SMETA

Sedex Members Ethical Trade Audit Report

Version 6.1

Audit Details			
Sedex Company Reference: *(only available on Sedex System)*	ZC5000004368	Sedex Site Reference: *(only available on Sedex System)*	ZS1000004522
Business name (Company name):	Private enterprise Trading and production company Lukas		
Site name:	Private enterprise Trading and production company Lukas		
Site address:	Sergeant Melnichuk 186 St. Ivan Pryhodka, 69 Kremenchuk 39600 UA	Country:	UA
Site contact and job title:	Vitalii Lukatskyi / General Manager		
Site phone:	+380964047264	Site e-mail:	scherbanev.stanislav@lukas.com.ua
SMETA Audit Pillars:	☑ Labour Standards	☑ Health and Safety (plus Environment 2-Pillar)	☑ Environment 4-pillar ☑ Business Ethics
Date of Audit:	2023-08-14		

Audit Company Name:
Bureau Veritas Certification

Audit Conducted By					
Affiliate Audit Company	☑	Purchaser	☐	Retailer	☐
Brand owner	☐	NGO	☐	Trade Union	☐
Multi-stakeholder	☐		Combined Audit (select all that apply)		

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 6.1 (March 2019) 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.

Auditor Team			
Lead Auditor:	Oleksiy Prylypko	APSCA Number:	21703164
Additional Auditors:			
Date of declaration:	2023-08-31		

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.

Site Representation	
Full Name:	Vitalii Lukatskyi
Title:	General Manager
Date of declaration:	2023-08-31
Comments: *Any exceptions to this must be recorded here (e.g. different sample size):* *Sampled wage records from the past 5 months were provided for review (5 months only since the operation for digital thermometer just started last Sep 2020).* *The audit took 2.0 man-days (9AM-6PM per day). Audit time was extended until 8PM due to the extent of documentation; this was agreed upon with the factory representatives*	

Summary of Findings

Issue (please click on the issue title to go direct to the appropriate audit results by clause)	Area of Non–Conformity		Number of issues			Findings
	ETI	Local Law	NC	Obs	GE	
0A - Universal rights covering UNGP			0	0	0	
0B - Management systems and code implementation			0	0	0	
1 - Freely chosen employment			0	0	0	
2 - Freedom of association and right to collective bargaining are respected			0	0	0	
3 - Working conditions are safe and hygienic	3.1 3.1 3.1 3.1	§1	2	2	2	NC - ZAF600176455 NC - ZAF600176459 Obs - ZAF600176452 Obs - ZAF600176456 GE - ZAF600176457 GE - ZAF600176461
4 - Child labour shall not be used			0	0	0	
5 - Living wages are paid			0	0	1	GE - ZAF600176458
6 - Working hours are not excessive			0	0	0	
7 - No discrimination is practiced			0	0	1	GE - ZAF600176460
8 - Regular employment is provided			0	0	0	
8A - Subcontracting and homeworking			0	0	0	
9 - No harsh or inhumane treatment is allowed			0	0	0	
10A - Entitlement to work and immigration			0	0	0	
10B2 - Environment 2–pillar			0	0	0	
10B4 - Environment 4–pillar	10.B4.4 10.B4.4 10.B4.7		2	1	1	NC - ZAF600176453 NC - ZAF600176454 Obs - ZAF600176462 GE - ZAF600176463
10C - Business ethics 4-pillar			0	0	0	

Local Law Issues

Issue	Description
§1	Fire safety rules in Ukraine (March 5, 2015). Fire hydrant sets must always be serviceable and available for use/ ПРАВИЛА пожежної безпеки в Україні (05 березня 2015 р). Пожежні кран-комплекти повинні постійно бути справними і доступними для використання;

Site Details

Site Details		
Company Name	Private enterprise Trading and production company Lukas	
Site Name	Private enterprise Trading and production company Lukas	
GPS location (if available)	GPS Address:	Latitude: 49.093934685229776
	Coordinates:	Longitude: 33.453454971313484
Applicable business and other legally required licence numbers and documents, for example, business license number, liability insurance, any other required government inspections	Business registration 69, str. Ivan Prykhodko, Kremenchuk, Ukraine, Business Registration number (EDRPOU) 23808087 16/11/1995; Taxpayer number 238080816038 16/11/1995; Registration of food facilities Number r-UA-16-27-888 Date of issue 10/31/2016, without expiration date.	
Products/Activities at site, for example, garment manufacture, electricals, toys, grower, cutting, sewing, packing etc	Flour puff products; Candies with whipped body; Candies with grilled casing; Candies with a jelly case; Biscuits and cream products	
Site description: (Include size, location, and age of site. Also, include structure and number of buildings)	Production site and office are located in the industrial zone of Kremenchug, Poltava Region. The company has been operating since 2000. The enterprise occupies the territory of 40 000 msqr, 18 buildings with a total area. Production works according to a variable schedule 24/7.	

