries * 100) / Number of total workers] | Last year: 2016 340x100/638=37,6 | This year: 2017. 208x100/604=34,43 |

| | | |
|--|-------------------------|--------------------------|
| I: % of workers that work on average more than 48 standard hours / week in the last 6 / 12 months: | 6 months 0 % workers | 12 months 0 % workers |
| J: % of workers that work on average more than 60 total hours / week in the last 6 / 12 months: | 6 months 0 % workers | 12 months 0 % workers |

0B: Management system and Code Implementation

[\(click here to return to NC Table\)](#)

- 0.B.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.
0.B.2 Suppliers are expected to be operating legally in premises with the correct business licenses and permissions and to have systems to ensure that all relevant land rights have been complied with
0.B.3 Suppliers shall appoint a senior member of management who shall be responsible for compliance with the Code.
0.B.4 Suppliers are expected to communicate this Code to all employees.
0.B.5 Suppliers should communicate this code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

Factory has Business ethic, Labor rules (06.06.2016) and Human rights policy (February 2017.) and HR policy. Ethical codex is published 30.12.2016. and it is shared in scare point and published in announcement board in production and entrance. Ethical code includes: prohibition of discrimination, Remuneration, human rights, personal data, confidentiality, Anti-corruption, ethical behaviour, environment...
Last version of labor rules is published on 06.06.2017.. It includes: human rights, hiring and termination, training, working time, OT, annual leave, disciplinary practice...
According to appointment, HR manager have all responsibilities regarding ethical questions, human rights, discrimination, mobbing...
Suggestion and compliance procedure (last update) 31.01.2017.. Suggestion box is posted in factory in two places, and works can anonymously to raise grievance. Frequency of box opening is once per day. Feedback is sent to the workers latest 5 days after it was placed in the box.
ETI code, labor rules, internal ethical code, etc. are posted in announcement board, and understandable to the workers.
Company has procedure for evaluation of suppliers; all suppliers are evaluated and rated.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

Details:

Purchasing procedure 12.05.2017.

Evaluation of suppliers 16.05.2017.

Ethical codex 30.12.2016

Labor rules 06.06.2017.

Human rights policy (February 2017.)

HR policy (May 2017)

Context of the organization, 03.05.2017.

Any other comments: None

| Management Systems: | |
|--|--|
| A: In the last 12 months, has the site been subject to any fines/prosecutions for non-compliance to any regulations? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe: As it was declared by management and inspection records, there were no negative findings or any violation of local laws. |
| B: Do policies and/or procedures exist that reduce the risk of forced labor, child labor, discrimination, harassment & abuse? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Purchasing procedure 12.05.2017. Evaluation of suppliers 16.05.2017. Ethical codex 30.12.2016 Labor rules 06.06.2017. Human rights policy (February 2017.) HR policy (May 2017) Context of the organization, 03.05.2017. |
| C: If Yes, is there evidence (an indication) of effective implementation? Please give details. | Ethical codex is published 30.12.2016. and it is shared in scare point and published in announcement board in production and entrance. Ethical code includes: prohibition of discrimination, Remuneration, human rights, personal data, confidentiality, Anti-corruption, ethical behavior, environment, Last version of labor rules is published on 06.06.2017.. It includes: human rights, hiring and termination, training, working time, OT, annual leave, disciplinary practice... Last version of labor rules is published on 06.06.2017.. It includes: human rights, hiring and termination, training, working time, OT, annual leave, disciplinary practice... |
| D: Have managers and workers received training in the standards for forced labor, child labor, discrimination, harassment & abuse? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: General manager has passed official training for all mentioned subjects. It was international training in Bucharest. After this training, GM provided additional training to the top management (with fine tuning regarding local legislation). |
| E: If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Training records for human rights, ethical code |

| | |
|---|--|
| | have been checked. Factory has internal recording and reporting system for the trainings. |
| F: Does the site have any internationally recognized system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits). Please detail (Number and date). | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Company has certified ISO 9001:2015 and ISO 14001:2015. Old version of certificates was valid til 10.06.2017. Recertification has been done on 01.06.2017. but new certificates haven't been issued yet. Letter of confirmation have been checked. |
| G: Is there a Human Resources manager/department? If Yes, please detail. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: There is HR department responsible for all HR issues. According to appointment, HR manager have all responsibilities regarding ethical questions, human rights, discrimination, mobbing... |
| H: Is there a senior person /manager responsible for implementation of the Code | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: According to appointment, HR manager have all responsibilities regarding ethical questions, human rights, discrimination, mobbing... Appointment of HR management includes ETI Code and Smeta. |
| I: Is there a policy to ensure all worker information is confidential | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Privacy data policy and relevant legally required declaration have been checked during check of 13 randomly selected workers' personal files |
| J: Is there an effective procedure to ensure confidential information is kept confidential | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Yes, this is described in Labor rules, in Ethical codex and in Labor contract of HR manager. |
| K: Are risk assessments conducted to evaluate policy and procedure effectiveness? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: Risk assessment is integral part of Context of the organization, 03.05.2017., and policies and procedures are reviewed as a part of ISO standards February 2017. |
| L: Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: |

| | |
|--|--|
| | Risk assessment for all processes – 08.05.2017. |
| M: Does the facility have a policy/code which requires labor standards of its own suppliers? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: In following procedures is described that factory requires respecting of their ethical codes. Ethical codes are included in contractual process with supplier. Purchasing procedure 12. 05.2017. Evaluation of suppliers 16.05.2017. |
| Land rights | |
| N: Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: For relevant industry scope they have all legally required licenses, permits and certificates. Integrated environmental permit - 18.08.2010. Building certificate 09.08.2010. |
| O: Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: List of all relevant laws 13.04.2017. List is updated in weekly level. Legal department is responsible for update of list of local laws. |
| P: Does the site have a written policy and procedures specific to land rights. If yes, does it include any due diligence the company will undertake to obtain free, prior and informed consent, (FPIC) even if national/local law does not require it | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, how does the company obtain FPIC: Waste treatment procedure : 05.02.2013. Procedure for chemicals: 31.03.2017. EMS policy : May 2016. |
| Q: Is there evidence that facility site compensated the owner/lessor for the land prior to the facility being built or expanded. Please give details. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: |
| R. Does the Facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts Please give details. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: |
| S: Is There any evidence of illegal appropriation of land for facility building or expansion of footprint. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: |

Non-compliance: 1

1. Description of non-compliance: There are no evidences that company have delivered ETI code to their suppliers.

☒ NC against ETI/Additional Elements

☐ NC against Local Law

☐ NC against customer code:

Local law and/or ETI requirement:

Additional Element: 0.B.5 Suppliers should communicate this code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain.

Recommended corrective action:

Factory should deliver ETI code to their suppliers, with idea to extend the principles of this Ethical Code through their supply chain.

Objective evidence observed:

*Document review,
management declaration*

Observation: NONE

Description of observation: NONE

Local law or ETI requirement: N/A

Comments: N/A

Objective evidence observed: N/A

Good Examples observed: NONE

Description of Good Example (GE):

- Factory has very well implemented management system that is integrated part of their everyday business. All workers are involved in it.
- Top management has shown high commitment to the audit process and has shown wiliness for correction and improving of all potential gaps.
- Top management work on continuous improvements of working, labour and social conditions in the factory (that is confirmed by workers too)

Objective evidence observed:

- ISO documentation, site observation, interviews.
- Auditors' conclusion after entire audit process
- Auditors' conclusion after entire audit process

1: Freely Chosen Employment

[\(Click here to return to NC-table\)](#)

ETI

1.1 There is no forced, bonded or involuntary prison labour.

1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

HR department is responsible for hiring and termination process. All legally required documents were founded available during the audit. 14 randomly selected personal files were checked (for permanent and temporary workers), and there were no originals founded, only copies. HR manager, and workers have declared, that originals are only checked during hiring process.

Freely choses employment is granted to the workers, as it is described in Labor rules, Ethical policy and HR procedure

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

Details:

14 randomly selected personal files (for permanent and temporary workers)
Annual leave records

14 randomly selected insurance records

Hiring process records

14 workers' working books

14 jib descriptions

Labor contracts

Labor rules from 06.06.2017.