Structure and number of buildings	**Building Name:**	#1 A	
	Floor	**Description**	**Remark**
	2 floors	Administration	3 of 2 floors buildings of 2014-2019 yeras, total 1275 msqr,
	Building Name:	#2	
	Floor	**Description**	**Remark**
	2	Production of Candy	Total 4264 msqr, 2011 year
	Building Name:	#2A	
	Floor	**Description**	**Remark**
	1	Production of flour confectionery products	2035 msqr, 2022 year
	Building Name:	#2B	
	Floor	**Description**	**Remark**
	2	banquet hall, cafe and shop	2117 msqr, 2016 year.
	Building Name:	#3	
	Floor	**Description**	**Remark**
	1	WareHouses	3 3 one-story buildings, total area 4500 msqr, 2011-2015 years.
	Building Name:	#4	
	Floor	**Description**	**Remark**
	2	Sewing and mending workshop	600 msqr, 2013 year
	Building Name:	#5	
	Floor	**Description**	**Remark**
	1	Boiler house	350 msqr, 2015 year
	Building Name:	#6	
	Floor	**Description**	**Remark**
	2	Household building (Lock rooms and showers for workers)	600 msqr, 2017 year
	Building Name:	1 B	
	Floor	**Description**	**Remark**
	1 floor	Administration	100 msqr, 2019 year

	Building Name:		1C
	Floor	Description	Remark
	2 floors	Administration	232 msqr, 2015 year
Visible structural integrity issues (large cracks) observed?	☐ Yes ☑ No Please give details: Visual inspection did not reveal structural violations		
Does the site have a structural engineer evaluation?	☐ Yes ☑ No Please give details: The organization conducts an independent assessment of the condition of the buildings, with the involvement of its own civil engineer, the latest reports are dated 05/12/2023 and 11/30/2022.		
Site function	☐ Agent ☐ Finished Product Supplier ☐ Homeworker ☐ Pack house ☐ Service Provider ☑ Factory Processing/Manufacturer ☐ Grower ☐ Labour Provider ☐ Primary Producer ☐ Sub-contractor		
Months of peak season	January to December		
Process overview	Production has 5 technological lines. The main production equipment is: dough mixers, boiling tanks for syrups, molding lines, glazing machines, ovens, packaging lines. Hand containers on wheels or hand trucks are used to move goods around production premises. The main technological processes for flour puff products are: -Kneading and forming the dough -Baking -Dosing with fillings -Packaging for candy products -Cooking syrup -Stuffing protein masses -Formation of bodies -Frosting -Packaging		
What form of worker representation is there on site?	☐ Union ☐ Other ☑ Worker Commitee ☐ None		
Please give details:	Worker representative (from quality departmet)		
Is there any night production work at the site?	☑ Yes ☐ No		
Are there any on site provided worker accommodation buildings	☐ Yes ☑ No Please give details:		
Are there any off site provided worker accommodation buildings	☐ Yes ☑ No Please give details:		
Were all site provided accommodation buildings included in this audit	☐ Yes ☑ No Please give details: NA, No accommodation buildings on site		

Audit Parameters						
Time in and time out	Day 1		Day 2		Day 3	
	In	09:00	In	08:00	In	08:00
	Out	18:00	Out	17:00	Out	17:00
	Day 4					
	In	09:00				
	Out	13:00				
Audit type:	FULL_INITIAL					
Was the audit announced?	ANNOUNCED					
Was the Sedex SAQ available for review?	Yes					
Any conflicting information SAQ/Pre-Audit Info to Audit findings?	No					
Who signed and agreed CAPR	Vitalii Lukatskyi / General Manager					
Is further information available	No					

Audit attendance	Management	Worker Representatives	
	Senior management	Worker Committee representatives	Union representatives
A: Present at the opening meeting?	Yes	Yes	No
B: Present at the audit?	No	Yes	No
C: Present at the closing meeting?	Yes	Yes	No
Reason for absence at the opening meeting	No Union on the site		
Reason for absence during the audit	No Union on the site		
Reason for absence at the closing meeting	No Union on the site		

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 or permanent resident 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*			Home workers	Total
	Permanent	Temporary	Agency	Permanent	Temporary	Agency		
Worker numbers – male	292	146	25	0	0	0	0	463
Worker numbers – female	257	79	0	0	0	0	0	336
Total	549	225	25	0	0	0	0	799
Number of Workers interviewed – male	20	6	1	0	0	0	0	27
Number of Workers interviewed – female	10	5	0	0	0	0	0	15
Total – interviewed sample size	30	11	1	0	0	0	0	42

Nationalities Structure		
Nationality of Management	Ukrainian	
Please list the nationalities of all workers, with the three most common nationalities listed first.	Nationaility 1: UKRAINIAN approx %: 100%	
Was this list completed during peak season?	☑ Yes ☐ No Please give details:	
Worker remuneration	Workers on piece rate:	0%
	Paid hourly:	0%
	Salaried:	100%
Payment cycle	Paid daily:	0%
	Paid weekly:	0%
	Paid monthly:	0%
	Other:	100%
	Details for other:	Payments are made twice a month - advance and salary.

Worker Interview Summary	
Were workers aware of the audit?	☑ Yes ☐ No
Were workers aware of the code?	☑ Yes ☐ No
Number of group interviews:	6 groups of 5 peoples
Number of individual interviews:	Male: 6 Female: 6
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.	☑ Yes ☐ No Please give details:
Interviews were done in private and the confidentiality of the interview process was communicated to the workers?	☑ Yes ☐ No
In general, what was the attitude of the workers towards their workplace?	☑ Favorable ☐ Non-favourable ☐ Indifferent
What was the most common worker complaint?	No Complaints
What did the workers like the most about working at this site?	Workers like white salary and that wages are stable, sufficient, and paid on time. The organization provides decent working conditions and safety equipment at a high level. The staff likes the working relationship in the team, when the administration helps to solve the problems that arise in the production
Any additional comment(s) regarding interviews:	No additional comments
Attitude of workers to hours worked:	Employees work according to the work schedule. But employees have the opportunity to work overtime and receive additional money
Is there any worker survey information available?	☑ Yes ☐ No Please give details: The organization once a year conducts a survey of the staff regarding their satisfaction with the use Viber Chatbot. The results are analyzed by senior management

Attitude of workers:
6+ 6 employees were selected for the individual interview and 30 employees were selected 6 group of 5 peoples. The interview took place in a relaxed atmosphere (separate room). Total 42 employees. In general, workers show positive attitude to work place, no negative about administration
Attitude of worker's committee/union reps:
The attitude of the team representatives is positive. The administration takes into account the wishes of the team within the budget
Attitude of managers:
Managers have a positive attitude towards audit. They understand that meeting the customer's requirements can increase product sales. They believe that the requirements of the standard are reasonable, do not contradict, and in some cases exceed the requirements of the law. The audit helps to see problem areas and helps to improve the Organization

0A - Universal Rights covering UNGP [Summary of Findings]
0A: Compliance Requirements 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:
Company has a policy, owned and dated at the senior level and communicated across relevant functions. Company has a designated person responsible for implementing standards concerning Human rights Company has a transparent system in place for confidentially reporting and dealing with human rights impacts without fear of reprisals towards the reporter. Company has identified their stakeholders and salient issues. Company has measured their direct, indirect, and potential impacts on stakeholders (rights holders) human rights. Company used grievance box for the complaints.
Evidence examined:
Code of Corporate Social Responsibility, dated 07.07.2023
Any other comments:
Nil

Policy statement that expresses commitment to respect human rights?	☑ Yes ☐ No Please give details: Code of Corporate Social Responsibility, dated 07.07.2023, on Company site and information board
Are the policies included in workers' manuals?	☑ Yes ☐ No Please give details: Corporative Code 7 key to success in LUKAS Company
Does the business have a designated person responsible for implementing standards concerning Human Rights?	☑ Yes ☐ No Please give details: Olena Mazur, Head of the Personnel Department

Does the business have a transparent system in place for confidentially reporting, and dealing with human rights impacts without fear of reprisals towards the reporter?	☑ Yes ☐ No Please give details: There are trust boxes on the territory of the Company, the hotline accepts calls every day during working hours, once a year anonymous surveys are conducted via a chatbot. According to the procedure, staff will not be penalized for filing complaints
Does the grievance mechanism meet UNGP expectations? (Legitimate, Accessible, Predictable, Equitable, Transparent, Rights-compatible, a source of continuous learning and based on stakeholder engagement)	☑ Yes ☐ No
Does the business demonstrate effective data privacy procedures for workers' information, which is implemented?	☑ Yes ☐ No Please give details: The Organization keeps the workers' confidential information by HR Department
Measuring Workplace Impact	
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 24.0% This year 21.0%
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 1st day of 90 day period + number of employees on the last day of the 90 day period) / 2])	3.0%
Annual % absenteeism(Number of days lost through job absence in the year / [(number of employees on 1st day of the year + number employees on the last day of the year) / 2] * number available workdays in the year)	Last year 3.0% This year 2.0%
Quarterly (90 days) % absenteeism(Number of days lost through job absence in the period / [(Number of employees on 1st of the period + Number of employees on the last day of the period / 2] * Number of available workdays in the month)	4.0%
Are accidents recorded?	☑ Yes ☐ No Please give details: LOG of of accidents at work (date of registration), Anatoly Demydenko , manager of the labor safety, environmental protection and fire safety department is kept it.