Ethical policy

HR Procedure

Any other comments: None

| | |
|---|---|
| <p>A: Is there any evidence of retention of original documents, e.g. passports/ID's</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If Yes please give details and category of workers affected 14 randomly selected personal files were checked (for permanent and temporary workers), and there were no originals founded, only copies. HR manager, and workers have declared, that originals are only checked during hiring process.</p> |
| <p>B: Is there any evidence of a loan scheme in operation</p> | <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes please give details and category of worker affected Once per year factory provides loans to the workers, before winter season, for heating. Loan is shared in 10 equal monthly instalments that are deducted from the salaries. All documents and records have been checked. (Contract for the loan, list of the workers that have used loan, declaration)</p> |
| <p>C: Is there Any evidence of retention of wages /deposits</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If yes please give details and category of worker affected There were no evidences that company takes any wages or deposits from the workers. This was declared by HR manager, confirmed by workers, and checked during sampling of personal files.</p> |
| <p>D: Are there any restrictions on workers' freedom to terminate employment?</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please describe finding: As it is granted by law, Labor rules, and personal labor contracts, workers are free to terminate their contracts in accordance to law and internal procedure of the factory.</p> |
| <p>E: If any part of the business is UK based / registered & turnover is 36m+ there is a requirement to publish a 'modern day slavery statement'. F: Is there a modern day slavery statement published</p> | <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Please describe finding: N/A</p> <p><input checked="" type="checkbox"/> Not applicable</p> |
| <p>G: Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day</p> | <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>Please describe finding: Workers are free to leave factory after working time, without any restrictions. In case of personal need, they can leave factory with permission of superior. These facts are confirmed by workers and by security stuff.</p> |
| <p>H: Does the site understand the risks of forced / trafficked / bonded labor in it's supply chain</p> | <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If yes please give details and category of workers affected: N/A</p> |

| | |
|---|---|
| | <input checked="" type="checkbox"/> Not applicable |
| I: Is the site taking any steps taking to reduce the risk of forced / trafficked labor? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe finding: Prohibition of any kind of forced, ponded or prisoner employment is not present in the factory. Factory has internal Ethical policy and Labor rules, where those areas were covered and detailly explained. Mentioned documents are available to the visitors and workers in main factory hall. |

Non-compliance: NONE

1. Description of non-compliance: NONE

☐ NC against ETI ☐ NC against Local Law: ☐ NC against customer code:

Local law and/or ETI requirement: N/A

Recommended corrective action: N/A

Objective evidence observed: N/A

(where relevant please add photo numbers)

Observation: NONE

Description of observation: NONE

Local law or ETI requirement: N/A

Comments: N/A

Objective evidence observed: N/A

Good Examples observed: NONE

Description of Good Example (GE): NONE

Objective evidence observed: N/A

2: Freedom of Association and Right to Collective Bargaining are Respected

[\(Click here to return to NC-table\)](#)
[\(Click here to return to Key Information\)](#)

ETI

- 2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- 2.2 The employer adopts an open attitude towards the activities of trade unions and their organizational activities.
- 2.3 Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- 2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

In Labor rules from 06.06.2017. Freedom of association and collective bargaining is granted to the workers (chapter 3). During the interviews, workers confirmed that they are free to join unions and bargain collectively, but there are no unionized workers or CBA in force, in the moment. Few workers are member of SSSS (that is biggest official union in Serbia), but they don't perform any kind of union activities locally (in the factory)

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

Details:

Labor rules from 06.06.2017. Freedom of association and collective bargaining (chapter 3).
Workers' interviews

Any other comments: None

| | |
|---|---|
| A: What form of worker representation/union is there on site? | <input type="checkbox"/> Union (name) <input type="checkbox"/> Worker Committee <input checked="" type="checkbox"/> Other (Suggestion box) <input type="checkbox"/> None |
| B: Is it a legal requirement to have a union? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| C: Is it a legal requirement to have a worker's committee? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| D: Is there any other form of effective worker/management communication channel? (Other than union/worker committee) e.g. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Describe: This is not required by local law. In the moment, there is no any kind |

| | | |
|--|---|---|
| H&S, sexual harassment | of unionization, committees, or similar ways of communication channels (via workers). During the interviews, workers confirmed that they have procedure with their superior, so most of the issues are solved in that way. Also, they have suggestion box, where they can raise a complaint, or give some idea. Meetings with the workers are periodically organized with their superior, where they discuss open task. Is there evidence of free elections? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| E: Does the supplier provide adequate facilities to allow the Union or committee to conduct related business? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: N/A – They don't have unions | |
| F: Name of union and union representative, if applicable: | N/A | Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A |
| G: If no union what is parallel means of consultation with workers e.g. worker committees? | N/A | Is there evidence of free elections? <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A |
| H: Are all workers aware of who their representatives are? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | Rights and responsibilities of the workers are described in few documents, such as – job description, labor contract and labor rules. Also there is ethical policy that is public and available to the workers in local language. Workers confirmed that they are aware of their rights and responsibilities and that they have received training about this. |
| I: Were worker representatives freely elected? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Date of last election: N/A – not required by local law. |
| J: Do workers know what topics can be raised with their representatives? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | N/A – not required by local law. |
| K: Were worker representatives/union representatives interviewed | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No N/A – there are no WR or UR- since it is not required by local law. Production workers were interviewed, but person is not officially elected as WR. If Yes , please state how many: | |
| L: State any evidence that union/worker's committee is effective? <i>Specify date of last meeting; topics covered; how minutes were communicated etc.</i> | N/A – They don't have unions | |

| | | |
|--|---|---|
| M: Are any workers covered by Collective Bargaining Agreement (CBA) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No N/A – There are no CBA in force and it is not legally required | |
| N: If Yes what percentage by trade Union/worker representation | ____% workers covered by Union CBA | ____% workers covered by worker rep CBA |
| O: If Yes , does the Collective Bargaining Agreement (CBA) include rates of pay | <input type="checkbox"/> Yes <input type="checkbox"/> No N/A | |

Non-compliance: NONE

1. Description of non-compliance: NONE

☐ NC against ETI ☐ NC against Local Law ☐ NC against customer code:

Local law and/or ETI requirement: N/A

Recommended corrective action: N/A

Objective evidence observed: N/A

(where relevant please add photo numbers)

Observation: 1

Description of observation: There are no WR freely elected by workers.

Local law or ETI requirement: N/A

Comments: Even it is not legally required, factory will encourage workers to elect WR

Objective evidence observed:

Document review, management declaration, worker interviews

Good Examples observed: NONE

Description of Good Example (GE): NONE

Objective evidence observed: N/A

3: Working Conditions are Safe and Hygienic

[\(Click here to return to NC-table\)](#)

[\(Click here to return to Key Information\)](#)

ETI

3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

3.2 Workers shall receive regular and recorded Health & Safety training, and such training shall be repeated for new or reassigned workers.

3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.

3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.

3.5 The company observing the code shall assign responsibility for Health & Safety to a senior management representative.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

Safety instructions are posted in production and in the working places.

Procedures are available to the workers. Some instructions are posted in production and at the announcement board.

First aid boxes are available in production. Evacuation plans are posted in production.

Risk assessment has been conducted for all working places.

Policies and procedures and instructions are in local language and understandable to the workers.

Names of trained persons for first aid are posted in first aid kit. First aid kits are posted in production sites.

Numbers of trained persons; medical centres and emergency are posted next to the first aid kit.

Factory doesn't provide transport to the workers, but (in accordance with local law) they pay monthly ticket to all workers.

Factory provides changing rooms to the workers. Changing rooms are gender separated, secured with the lockers, and in accordance with local laws.

Toilets are equipped with potable water. Toilets are gender separated.

HSE trainings are organized by licensed HSE representative. Trainings are organized for new workers and for current workers. Fire drill has been organized 08.06.2017.

Company doesn't provide housing to the workers.

Periodical checks are organized to the fork lift drivers and worker with high risk on work place.

Relevant testing records for electrical installations, grounding, and machines have been checked. Dates of inspections are written bellow.

All legally required documents and records related to injuries and HSE were available and checked during the audit.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

Details:

Risk assessment June 2016

HSE procedure – 16.05.2017.

HSE policy – May 2017.