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 This year	0.0% 0.0%
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)	0.0%	
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 This year	0.0% 0.0%
% of workers that work on average more than 48 standard hours / week in the last 6 / 12 months	6 month 12 month	0.0% 0.0%
% of workers that work on average more than 60 total hours / week in the last 6 / 12 months	6 month 12 month	0.0% 0.0%

0B - Management Systems and code Implementation [Summary of Findings]
0B: Compliance Requirements 0.B.1 Suppliers are expected to implement and maintain systems for delivering compliance to this Code. 0.B.2 Suppliers shall appoint a senior member of management who shall be responsible for compliance with the Code. 0.B.3 Suppliers are expected to communicate this Code to all employees. 0.B.4 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.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:
Person responsible for communicating, implementing, and checking compliance against code requirements is Ms Olena Mazur, Head of the Personnel Department. The code for supplier is communicated to suppliers by mail. Company has legal business license - Company Registration number (from Unified State Register of Enterprises and Organizations of Ukraine - EDRPOU) # 23808087 dates 16/11/1995, validity period – w/o term. Agreement on the lease of land in the city of Kremenchuk, with the city council, dated 06/03/2014 till 2039. The site has knowledge of local laws concerning labour standards, health and safety, environment and related clauses that are part of the SMETA scope. The site has a system, validated by senior management, to enforce the laws and regulations into the site's policies and procedures Company has policy and procedure specific to land rights. Company plant trees, flowers around company territory. Company has informed consent, but our legislation does not require. The economic activity are Production of crackers and dry biscuits, production of baked confectionery products, cakes and pastries for long-term storage, production of chocolate and sugar confectionery products (candy) Training for social responsibility policy was provided for all employees (01-10/AUG/2023). Company is communicating Code for all suppliers; company send Code by mail (Usually, the mailing takes place at the beginning of the year, when the contracts are signed, the last sent 01 AUG 2023). Company has effective procedure for keeping confidential information. Internal audits are carried out systematically (last 10 AUG 2023)
Evidence examined:
Agreement on the lease of land in the city of Kremenchuk, with the city council, dated 06/03/2014, duration 15 yeras
Any other comments:
Nil

Management Systems	
In the last 12 months, has the site been subject to any fines/prosecutions for non–compliance to any regulations?	☐ Yes ☑ No Please give details: No penalties for last 12 months. The last fine was paid in 2018.

Do policies and/or procedures exist that reduce the risk of forced labour, child labour, discrimination, harassment & abuse?	☑ Yes ☐ No Please give details: Employees are familiarized with the policy of social responsibility upon hiring. Managers are trained annually. Problems, including personnel problems, are discussed at meetings every week.
If Yes, is there evidence (an indication) of effective implementation? Please give details.	The complaint box is reviewed every Monday. The issue is being discussed with senior management. If the application is accepted, the staff is informed through the corporate chat. Over the past year, there have been no complaints, there have been requests (canteen range, material assistance, recreation).
Have managers and workers received training in the standards for forced labour, child labour, discrimination, harassment & abuse?	☑ Yes ☐ No Please give details: Training for Administration 10 DEC 2022
If Yes, is there evidence (an indication) that training has been effective e.g. training records etc.? Please give details	☑ Yes ☐ No Please give details: In the Attendance List there are marks Knows. Interviews with managers in production and with workers showed an understanding of the issue.
Does the site have any internationally recognised system certifications e.g. ISO 9000, 14000, OHSAS 18000, SA8000 (or other social audits)?	☐ Yes ☑ No Please give details: Site has FSCC 22000 (till 2026-07-08), RSPO member (till Apr 2024), HALAL (from 30-03-2023), Rainforest Alliance (till Nov 24 , 2025)
Is there a Human Resources manager/department?	☑ Yes ☐ No Olena Mazur, Head of the Personnel Department, the number of employees in the HR is 4.
Is there a senior person /manager responsible for implementation of the code?	☑ Yes ☐ No Please give details: Olena Mazur, Head of the Personnel Department
Is there a policy to ensure all worker information is confidential?	☑ Yes ☐ No Please give details: Code of corporate social responsibility (07 JUL 2023)
Is there an effective procedure to ensure confidential information is kept confidential?	☑ Yes ☐ No Please give details: The Collective Agreement document (December 31, 2021) contains a section on the Provisions on the Protection of Personal Data. Each employee gives permission for the processing of his personal data by the relevant services of the Organization. All personal information are kept in closed boxes

Are risk assessments conducted to evaluate policy and procedure effectiveness?	☑ Yes ☐ No Please give details: The Organization conducts a survey of employees regarding their satisfaction with work at the enterprise at the end of the year. The results are reviewed by senior management.
Does the facility have a process to address issues found when conducting risk assessments, including implementation of controls to reduce identified risks?	☑ Yes ☐ No Please give details: If problems are detected, the Organization determines the cause and implements corrective actions. According to the auditors, no significant issues were raised that would require radical intervention in the management system.
Does the facility have a policy/code which require labour standards of its own suppliers?	☑ Yes ☐ No Please give details: The organization informs suppliers about its code. The organization informs suppliers that it expects the same behavior from its suppliers. Last mailing 10 JAN 2023
Land Rights	
Does the site have all required land rights licenses and permissions (see SMETA Measurement Criteria)?	☑ Yes ☐ No Please give details: Land lease agreement with the city government of Kremenchuk, date 03 JUL 2016 for a period of 15 years
Does the site have systems in place to conduct legal due diligence to recognize and apply national laws and practices relating to land title?	☑ Yes ☐ No Please give details: The Legal Department is responsible for verifying compliance with all legal requirements. Verification of the legality of the transaction is checked through all open registers.
Does the site have a written policy and procedures specific to land rights?	☑ Yes ☐ No Please give details: When transferring a plot of land for industrial production, the Lease Agreement specifies which types of production activities are allowed on this plot. In case of violation of the terms of the Agreement, it will be terminated.
Is there evidence that facility/site compensated the owner/lessor for the land prior to the facility being built or expanded?	☑ Yes ☐ No Please give details: The annual rent is determined, which is divided into 12 monthly payments. The last payment was 31 JUL 2023
Does the facility demonstrate that alternatives to a specific land acquisition were considered to avoid or minimize adverse impacts?	☑ Yes ☐ No Please give details: The organization leases a plot in an industrial zone, it is transferred to use for production purposes and is used for its intended purpose

Is there any evidence of illegal appropriation of land for facility building or expansion of footprint?	☐ Yes ☑ No Please give details: The organization has a land lease agreement with defined boundaries, all buildings are erected in compliance with legal requirements and have passports (official commissioning). For example Declaration on the facility's readiness for operation (with all details), dated 01-18-2012, Technical passport for the production building (with all details), dated 06-24-2019.

1 - Freely chosen Employment [Summary of Findings]
1: Compliance Requirements 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:
A policy which prohibits forced labour, bonded or involuntary prison labour was available for review. An internal regulation stated that workers must present their ID's for proof of age but that only copies must be kept in the personnel files and the original given back to the workers. There is no forced, bonded or involuntary labour. No personal papers, work deposits are withholding. Employees have freedom of movement. All these aspects are in accordance with ETI Code and Labour Code of Ukraine.
Evidence examined:
ETI Code , Corporate Code of LUKAS, and Law Labour Code of Ukraine, Employment order (2), work books (2), contracts (2), personnel files (42) for Mykyta Ryzhkov (stacker-packer), Oksana Karpenko (head of the sales department), Andriy Rozputko (line operator).
Any other comments:
Nil

Is there any evidence of retention of original documents, e.g. passports/ID' (If yes, please give details and category of workers affected)	☐ Yes ☑ No Please give details:
Is there any evidence of a loan scheme in operation (If yes, please give details and category of workers affected)	☐ Yes ☑ No Please give details:
Is there any evidence of retention of wages / deposits (If yes, please give details and category of workers affected)	☐ Yes ☑ No Please give details:
Are there any restrictions on workers' freedom to terminate employment?	☐ Yes ☑ No Please give details: There is no forced, bonded or involuntary labour. No personal papers, work deposits are withheld.
If any part of the business is UK based or registered there & has a turnover over £36m, is there a published a 'modern day slavery statement?	☐ Yes ☐ No ☑ Not Applicable Please give details: The organization is registered in Ukraine