Emergency procedure – 10.05.2017.
 Emergency plan
 Safety instructions
 Instruction in case of injury
 HSE training records for new and current workers.
 Training records for HSE
 Training records for fork lift drivers – 01.04.2014. / 19.10.2016.
 Evacuation drill records – 08.06.2017.
 Medical check for fork lift driver – 22.03.2017.
 Grounding testing reports – 01.01.2016.
 Evacuation plan in case of fire – October 2016.
 Electrical installation testing report – March 2016.
 Pressure equipment testing records – November 2016. And 24.03.2017.
 Fire safety equipment testing records – internal records – 23.08.2016.
 Inspection testing record – Fire safety inspector – 21.12.2016.
 Firefighting program – July 2016.
 Firefighting procedure
 Evacuation plan –
 Welding records – 02.09.2016.
 All machines testing records have been checked (few examples):
 Forklift testing report – 09.06.2017.
 Platform testing records – 23.11.2014.
 Microclimatic testing records – 09.06.2017.
 Fire officer certificate – 30.06.2010.
 Injury records - 19.05.2016.
 Injury log – 26.05.2017. Building certificate – 09.08.2010.
 Environmental Integrated Permits 18.08.2010.

Any other comments: None

| | |
|---|---|
| <p>A: Does the facility have general Health & Safety and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?</p> | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Details: HSE procedure – 16.05.2017. HSE policy – May 2017. Emergency procedure – 10.05.2017.</p> |
| <p>B: Are the policies included in worker's manual?</p> | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Details: HSE procedure – 16.05.2017. HSE policy – May 2017.</p> <p>Safety instructions are posted in production and in the working places. Procedures are available to the workers. Some instructions are posted in production and at the announcement board. Policies and procedures are in local language and understandable to the workers.</p> |

| | |
|---|---|
| <p>C: Are there any structural additions without required permits/inspections (e.g. floors added)?</p> | <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Details: Factory is in accordance to initial purpose, registered for relevant scope. There were no structural additions after.</p> <p>Building certificate – 09.08.2010.</p> <p>Environmental Integrated Permits 18.08.2010.</p> |
| <p>D: Are visitors to the site informed on H&S and provided with personal protective equipment</p> | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Details: There is short instruction for visitors. Safety instructions are included in that procedure. Short training is organized by HSE representative before entrance in the factory.</p> |
| <p>E: Is a medical room or medical facility provided for workers?</p> <p>If yes, do the room(s) meet legal requirements and is the size/number of rooms suitable for the number of workers.</p> | <p><input type="checkbox"/> Yes</p> <p><input checked="" type="checkbox"/> No</p> <p>Details: Care room is not required by local law.</p> |
| <p>F: Is there a doctor or nurse on site or there is easy access to first aider/ trained medical aid</p> | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Details: Names of trained persons for first aid are posted in first aid kit. First aid kits are posted in production sites. Numbers of trained persons; medical centres and emergency are posted next to the first aid kit. There is also one nurse working in the factory. She doesn't work as nurse per appointment, but she has school for that.</p> <p>Medical centre Dr. Cvjetkovic – 19.09.2016. br. 1363/16.</p> <p>Public medical centre Petrovaradin.</p> |
| <p>G: Where facility provides worker transport - it is fit for purpose, safe and maintained and operated by competent persons e.g. buses and other vehicles</p> | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Details: Factory doesn't provide transport to the workers, but (in accordance with local law) they pay monthly ticket to all workers.</p> |
| <p>H: Secure personal storage space is provided for workers in their living space and is fit for purpose</p> | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> |

| | |
|---|--|
| | <p>Details:</p> <p>Factory provides changing rooms to the workers. Changing rooms are gender separated, secured with the lockers, and in accordance with local laws.</p> |
| I: H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and there are controls to reduce identified risk | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Details:</p> <p>Risk assessment has been conducted for all working places. – June 2016</p> |
| J: Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Factory meets all legal requirements related to EMS.</p> <p>Building certificate – 09.08.2010.</p> <p>Environmental Integrated Permits 18.08.2010.</p> |
| K: Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals | <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Please describe:</p> <p>EMS legally responsible person has all relevant environmental permits and licenses for that job.</p> <p>Official appointment for transport, storage and treatment of waste.</p> |

Non-compliance: 1

1. Description of non-compliance: Some evacuation paths and/or exits doesn't fully meet technical requirements related to fire safety:

1. Even there are second evacuation exit in second floor (offices), path that leads towards this way is not secured.
2. Even there are some evacuation exit doors that are opening outwards, some evacuation doors are opening inwards, or sliding or rolling doors are used as evacuation exits.

☒ NC against ETI ☒ NC against Local Law ☐ NC against customer code: 3.1

Local law and/or ETI requirement: Local law for fire safety

Recommended corrective action: Company should make sure that all evacuation exits are opening outwards.

Objective evidence observed:

Site tour

Observation: NONE

Description of observation: NONE

Local law or ETI requirement: N/A

Comments: N/A

Objective evidence observed: N/A

Good Example observed: 1

Description of Good Example (GE):

Factory pays additional medical checks or medicines to the workers whose financial situation and health condition are at the low level. This is kind of social awareness of top management.

Objective Evidence Observed:

Records from the HSE department
Medical check records

4: Child Labour Shall Not Be Used

[\(Click here to return to NC-table\)](#)
[\(Click here to return to Key Information\)](#)

ETI

4.1 There shall be no new recruitment of child labour.

4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child.

4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.

4.4 These policies and procedures shall conform to the provisions of the relevant ILO Standards.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

There are no evidences about any kind of child labor in the factory (now or before). 13 randomly selected personal files have been checked. Copies of ID are kept and used as age-verification method. Factory has child labor and young workers policy.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

Details:

Child labor and young workers policy

13 randomly selected personal files

Worker Interviews

Any other comments: None

| | |
|--|--|
| A: Legal age of employment | 15 Years old |
| B: Age of youngest worker found: | 20 Years old |
| C: Children present on workforce but not working at time of audit | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| D: % of under 18's at this site (of total workers) | 0% |
| E: Workers under 18 subject to hazardous work assignments? (Go to clause 3 – Health and Safety) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Y give details: N/A |

Non-compliance: None

1. Description of non-compliance: NONE

☐ NC against ETI
 ☐ NC against Local Law
 ☐ NC against customer code:

Local law and/or ETI requirement: N/A

Recommended corrective action: N/A

Objective evidence observed: N/A

Observation: NONE

Description of observation: NONE

Local law or ETI requirement: N/A

Comments: N/A

Objective evidence observed: N/A

Good Examples observed: NONE

Description of Good Example (GE): NONE

Objective evidence observed: N/A

5: Living Wages are Paid

[\(Click here to return to NC-table\)](#)
[\(Click here to return to Key information\)](#)

ETI

5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.

5.2 All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.

5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

Working week in the factory is from Mon-Fri from 07:40 – 15:40. Administration and office workers are working from 08:00-16:00. Sat and Sun are days off. In case of need, or increase of business, factory works on Saturday. Sunday is always day off. 30 minutes break is allowed to all workers. Minimum 20 days of annual leave is provided to the workers. Usually workers have collective holiday in Summer and around Christmas. Working time, contractual status, annual leave and all other right related to working time are described in labor contracts at Labor rules (as it is allowed by law). Factory has disciplinary procedure, and in case of violations, deductions could be undertaken from workers' wage (in accordance to local law, and internal procedure). This practice is rarely used. Wages are paid on monthly level in accordance to local law. In case of OT, night work, or work on holiday, workers are paid in accordance to the premium rate. Social, pension and health insurance are paid to the workers.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

Details:

Labor rules 06.06.2017.

Labor contracts

Personal files

Pay slips

Social insurance records

Loan contracts

Workers interview

Declaration about working time

Any other comments: None

Non-compliance: 1

1. Description of non-compliance: Due the fact that factory doesn't have precise system for time evidence (such as card reading system, or similar),

Objective evidence observed:

auditor couldn't draw solid conclusions regarding this performance area.

☒ NC against ETI ☐ NC against Local Law ☐ NC against customer code: 5.1

Local law and/or ETI requirement:

ETI 5.1: Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.

Recommended corrective action: Factory should provide precise system for recording of working time (such as time card or similar) and implement it in internal IS used for wage calculation.

Management declaration, worker interviews

Observation: NONE

Description of observation: NONE

Local law or ETI requirement: N/A

Comments: N/A

Objective evidence observed: N/A

Good Example observed: 1

Description of Good Example (GE):

New year bounces are paid to the workers. Periodically, factory organizes team buildings to the workers. Before heating season, factory gives grants (without interest rate) to the workers. This is not obligatory, and relates only to the workers that are interested in it.

Objective Evidence Observed:

HR record evidence, loan records, contracts for the loan, workers interview.