Is there evidence of any restrictions on workers' freedoms to leave the site at the end of the work day?	☐ Yes ☑ No Please give details: Employees are free to leave the territory after the end of the working shift.
Does the site understand the risks of forced / trafficked / bonded labour in its supply chain	☑ Yes ☐ No ☐ Not Applicable Please give details: The site understand the risks of forced, trafficked, or bonded labour in its supply chain
Is the site taking any steps taking to reduce the risk of forced / trafficked labour?	☑ Yes ☐ No Please give details: The site surveys suppliers. The legal department checks Ukrainian suppliers on various databases, including on court cases and violations of legislation

2 - Freedom of Association and Right to Collective Bargaining are Respected [Summary of Findings]
2: Compliance Requirements 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 organisational 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:
Through the factory management interview and workers' interview, it was noted that there has workers representatives in the company and workers had the right to form a union if they wish. Through the factory management interview and workers' interview, it was noted that there has worker reps are not discriminated against and have access to carry out their representative functions in the workplace. Company open attitude towards the activities of the trade unions, if the personnel want to create Union or personnel want to go to another Union, it is free for freedom. Worker interview confirmed that the workers representatives had been elected by fellow workers. In Collective agreement 2022-2028 dated 31 DEC 2021 with agreed requirements for wages rates and working hours. Last minutes of The Worker Committee– 07 JUL 2023 Company has not Union. Company has worker representative. Chairman of the labor collective council (from Quality Department) Representative of the labor collective council (from Production Planning department)
Evidence examined:
•Management interview •Worker interview •Worker's representative inteview
Any other comments:
Nill

What form of worker representation/union is there on site? (Please add the name of the union or committee in the textbox)	☐ Union ☐ Other	☑ Worker Commitee ☐ None
Other details:	The working committee consists of 6 people, together with the chairman. Representatives of the team occupy positions of the lower management level/Робочий комітет скадає 6 людей, разом з головою. Представники колективу займають посади нижньої управлінської ланки.	
Is it a legal requirement to have a union?	☐ Yes ☑ No	
Is it a legal requirement to have a worker's committee?	☐ Yes ☑ No	

Is there any other form of effective worker/management communication channel? (Other than union/worker committee e.g. H&S, sexual harassment)	☑ Yes ☐ No Please give details: Department of occupational safety and ecology, ethics committee
Is there evidence of free elections?	☑ Yes ☐ No
Does the supplier provide adequate facilities to allow the Union or committee to conduct related business?	☑ Yes ☐ No Please give details: Meetings are held in the conference hall once a month for 1 hour. The employer pays for the time at the standard rate.
Name of union and union representative, if applicable:	The labor team of the private enterprise Trading-Manufacturing Company LuKas
Is there evidence of free elections?	☑ Yes ☐ No ☐ Not Applicable
If there is no union, is there a parallel means of consultation with workers e.g. worker committees?	There is a committee of employee representatives consisting of the chairman and 5 people
Is there evidence of free elections?	☑ Yes ☐ No ☐ Not Applicable
Are all workers aware of who their representatives are?	☑ Yes ☐ No Please give details: During the interview, the employees mentioned the name of the Chairman and the place of work at the enterprise
Were worker representatives freely elected?	☑ Yes ☐ No
Date of last election:	2022-04-01
Do workers know what topics can be raised with their representatives?	☑ Yes ☐ No
Were worker representatives/union representatives interviewed?	☑ Yes ☐ No
If Yes, please state how many:	2.0
Please describe any evidence that union/worker's committee is effective? Specify date of last meeting; topics covered; how minutes were communicated etc.	Team representatives inform the staff about the meeting through a Viber group. The last protocol of the committee meeting is 07 JUL 2023. Usually the Administration financially supports the initiatives of the team.
Are any workers covered by Collective Bargaining Agreement (CBA)?	☑ Yes ☐ No
If Yes, what percentage by trade Union/worker representation	0% workers covered by Union CBA. 100% workers covered by worker rep CBA.
If Yes, does the Collective Bargaining Agreement (CBA) include rates of pay?	☑ Yes ☐ No

3 - Working Conditions are Safe and Hygienic [Summary of Findings]
3: Compliance Requirements 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:

A representative of the management responsible for labor protection has been appointed. The company has appointment Mr Anatoly Demydenko, head of the labor safety, environmental protection and fire safety service for occupational health and fire safety. The company has implemented, maintains and is improving the labor protection management system, Risks for all types of workers and employees have been identified, risks are documented in Labor safety instructions - developed and employees informed, that are adequate and proportionate to the size of the site. The organization has developed 24 Regulations on labor safety, 145 Instructions, 9 Permits for the operation of high-risk equipment. They should be reviewed once per 5 years. Last revision completed in 2023. There are no visible structural defects. The act of inspection of the technical condition of the building from NOV 2022 and APR 2023 for a period of half year is provided. An inspection of fire equipment and alarm system analysis of fire and technological safety – every month by contractor (Date of last inspection 31 JUL 2023) The organization has instructions for handling chemicals. The last re-familiarization with the instruction 10 JUL 2023 Through factory tour, it was noted that: a. General Health and safety including Health & Safety Policy , Procedure, Name of Health and Safety personnel in the facility, training on Health and Safety policy, procedure, PPE awareness, Health and safety training, appropriate PPE worn by the employees (Line workers receive gowns, non-slip shoes, maintenance staff receive pants, t-shirt/jacket, gloves. If necessary, personnel receive PPE in accordance with the safety requirements for the work being performed), availability of potable drinking water, clean toilets, Medical examination of the workers, if any required, presence of accident register wherein all accidents, if any are logged. All personnel are theoretically instructed in how to provide first aid. But the staff had no formal first aid training. Although the company has staff with medical education, other employees do not know about this and they do not know who to turn to. b. Fire Safety including data on last two fire drills conducted in the facility (21-23 Jun 2023 and 05-07 Sep 2022), and whether the drill was conducted in all shifts for all employees, testing of fire equipment, training records of emergency personnel, availability of adequate fire equipment in the facility, emergency lights, unblocked exits, emergency exits, aisle markings on the floor, adequate number of evacuation plans posted in each floor of the facility. Documents are Emergency response plan of VTK Lukas PP: information sheet dated 06.06.2023, The schedule of special object exercises and trainings on civil defense issues of the Lucas for 2023 (10/01/2023). Report on the results of fire-fighting trainings of "Lukas" from 07/23/2023. c. Electrical Safety including stating whether the electrical system was found in good condition, no loose wires or dangling wires observed, no naked wires were inserted directly inside the socket, electrician certificate, if any. d. Building Safety including absence any cracks observed on the walls , ceiling, structural engineer evaluation certificate. e. Machine Safety including appropriate guards provided to the machines, availability of machine maintenance records , external inspection certificate, if any for machines installed in the facility. f. Chemical Safety. During the audit, the auditor found no evidence of the use of hazardous chemicals. The organization uses detergents, but the canisters seen by the auditor did not have a warning label
Evidence examined:
•Factory tour •Worker interview •Management interview •Document review
Any other comments:
Nill

Does the facility have general and occupational Health & Safety policies and procedures that are fit for purpose and are these communicated to workers?	☑ Yes ☐ No Please give details: The Organization has developed various documents on labor safety, for example, Regulations (For example, "Procedure for maintenance and repair of equipment" dated 07.01.2021; "Regulations on the procedure for conducting training and testing knowledge on occupational safety issues" dated March 2, 2021; "Regulations on the organization of three-level operational control over the state of labor safety" dated September 10, 2021. - 20 documents total), Occupational safety instructions (For example, 30 IOP-30 Occupational safety instructions for technologists 06/14/2022; 31 IOP-31 Occupational health and safety instructions for packaging machine operators 09/27/2022; 32 IOP-32 Occupational health and safety instructions for mixers 14.06.2022; 33 IOP-33 Occupational health and safety instructions for dough kneading machine operators, 145 instructions in total). Once every 3 months, employees confirm in writing that they have read the instructions.
Are the policies included in workers' manuals?	☑ Yes ☐ No Please give details: Corporate Code 7 keys to success at Lukas
Are there any structural additions without required permits/inspections (e.g. floors added)?	☐ Yes ☑ No Please give details: The buildings were commissioned with the necessary permits.
Are visitors to the site informed on H&S and provided with personal protective equipment?	☑ Yes ☐ No Please give details: The auditor received a special brightly colored vest upon entering the territory. Upon entering the production premises, the auditor additionally received a disposable robe, shoe covers, and a hair cap
Is a medical room or medical facility provided for workers?(This section is to list evidence to support system description (Documents examined & relevant comments. Include renewal/expiry date where appropriate))	☐ Yes ☑ No Please give details: The enterprise does not have a separate medical office, but there is a place where a medical couch is installed and where a medical worker can provide first aid while waiting for help from an ambulance. The necessary tools for the initial diagnosis of the disease are near the coach.
Is there a doctor or nurse on site or there is easy access to first aider/ trained medical aid?	☑ Yes ☐ No Please give details: The company has a nurse who works 1/2 day and checks the condition of drivers before leaving for the line. People with medical education work at the enterprise, but they are not officially nominated to provide medical care.