Summary Information

| Criteria | Local Law (Please state legal requirement) | Actual at the Site (Record site results against the law) | Is this part of a Collective Bargaining Agreement? |
|---|---|---|--|
| A: Standard/Contracted work hours: (Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month) | Legal maximum: 48 Hours per week | 40 Hours per week | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| B: Overtime hours: (Maximum legal and actual overtime hours, please state if possible per day, week, and month) | Legal maximum: 8 Hours per week | 8 Hours per week | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| D: wage for standard/contracted hours: (Minimum legal and actual minimum wage at site, | Legal minimum: | 28.000 RSD (Net) | <input type="checkbox"/> Yes |

| | | | |
|--|------------------------|-----------|--|
| please state if possible per hr, day, week, and month) | 130 (Net) RSD/Hours | per month | <input checked="" type="checkbox"/> No |
| E: overtime wage: (Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month) | Legal minimum: 1.26 | 1.26 | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

| Wages analysis: (Click here to return to Key Information) | | |
|--|--|---|
| A: Were accurate records shown at the first request? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| B: If No , why not? | N/A | |
| C: Sample Size Checked (State number of worker records checked and from which weeks/months – should be current, peak, and random/low. Please see SMETA Best Practice Guidance and Measurement Criteria) | 13 randomly selected workers (different age, gender, position...) | |
| D: Are there different legal minimum wage grades? If Yes , please specify all. | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If Yes , please give details: N/A |
| E: If there are different legal minimum grades, are all workers graded and paid correctly? | <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A | If No , please give details: N/A |
| F: For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum? | Lowest Wages found: <i>Note: full time employees and please state hour / week / month etc.</i> | Please indicate the breakdown of workforce per earnings: The legal min-wage was paid for the lowest paid worker. |
| | <input type="checkbox"/> Below legal min <input checked="" type="checkbox"/> Meet <input type="checkbox"/> Above | 0 % of workforce earning under min wage 100 % of workforce earning min wage 0 % of workforce earning above min wage |
| G: Bonus (amount specify) | Bonus Scheme found: <i>Note: full time employees and please state hour / week / month etc.</i> Factory pays additional medical checks or medicines to the workers whose financial situation and health condition are at the low level. This is kind of social awareness of top management. | |
| H: What deductions are required by law e.g. social insurance? Please state all types: | Social, health, pension insurance | |

| | |
|--|--|
| I: Have these deductions been made? Please list all deductions that have/have not been made. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, please describe: N/A |
| J: Were appropriate records available to verify hours of work and wages? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| K: Were any inconsistencies found? (if yes describe nature) | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Poor record keeping <input type="checkbox"/> Isolated incident <input type="checkbox"/> Repeated occurrence: |
| L: Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Details: Due the fact that factory doesn't have precise system for time evidence (such as card reading system, or similar), auditor couldn't draw solid conclusions regarding this performance area. |
| M: Is there a defined living wage: <i>This is <u>not normally</u> minimum legal wage. If answered Yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.</i> | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please specify amount/time: Factory hasn't calculated BNW in written form, but they informed auditor about average BNW in the region. |
| If yes, what was the calculation method used. | <input type="checkbox"/> ISEAL/Anker Benchmarks <input type="checkbox"/> Asia Floor Wage <input type="checkbox"/> Figures provided by Unions <input type="checkbox"/> Living Wage Foundation UK <input type="checkbox"/> Fair Wear Wage Ladder <input type="checkbox"/> Fairtrade Foundation Other – please give details: |
| N: Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income). | <input type="checkbox"/> Yes <input type="checkbox"/> No Details: General, operational manager and HR manager meets periodically, and discuss workers' wages, optimization of working time, and related issues.... Those meetings as results, periodically has increasing of salaries. |
| O: Are workers paid in a timely manner in line with local law? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| P: Is there evidence that equal rates are being paid for equal work: | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Details: 13 randomly selected personal files have been checked. Systematization of working places, and job descriptions have been checked, According to those documents auditor concluded that equal payments have been given to the workers that are doing equal work. |

| | |
|--------------------------|--|
| Q: How are workers paid: | <input type="checkbox"/> Cash <input type="checkbox"/> Cheque <input checked="" type="checkbox"/> Bank Transfer <input type="checkbox"/> Other If other explain: N/A |
|--------------------------|--|

6: Working Hours are not Excessive

[\(Click here to return to NC-table\)](#)
[\(Click here to return to Key Information\)](#)

ETI

6.1 Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Sub-clauses 6.2 to 6.6 are based on international labour standards.

6.2 Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.

6.3 All overtime shall be voluntary. Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.

6.4 The total hours worked in any 7-day period shall not exceed 60 hours, except where covered by clause 6.5 below.

6.5 Working hours may exceed 60 hours in any 7-day period only in exceptional circumstances where **all** of the following are met:

- this is allowed by national law;
- this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce;
- appropriate safeguards are taken to protect the workers' health and safety; and
- The employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.

6.6 Workers shall be provided with at least one day off in every 7-day period or, where allowed by national law, 2 days off in every 14-day period.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

Working week in the factory is from Mon-Fri from 07:40 – 15:40. Administration and office workers are working from 08:00-16:00. Sat and Sun are days off. In case of need, or increase of business, factory works on Saturday. Sunday is always day off. 30 minutes break is allowed to all workers. Minimum 20 days of annual leave is provided to the workers. Usually workers have collective holiday in Summer and around Christmas. Working time, contractual status, annual leave and all other right related to working time are described in labor contracts at Labor rules (as it is allowed by law). Factory has disciplinary procedure, and in case of violations, deductions could be undertaken from workers' wage (in accordance to local law, and internal procedure). This practice is rarely used.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

Details:

Labor rules 06.06.2017.

Labor contracts

Personal files

Pay slips

Social insurance records

Loan contracts

Workers interview

Declaration about working time

Any other comments: None

Non-compliance: 1

1. Description of non-compliance: Due the fact that factory doesn't have precise system for time evidence (such as card reading system, or similar), auditor couldn't draw solid conclusions regarding this performance area.

☒ NC against ETI code: 6.1, 6.2, 6.5 ☐ NC against Local Law ☐ NC against customer

Local law and/or ETI requirement:

ETI 6.1: Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Sub-clauses 6.2 to 6.6 are based on international labour standards.

ETI 6.2: Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.

ETI 6.5: Working hours may exceed 60 hours in any 7-day period only in exceptional circumstances where all of the following are met:

- this is allowed by national law;
- this is allowed by a collective agreement freely negotiated with a workers' organization representing a significant portion of the workforce;
- appropriate safeguards are taken to protect the workers' health and safety; and
- The employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents or emergencies.

Recommended corrective action: Factory should provide precise system for recording of working time (such as time card or similar) and implement it in internal IS used for wage calculation.

Objective evidence observed:

Management declaration, worker interviews

Observation: NONE

Description of observation: NONE

Local law or ETI requirement: N/A

Objective evidence observed: N/A

Comments: N/A

Good Examples observed: NONE

Description of Good Example (GE):

- Factory stimulate workers to give ideas for improvements of their working conditions (and in case of good and acceptable ideas, financial bonus is given to the worker(s) who gave it)
- Factory gives grants to the workers before winter season. Later those grants are paid by workers in 10 instalments (without any interest rate)

Objective evidence observed:

- Suggestion records, records from the financial department
- Records from the financial department. Grant contract.

Working hours' analysis

Please include time e.g. hour/week/month

[\(Go back to Key information\)](#)

Systems & Processes

A. What timekeeping systems are used: time card etc.

Describe: Factory has time reading system, but it is not used for wages calculation, since it is not compatible with internal IS. They have presence list and OT lists that are filled by supervisors.

B: Is sample size same as in wages section

☒ Yes

☐ No

If N, please give details: N/A

C: Are standard/contracted working hours defined in **all** contracts/employment agreements?

☒ Yes

☐ No

In Labor contracts it is defined if the worker in engaged for full or part time work. In Labor rules is described work time declaration, and in every Labor contract is written, that it relates on labor rules, as official and first superior document (as is legally defined)

If NO, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements.
Details

D: Are there any other types of contracts/employment agreements used?

☐ Yes

☒ No

If YES, please complete as appropriate:

☐ 0 hrs

☐ Part time

☐ Variable hrs

☐ Other

If "Other", Please define:

| | | |
|--|--|---|
| | | N/A |
| E. Do any standard/contracted working hours defined in contracts/employment agreements exceed 48 hours per week | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <p>If Y please %detail hours, % and types of workers & affected and frequency</p> <p>Details: There are no workers whose working time exceeds 48 hours. All workers, except security, has 40h working week. Security workers has maximum 48 hours working week.</p> |
| F: Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period (where the law allows)? | Please select all applicable: <input checked="" type="checkbox"/> 1 in 7 days <input checked="" type="checkbox"/> 2 in 14 days <input type="checkbox"/> No If 'No', please explain: Workers usually have 2 days off each week (Sat- Sun). Sometimes, but rare, they work on Saturday | Is this allowed by local law? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| | Maximum number of days worked without a day off (in sample): 6 U5 days working week + one OT day - Saturday | |
| Standard/Contracted Hours worked | | |
| G: Standard working hours over 48 per week found | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If yes, % of workers & frequency |
| H: Any local waivers/local law or permissions which allow averaging/annualized hours for this site? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | If YES, please give details |
| Overtime Hours worked | | |
| I: Actual overtime hours worked in sample (State per day/week/month) | Highest OT hours: | 8 Hours per week |
| J: Combined hours (standard/contracted plus= total) 60 found? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| K: Approximate percentage of total workers on highest overtime hours | 60 % | |

| | | |
|--|---|--|
| L: Is overtime voluntary? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Conflicting Information | Please detail evidence e.g. Wording of contract/employment agreement/handbook/worker interviews/refusal arrangements: During the interviews workers' have confirmed that OT is voluntary. OT is always announced in advanced and workers are free to join it, or not. This is described in Labor rules, too and confirmed by management representatives. |
| Overtime Premiums | | |
| M: Are the correct legal overtime premiums paid? | <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A – there is no legal requirement to OT premium | Please give details of normal day overtime premium as a % of standard wages: OT premium rate according to local law is 1.26% |
| N: Is overtime paid at a premium? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | If yes, please describe % of workers & frequency: OT is not so often. Sometimes when they need to reach production plan, they work on Saturday. This is maybe once per month, or once in two months. Approx. 60% of workers are included in OT. |
| O: ETI Code requires a prevailing standard to give greatest worker protection. If a site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant. Multi select is possible. | <input type="checkbox"/> No <input type="checkbox"/> Consolidated pay (May be standard wages above minimum legal wage, with no/low overtime premium) <input type="checkbox"/> Collective Bargaining agreements <input type="checkbox"/> Other | |
| | Please explain any checked boxes above e.g. detail of consolidated pay CBA or Other | |
| | N/A | |
| P: If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant. Multi select is possible. | <input checked="" type="checkbox"/> Overtime is voluntary <input type="checkbox"/> Onsite Collective bargaining allows 60+ hours/week <input type="checkbox"/> Safeguards are in place to protect worker's health and safety <input type="checkbox"/> Site can demonstrate exceptional circumstances <input type="checkbox"/> Other reasons (please specify) | |
| | Please explain any checked boxes above | |
| | As it is declared by workers, OT is voluntary. In advanced they receive announcement that there will be some OT work, but they are not obliged to work it. This is described in labor rules from 06.06.2017. | |
| Q: Is there evidence that overtime hours are being used for extended periods to make up for labor shortages or increased order | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, please describe OT is not so often. Sometimes when they need to reach production plan, they work on Saturday. This is maybe once per month, or once in two months. Approx. 60% of workers are included in OT. This is confirmed by workers during the interviews. | |

| | |
|---|--|
| volumes? | |
| R: If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule. | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No N/A – This question is N/A since factory doesn't have new working time arrangements, because in the moment they meet client's expectations with current number of workers. |

7: No Discrimination is Practiced

[\(Click here to return to NC-table\)](#)

ETI

7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

There are no evidences about any kind of discrimination in the factory. Since it is area where different nationalities are living, factory employs people of different nations, religion, age, gender, marital status, sexual orientation etc. There is anti-discrimination procedure in force. Also prohibition of discrimination is described in Labor rules, and ethical code. Besides anti-mobbing declaration is signed by each worker, and kept in personal file.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

Details:

Labor rules 06.06.2017.

Ethical code

HR policy

Hiring process records

Termination records.

Anti-mobbing declaration 21.10.2015.

Pay slips

Training records

Training data base – log

Evaluation training records

Any other comments: None

| | |
|--|---|
| A: Gender breakdown of Management + Supervisors (Include as one combined group) | Male: 48 % Female 52 % |
| B: Number of women who are in skilled or technical roles e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst | #: 12 women skilled and employed as technical stuff in different positions. |
| C: Is there any evidence of discrimination based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation?: | <input type="checkbox"/> Hiring - None <input type="checkbox"/> Compensation -None <input type="checkbox"/> access to training - None <input type="checkbox"/> promotion - None <input type="checkbox"/> termination or retirement – <input type="checkbox"/> None Those facts are checked in Labor rules 06.06.2017. Hiring process records Termination records. Pay slips |

Professional Development

| | |
|---|--|
| A: What type of training and development are available for workers? | Please give details : Following trainings are provide to the workers: All legally required HSE trainings, Social and human rights Fire safety Specific industry trainings Language courses Trainings for relevant jobs First aid Disciplinary practice and discrimination EMS trainings |
| B: Are HR decisions on e.g. promotion, training, compensation based on objective, transparent criteria? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No All documents that are related to the workers are published, posted and available to the workers. HR department is very transparent in communication with the workers. Policies, announcements, records have been checked in HR department. If no, please give details: N/A |

Non-compliance: NONE

1. Description of non-compliance: NONE

☐ NC against ETI ☐ NC against Local Law ☐ NC against customer code:

Local law and/or ETI requirement: N/A

Recommended corrective action: N/A

Objective evidence observed: N/A

(where relevant please add photo numbers)

Observation: NONE

Description of observation: NONE

Local law or ETI requirement: N/A

Comments: N/A

Objective evidence observed: N/A

Good Examples observed: NONE

Description of Good Example (GE): NONE

Objective evidence observed: N/A

8: Regular Employment Is Provided

[\(Click here to return to NC-table\)](#)

[\(Click here to return to Key Information\)](#)

ETI

8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.

8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

Additional Elements: Responsible Recruitment

8.3 Suppliers have full understanding of the entire recruitment process and assess all labour recruiters and intermediaries against legal and/or ethical requirements.

8.4 There are effective management systems in place to identify and monitor the hiring and management of all migrant workers, contract workers, agency workers, temporary or casual labour The supplier shall

implement processes to enable adequate control over agencies with regards the above points and related legislation.

8.5 Employment agencies must only supply workers registered with them.

8.6 Workers pay no recruitment fee at any stage of the recruitment process.

8.7 Worker contracts accurately reflect the agreed payment and terms in the recruitment process and are understood and signed by workers.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

During the site tour and during the interviews there wasn't noted any kind of precarious employment. 13 randomly selected personal files have been checked. All legally granted rights have been provided to the workers. Hiring process in detail is described in Labor rules. Workers declared that during hiring process everything was transparent and clearly described to the workers. Factory is doing their business in ethical manner.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

Details:

Labor rules 06.06.2017.

Ethical code

HR policy

Hiring process records

Termination records.

Anti-mobbing declaration 21.10.2015.

Pay slips

Training records

Training data base – log

Evaluation training records

Any other comments: None

Non-compliance: NONE

1. Description of non-compliance: NONE

☐ NC against ETI ☐ NC against Local Law ☐ NC against customer code:

Local law and/or ETI requirement: N/A

Recommended corrective action: N/A

Objective evidence observed: N/A

(where relevant please add photo numbers)

Observation: NONE

| | |
|---|---|
| Description of observation: NONE Local law or ETI requirement: N/A Comments: N/A | Objective evidence observed: N/A |
|---|---|

| | |
|---|---|
| Good Examples observed: NONE | |
| Description of Good Example (GE): NONE | Objective evidence observed: N/A |

Responsible Recruitment

| All Workers | |
|--|--|
| A: Were all workers presented with terms of employment at the time of recruitment, did they understand them and are they same as current conditions? | <input checked="" type="checkbox"/> Terms & Conditions presented <input checked="" type="checkbox"/> Understood by workers <input checked="" type="checkbox"/> Same as actual conditions If any are unchecked, please describe finding and specific category (ies) of workers affected: |
| B: Did workers' pay any fees, taxes, deposits or bonds for the purpose of recruitment/placement? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes Please describe details and specific category (ies) of workers affected |
| C: If yes, check all that apply: | <input type="checkbox"/> Recruitment / hiring fees <input type="checkbox"/> Service fees <input type="checkbox"/> Application costs <input type="checkbox"/> Recommendation fees <input type="checkbox"/> Placement fees <input type="checkbox"/> Administrative, overhead or processing fees <input type="checkbox"/> Skills tests <input type="checkbox"/> Certifications <input type="checkbox"/> Medical screenings <input type="checkbox"/> Passports/ID's <input type="checkbox"/> Work / resident permits <input type="checkbox"/> Birth certificates <input type="checkbox"/> Police clearance fees <input type="checkbox"/> Any transportation and lodging costs after employment offer <input type="checkbox"/> Any transport costs between work place and home <input type="checkbox"/> Any relocation costs after commencement of employment <input type="checkbox"/> New hire training / orientation fees <input type="checkbox"/> Medical exam fees <input type="checkbox"/> Deposit bonds or other deposits <input type="checkbox"/> Any other non-monetary assets <input type="checkbox"/> Other |
| C: If any checked, give details: | N/A |

Migrant Workers:

The term "migrant worker" refers to a person who is engaged or has been engaged in a remunerated activity in a country of which they are not a national and where they do not intend to remain permanently or has purposely migrated on a temporary basis to another in-country region to seek and engage in a remunerated activity

| | | |
|--|---|---------------------|
| A: Type of work undertaken by migrant workers: | N/A – Factory doesn't employ migrant workers | |
| B: Migrant worker recruitment | Total number of (in country recruitment agencies) used: Total number of (outside of local country) recruitment agencies used N/A – Factory doesn't employ migrant workers | |
| C: Migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and evidence of transaction is supplied by the facility to the worker. | <input type="checkbox"/> Yes <input type="checkbox"/> No Please describe finding: N/A – Factory doesn't employ migrant workers | Observations N/A |
| D: Are Any migrant workers in skilled, technical, or management roles Migrant Workers (this should include all migrant workers including permanent workers, temporary and/or seasonal workers) | <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes number and example of roles N/A – Factory doesn't employ migrant workers | |

NON-EMPLOYEE WORKERS

| Recruitment Fees: | |
|----------------------------------|---|
| A: Are there any fees | <input type="checkbox"/> Yes <input type="checkbox"/> No N/A _ there are no any non- employee workers |
| B: If yes, check all that apply: | <input type="checkbox"/> Recruitment / hiring fees <input type="checkbox"/> Service fees <input type="checkbox"/> Application costs <input type="checkbox"/> Recommendation fees <input type="checkbox"/> Placement fees <input type="checkbox"/> Administrative, overhead or processing fees <input type="checkbox"/> Skills tests <input type="checkbox"/> Certifications <input type="checkbox"/> Medical screenings <input type="checkbox"/> Passports/ID's <input type="checkbox"/> Work / resident permits <input type="checkbox"/> Birth certificates <input type="checkbox"/> Police clearance fees <input type="checkbox"/> Any transportation and lodging costs after employment offer <input type="checkbox"/> Any transport costs between work place and home |

| | |
|----------------------------------|---|
| | <input type="checkbox"/> Any relocation costs after commencement of employment <input type="checkbox"/> New hire training / orientation fees <input type="checkbox"/> Medical exam fees <input type="checkbox"/> Deposit bonds or other deposits <input type="checkbox"/> Any other non-monetary assets <input type="checkbox"/> Other |
| C: If any checked, give details: | N/A _ there are no any non- employee workers |

| Agency Workers (if applicable) <i>(workers sourced from a local agent who are not directly paid by the site, but paid by the agency, Usually the agencies are paid by the site and the wages of the individual workers are paid by the agency.)</i> | |
|---|--|
| A: Number of agencies used (average): | N/A _ there are no any agency workers And names if available: |
| B: Were agency workers' age/pay/hours included within scope of this audit | <input type="checkbox"/> Yes <input type="checkbox"/> No N/A _ there are no any agency workers |
| C: Were sufficient documents for agency workers available for review? | <input type="checkbox"/> Yes <input type="checkbox"/> No N/A _ there are no any agency workers |
| D: Is there a legal contract / agreement with all agencies? | <input type="checkbox"/> Yes <input type="checkbox"/> No N/A _ there are no any agency workers Details |
| E: Does the site have a system for checking labour standards of agencies? If yes, please give details. | <input type="checkbox"/> Yes <input type="checkbox"/> No N/A _ there are no any agency workers Please describe: |

| Contractors: <i>Note: contractors in this context are generally individuals who supply several workers to a site. Usually the contractors are paid by the site and the wages of the workers are paid by the contractor. Common terms include, gang bosses, labor provider,</i> | |
|--|---|
| A: Any contractors on site? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Please describe finding: If Y, how many contractors are present There are no any contractors on site |
| B: If Yes , how many workers supplied by contractors | N/A |

| | |
|--|---|
| C: Do all contractor workers understand their terms of employment? | <input type="checkbox"/> Yes <input type="checkbox"/> No Please describe finding: N/A _ there are no any contractors on site |
| D: If Yes , please give evidence for contractor workers being paid per law: | N/A |

| |
|--|
| 8A: Sub-Contracting and Homeworking (Click here to return to NC-table) (Click here to return to Key Information) |
| 8A.1 There should be no sub-contracting unless previously agreed with the main client. 8A.2 Systems and processes should be in place to manage sub-contracting, homeworking and external processing. <p style="text-align: center;">Note to auditor on homeworking: Report on whether it is direct or via agents. How many workers, relationship with site and what control systems are in place.</p> <p style="text-align: center;">Note to auditor on subcontracting : auditor should use this section for subcontractors of part made or wholly made finished goods, this section should not be used for raw material manufacturers unless instructed otherwise by customers</p> |

| |
|---|
| <p style="text-align: center;">Current Systems and Evidence Examined</p> <p style="text-align: center;"><i>To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.</i></p> |
| <p>Current systems:</p> <p>There are no homeworkers or sub-contractors used (employed) by the factory</p> <p>Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):</p> <p>Details: There are no homeworkers or sub-contractors used (employed) by the factory</p> |

| | |
|--|--|
| Non-compliance: NONE | |
| <p>1. Description of non-compliance: NONE</p> <div style="display: flex; justify-content: space-between;"> <div> <input type="checkbox"/> NC against ETI/Additional Elements <input type="checkbox"/> NC against customer code: </div> <div> <input type="checkbox"/> NC against Local Law </div> </div> <p>Local law and/or ETI /Additional Elements requirement: N/A</p> <p>Recommended corrective action: N/A</p> | <p>Objective evidence observed: N/A</p> |

Observation: NONE
Description of observation: NONE
Local law or ETI requirement: N/A
Comments: N/A
**Objective evidence
observed: N/A**
Good Examples observed: NONE
Description of Good Example (GE): NONE
**Objective evidence
observed: N/A**
Summary of sub-contracting – if applicable
☒ Not Applicable please x

A: Has the auditor made a simple calculation to compare capacity with workers' work load in order to identify possible unrecorded work hours or undeclared sub-contracting

☐ Yes

☐ No

N/A

Please describe: N/A

B: If sub-contractors are used, is there evidence this has been agreed with the main client?

☐ Yes

☐ No

N/A

If **Yes**, summarise details: N/A

C: Number of sub-contractors/agents used

N/A

D: Is there a site policy on sub-contracting?

☐ Yes

☐ No

N/A

If **Yes**, summarise details: N/A

E: What checks are in place to ensure no child labour is being used and work is safe?

N/A

Summary of homeworking – if applicable
☒ Not Applicable please x

A: If homeworking is being used, is there evidence this has been agreed with the main client?

☐ Yes

☐ No

N/A

If **Yes**, summarise details: N/A

| | | | |
|---|--|-------------|------------|
| B: Number of homeworkers | Male: N/A | Female: N/A | Total: N/A |
| C: Are homeworkers employed direct or through agents? | <input type="checkbox"/> Directly <input type="checkbox"/> Through Agents N/A | | |
| D: If through agents, number of agents | N/A | | |
| E: Is there a site policy on homeworking? | <input type="checkbox"/> Yes <input type="checkbox"/> No N/A | | |
| F: How does site ensure worker hours and pay meet local laws for homeworkers? | N/A | | |
| G: What processes are carried out by homeworkers? | N/A | | |
| H: Do any contracts exist for homeworkers | <input type="checkbox"/> Yes <input type="checkbox"/> No N/A Please give details: N/A | | |
| I: Are full records of homeworkers available at the site? | <input type="checkbox"/> Yes <input type="checkbox"/> No N/A | | |

9: No Harsh or Inhumane Treatment is Allowed

[\(Click here to return to NC-table\)](#)

ETI

9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

Additional elements:

9.2 companies should provide access to a confidential grievance mechanism for all workers

| | |
|---|---|
| A: Are there published, anonymous and/or open channels available for reporting any violations of Labour standards and H&S or any other grievances to a 3 rd party? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please describe: Yes suggestion box and HR procedure |
| B: If Yes , are workers aware of these channels and have access? Please give details. | Suggestion box, open doors policy, etc |
| C: If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism, comment box etc. Please give details. | Suggestion box, open doors policy, etc |

| | |
|---|--|
| D: Is there a grievance mechanism in place for: | <input checked="" type="checkbox"/> Workers <input checked="" type="checkbox"/> Communities <input checked="" type="checkbox"/> Suppliers <input type="checkbox"/> Other Details: Factory has procedure for external complaints from 9.05.2016., and internal instruction for grievances and suggestions. |
| E: Are there any open disputes? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please give details: N/A |
| F: Does grievance mechanism meet with UNGP requirement of e.g. (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please give details: N/A |
| G: Does the site \ encourage its business partners (e.g., suppliers) provide individuals and communities with access to effective grievance mechanisms (e.g., help lines or whistle blowing mechanism | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No Please give details: N/A |
| H: Is there a published and transparent disciplinary procedure | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No please explain: N/A |
| I: If yes, are workers aware of these the disciplinary procedure | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no please give details: N/A |
| J: Does the disciplinary procedure allow for deductions from wages (fines) for disciplinary purposes (see wages section) | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes please give details : Factory has internal rules that are including disciplinary practice. As it was described by workers, in case of any disciplinary violations, first the receive verbal warning, after it, if the same issue repeats, they receive written warning, and at the end, if it repeats for the third time, deductions are undertaken from their wages or termination of contract (both in accordance with the law.). |

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

No finding noted regarding this section. Confirmed with employee interviews.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

Details: There was no evidence of physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation which confirmed by interviews.

Any other comments: None

Non-compliance: NONE

1. Description of non-compliance: NONE

☐ NC against ETI ☐ NC against Local Law ☐ NC against customer code:

Local law and/or ETI requirement: N/A

Recommended corrective action: N/A

Objective evidence observed: N/A

(where relevant please add photo numbers)

Observation: NONE

Description of observation: NONE

Local law or ETI requirement: N/A

Comments: N/A

Objective evidence observed: N/A

Good Examples observed: NONE

Description of Good Example (GE): NONE

Objective evidence observed: N/A

10. Other Issue areas: 10A: Entitlement to Work and Immigration

[\(Click here to return to NC-table\)](#)

Additional Elements

10A.1 Only workers with a legal right to work shall be employed or used by the supplier.

10A.2 All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is/are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

Confirmed with interviews and document review in accordance with SMETA Best Practice Guidance and Local Law.

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

Details: Confirmed with interviews and document review in accordance with SMETA Best Practice Guidance and Local Law.

Any other comments: None

Non-compliance: NONE

1. Description of non-compliance: NONE

☐ NC against ETI/Additional Elements

☐ NC against Local Law

☐ NC against customer code:

Local law and/or ETI /Additional Elements requirement: N/A

Recommended corrective action: N/A

Objective evidence observed: N/A

Observation: NONE

Description of observation: NONE

Local law or ETI requirement: N/A

Comments: N/A

Objective evidence observed: N/A

Good Examples observed: NONE

Description of Good Example (GE): NONE

Objective evidence observed: N/A

10. Other issue areas 10B2: Environment 2-Pillar

[\(Click here to return to NC-table\)](#)

To be completed for a 2-Pillar SMETA Audit, and remove the following page which is 10B4 environment 4 pillar

10B2.1 Suppliers must comply with the requirements of local and international laws and regulations including having necessary permits.

10B2.2 The supplier should be aware of and comply with their end clients' environmental requirements.

Note for auditors and readers, This is not a full environmental assessment but a check on basic systems and management approach.

Current Systems and Evidence Examined

To complete 'current systems' Auditors examine policies and written procedures in conjunction with relevant managers, to understand, and record what controls and processes are currently in place e.g. record what policies are in place, what relevant procedures are carried out, who is /are responsible for the management of this item of the code. Evidence checked should detail any documentary or verbal evidence shown to support the systems.

Current systems:

Company follows local environment law requirements for relevant industry scope. For their scope required Integrated environmental permit was available. In ethical code and Labor rules, is described their attitude towards environment. Below mentioned documents have been checked: List of environmental legal and other requirements – May 2017.

Contract for the waste treatment – YuNirisk – (dangerous and non-dangerous waste), 01.11.2013.

Waste flow record – 31.05.2017 – Industrial waste AL 04-05/17

List of the waste – Internal records

Environmental procedure

Waste procedure

Evidence examined – to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate):

Details:

List of environmental legal and other requirements – May 2017.

Contract for the waste treatment – YuNirisk – (dangerous and non-dangerous waste), 01.11.2013.

Waste flow record – 31.05.2017 – Industrial waste AL 04-05/17

List of the waste – Internal records

Environmental procedure

Waste procedure

Any other comments: None

Non-compliance: NONE

1. Description of non-compliance: NONE

☐ NC against ETI/Additional Elements

☐ NC against Local Law

Objective evidence observed: N/A

(where relevant please add photo numbers)

Local law and/or ETI/Additional Elements requirement: N/A

Recommended corrective action: N/A

Observation: NONE

Description of observation: NONE

Local law or ETI requirement: N/A

Comments: N/A

Objective evidence
observed: N/A

Good Examples observed: NONE

Description of Good Example (GE): NONE

Objective evidence
observed: N/A

Other Findings Outside the Scope of the Code

None

Community Benefits

(Please list below any specific community benefits that the site management stated that they were involved in, for example, HIV programme, education, sports facilities)

None

Appendix 1

Comparison between ETI code and Customer's Supplier's Code. Any areas where a site complies with the Customer's Supplier Code, but not with the ETI code are discussed at the audit close out meeting and recorded on the CAPR. Note to supplier "for this customer it may not be necessary to complete corrective actions where NC's DO NOT meet the ETI code, but DO meet your customer's code. If the audit is shared with other customers who work to the ETI code or an equivalent international standard, corrective actions will be necessary."

☒ Not Applicable please x

NOTE: The provisions of the ETI base Code constitute minimum and not maximum standards, and this code should not be used to prevent companies from exceeding these standards. Companies applying the ETI Base Code are expected to comply with national and other applicable law and, where the provisions of law and the ETI Base Code address the same subject, to apply that provision which affords the greater protection.

Instruction to Audit Company: fill in the relevant clauses from the Customer Supplier Code - where applicable.

ETI Code / Additional Elements

Customer's Supplier Code equivalent

0.A. Universal Rights covering UNGP

0.A. Universal Rights covering UNGP

| | |
|---|---|
| <p>0.A. Guidance for Observations</p> <p>0.A.1 Businesses should have a policy, endorsed at the highest level, covering human rights impacts and issues, and ensure it is communicated to all appropriate parties, including its own suppliers.</p> <p>0.A.2 Businesses should have a designated person responsible for implementing standards concerning Human rights</p> <p>0.A.3 Businesses shall identify their stakeholders and salient issues.</p> <p>0.A.4 Businesses shall measure their direct, indirect, and potential impacts on stakeholders (rights holders) human rights.</p> <p>0.A.5 Where businesses have an adverse impact on human rights within any of their stakeholders, they shall address these issues and enable effective remediation.</p> <p>0.A.6 <i>Businesses shall have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter.</i></p> | |
| 0.B. Management Systems & Code Implementation | 0.B. Management Systems & Code Implementation |
| <p>0.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code.</p> <p>0.2 Suppliers shall appoint a senior member of management who shall be responsible for compliance with the Code.</p> <p>0.3 Suppliers are expected to communicate this Code to all employees.</p> <p>0.4 Suppliers should communicate this code to their own suppliers and, where reasonably practicable, extend the principles of this Ethical Code through their supply chain.</p> | |
| ETI 1. Forced Labour | ETI 1. Forced Labour |
| <p>1.1 There is no forced, bonded or involuntary prison labour.</p> <p>1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.</p> | |
| ETI 2. Freedom of association and the right to collective bargaining are respected | ETI 2. Freedom of association and the right to collective bargaining are respected |
| <p>2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.</p> <p>2.2 The employer adopts an open attitude towards</p> | |

| | |
|--|--|
| <p>the activities of trade unions and their organisational activities.</p> <p>2.3 Workers' representatives are not discriminated against and have access to carry out their representative functions in the workplace.</p> <p>2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.</p> | |
| ETI 3. Working conditions are safe and hygienic | ETI 3. Working conditions are safe and hygienic |
| <p>3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.</p> <p>3.2 Workers shall receive regular and recorded Health & Safety training, and such training shall be repeated for new or reassigned workers.</p> <p>3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.</p> <p>3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.</p> <p>3.5 The company observing the code shall assign responsibility for Health & Safety to a senior management representative.</p> | |
| ETI 4. Child labour shall not be used | ETI 4. Child labour shall not be used |
| <p>4.1 There shall be no new recruitment of child labour.</p> <p>4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child.</p> <p>4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.</p> <p>4.4 These policies and procedures shall conform to the provisions of the relevant ILO Standards.</p> | |
| ETI 5. Living wages are paid | ETI 5. Living wages are paid |
| <p>5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards,</p> | |

| | |
|---|---|
| <p>whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.</p> <p>5.2 All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.</p> <p>5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.</p> | |
| ETI 6. Working Hours are not excessive | ETI 6. Working Hours are not excessive |
| <p>6.1 Working hours must comply with national laws, collective agreements, and the provisions of 6.2 to 6.6 below, whichever affords the greater protection for workers. Sub-clauses 6.2 to 6.6 are based on international labour standards.</p> <p>6.2 Working hours, excluding overtime, shall be defined by contract, and shall not exceed 48 hours per week.</p> <p>6.3 All overtime shall be voluntary. Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.</p> <p>6.4 The total hours worked in any 7 day period shall not exceed 60 hours, except where covered by clause 6.5 below.</p> <p>6.5 Working hours may exceed 60 hours in any 7 day period only in exceptional circumstances where all of the following are met:</p> <ul style="list-style-type: none"> – this is allowed by national law; – this is allowed by a collective agreement freely negotiated with a workers' organisation representing a significant portion of the workforce; – appropriate safeguards are taken to protect the workers' health and safety; and – The employer can demonstrate that exceptional circumstances apply such as unexpected production peaks, accidents | |

| | |
|--|--|
| <p>or emergencies.</p> <p>6.6 Workers shall be provided with at least one day off in every 7 day period or, where allowed by national law, 2 days off in every 14 day period.</p> | |
| ETI 7. No discrimination is practised | ETI 7. No discrimination is practised |
| <p>7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.</p> | |
| ETI 8. Regular employment is provided | ETI 8. Regular employment is provided |
| <p>8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.</p> <p>8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub-contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.</p> <p>Additional Elements: Responsible Recruitment</p> <p>8.3 Suppliers have full understanding of the entire recruitment process and assess all labour recruiters and intermediaries against legal and/or ethical requirements.</p> <p>8.4 There are effective management systems in place to identify and monitor the hiring and management of all migrant workers, contract workers, agency workers, temporary or casual labour. The supplier shall implement processes to enable adequate control over agencies with regards the above points and related legislation.</p> <p>8.5 Employment agencies must only supply workers registered with them.</p> <p>8.6 Workers pay no recruitment fee at any stage of the recruitment process.</p> <p>8.7 Worker contracts accurately reflect the agreed payment and terms in the recruitment process and are understood and signed by workers.</p> | |
| 8A: Sub-Contracting and Homeworking | 8A: Sub-Contracting and Homeworking |
| 8A.1 There should be no sub-contracting unless | |

| | |
|--|---|
| previously agreed with the main client. 8A.2 Systems and processes should be in place to manage sub-contracting, homeworking and external processing. | |
| ETI 9. No harsh or inhumane treatment is allowed | ETI 9. No harsh or inhumane treatment is allowed |
| 9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited. Additional elements: 9.2 companies should provide access to a confidential grievance mechanism for all workers | |
| 10. Other Issue areas: 10A: Entitlement to Work and Immigration | |
| Additional Elements 10A.1 Only workers with a legal right to work shall be employed or used by the supplier. 10A.2 All workers, including employment agency staff, must be validated by the supplier for their legal right to work by reviewing original documentation. | |
| 10. Other issue areas 10B2: Environment 2-Pillar | |
| 10B2.1 Suppliers must comply with the requirements of local and international laws and regulations including having necessary permits. 10B2.2 The supplier should be aware of and comply with their end clients' environmental requirements. <i>Note for auditors and readers, This is not a full environmental assessment but a check on basic systems and management approach.</i> | |

| | |
|---|---|
| SMETA Extra Sections for 4 Pillar Audit: | SMETA Extra Sections for 4 Pillar Audit: |
| Environment Section | Environment Section |
| B.4. Compliance Requirements 10B4.1 Businesses as a minimum must meet the requirements of local and national laws related to environmental standards. 10B4.2 Where it is a legal requirement, businesses must be able to demonstrate that they have the relevant valid permits including for use and disposal of resources e.g. water, waste etc. 10B4.3 Businesses shall be aware of their end client's environmental standards/code requirements 10B4.4 Suppliers should have an environmental | |

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| <p>policy, covering their environmental impact, which is communicated to all appropriate parties, including its own suppliers.</p> <p>10B4.5 Suppliers shall be aware of the significant environmental impact of their site and its processes.</p> <p>10B4.6 The site should measure its impacts, including continuous recording and regular reviews of use and discharge of natural resources e.g. energy use, water use (see 4-pillar audit report and audit checks for details).</p> <p>10B4.7 Businesses shall make continuous improvements in their environmental performance.</p> <p>10B4.8 Businesses shall have available for review any environmental certifications or any environmental management systems documentation</p> <p>10B4.9 Businesses should have a nominated individual responsible for co-ordinating the site's efforts to improve environmental performance.</p> <p>B4. Guidance for Observations</p> <p>10B4.10 Suppliers should have completed the appropriate section of the SAQ and made it available to the auditor.</p> <p>10B4.11 Has the site recently been subject to (or pending) any fines/prosecutions for noncompliance to environmental regulations.</p> | |
| <p>Business Practices Section</p> | |
| <p>10C. Compliance Requirements</p> <p>10C.1 Businesses shall conduct their business ethically without bribery, corruption, or any type of fraudulent Business Practice.</p> <p>10C.2 Businesses as a minimum must meet the requirements of local and national laws related to bribery, corruption, or any type of fraudulent Business Practices.</p> <p>10C.3 Where it is a legal requirement, businesses must be able to demonstrate that they comply with all fiscal legislative requirements.</p> <p>10C.4 Businesses shall have access to a transparent system in place for confidentially reporting, and dealing with unethical Business Ethics without fear of reprisals towards the reporter.</p> <p>10C.5 Businesses should have a Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice,</p> <p>10C.6 Businesses should have a designated person responsible for implementing standards concerning Business Ethics</p> <p>10C.7 Suppliers should ensure that the staff whose job roles carry a higher level of risk in the area of ethical Business Practice e.g. sales, purchasing,</p> | |

logistics are trained on what action to take in the event of an issue arising in their area.













10C. Guidance for Observations

10C.8 Businesses should communicate their Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice to all appropriate parties, including its own suppliers.

10C.9 Has the site recently been subject to (or pending) any fines/prosecutions for non-compliance to Business Ethics regulations. If so is there evidence that sustainable corrective actions have been implemented.

Photo Form

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|---|---|---|
|  |  |  |
| Eating room | Locker room | Hand wash basins |
|  |  |  |
| Evacuation route plan | First aid kit | Evacuation exit |

| | | |
|---|--|---|
|  |  |  |
| Fire extinguisher with validity date | Environmental instructions | Fire alarm button |
|  |  |  |
| Emergency procedure | Resting area | Production area |
|  |  |  |
| Waste separation and collecting | Outside view of the building | Safety signs |
|  |  |  |
| Warehouse area | Fork lift | Suggestion box |



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Your feedback on your experience of the SMETA audit you have observed is extremely valuable. It will help to make improvements to future versions.

You can leave feedback by following the appropriate link to our questionnaire:

[Click here for Buyer \(A\) & Buyer/Supplier \(A/B\) members:](http://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3lnq5lw_3d_3d)

http://www.surveymonkey.com/s.aspx?sm=riPsbE0PQ52ehCo3lnq5lw_3d_3d

[Click here for Supplier \(B\) members:](http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRglY_2brg_3d_3d)

http://www.surveymonkey.com/s.aspx?sm=d3vYsCe48fre69DRglY_2brg_3d_3d