Where the facility provides worker transport – is it fit for purpose, safe, maintained and operated by competent persons e.g. buses and other vehicles?	☑ Yes ☐ No Please give details: The condition of the bus was checked (the emergency stop triangle, the condition of the fire extinguisher, the first aid kit, the driver's license, the protocol for checking the technical condition of the vehicle from June 26, 2023 to December 26, 2023
Is secure personal storage space provided for workers in their living space and is fit for purpose?	☐ Yes ☑ No Please give details: NA
Are H&S Risk assessments are conducted (including evaluating the arrangements for workers doing overtime e.g. driving after a long shift) and are there controls to reduce identified risk?	☐ Yes ☑ No Please give details: The organization has developed an assessment procedure, but has not conducted the assessment itself
Is the site meeting its legal obligations on environmental requirements including required permits for use and disposal of natural resources?	☑ Yes ☐ No Please give details: The organization has permission documents that are currently required by law. The organization has contracts for disposal of household and hazardous waste. Contract No. 15 (December 19, 2022) - disposal of household waste. Contract No. 10U (December 24, 2018) for the disposal of hazardous waste.
Is the site meeting its customer requirements on environmental standards, including the use of banned chemicals?	☑ Yes ☐ No Please give details: The organization does not use dangerous chemicals in the production process. The organization uses detergents and disinfectants that are approved for use in food enterprises.The organization has instructions for handling chemicals. The last re-familiarization with the instruction 10 JUL 2023

Non-Compliance	Evidence

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Non-Compliance	
Status	CLOSED
Reference	ZAF600176455
Clause	3 - Working Conditions are Safe and Hygienic
Issue Title	291 - First aiders in place but not enough for the size of site (including not covering all shifts)
Subcategory	First Aid / Accidents
New or carried over?	☑ New ☐ Carried Over
Resolved by audit	ZAA600019892
Root cause	☐ Training ☐ System ☑ Costs ☐ Lack of workers ☐ Other
Root cause - Other	
ETI code	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.
Explanation to the non compliance	There is a nurse on site, but only on weekdays 0800-1700, while production is open 24/7 /На майданчику присутня медична сестра, але тільки в робочі дні 0800-1700 , в той час як виробництво працює 24/7.
Follow up method	☐ Follow up audit ☑ Desktop audit
Timescale	☐ Immediate ☐ 30 days ☑ 60 days ☐ 90 days ☐ 120 days ☐ 180 days ☐ 365 days ☐ Other
Actions	Conduct training of production personnel on providing first aid so that there are at least 2 trained people in each team and in each production building /Провести навчання виробничого персоналу по надання першої невідкладної допомоги так, щоб в кожній бригаді та в кожному виробничому корпусі було не менше 2 навчений людей.
Additional comments	Проведено навчання по 2 людина на кожну робочу зміну. У вкладенні договір, приклади сертифікатів, фотодокази

	2 people were trained for each work shift (11-12 Sep 2023). The contract, examples of certificates, photo evidence are attached	

Non-Compliance	Evidence

[Back to findings summary]

Non-Compliance	
Status	CLOSED
Reference	ZAF600176459
Clause	3 - Working Conditions are Safe and Hygienic
Issue Title	151 - No health and safety risk assessment conducted
Subcategory	Health & Safety Management
New or carried over?	☑ New ☐ Carried Over
Resolved by audit	ZAA600019892
Root cause	☐ Training ☑ System ☐ Costs ☐ Lack of workers ☐ Other
Root cause - Other	
ETI code	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.
Explanation to the non compliance	The organization has developed an occupational health and safety risk assessment procedure, but has not carried out a risk assessment according to its procedure /Організація розробила процедуру оцінки ризиків з гігієни та безпеки праці, але не провела оцінку ризиків згідно своєї процедури
Follow up method	☐ Follow up audit ☑ Desktop audit
Timescale	☐ Immediate ☐ 30 days ☐ 60 days ☑ 90 days ☐ 120 days ☐ 180 days ☐ 365 days ☐ Other
Actions	Complete training on occupational health and safety management system (e.g. ISO 45001:2018). Conduct a risk assessment with the involvement of employees/Пройти навчання стосовно системи менедженту гігієни та безпеки праці (наприклад ISO 45001:2018). З залученям працівників провести оцінку ризиків
Additional comments	Проведено навчання персоналу, та спільно проведена оцінка ризиків

	Staff training was conducted, and a joint risk assessment was conducted. The document List of hazards and risk assessment was provided (09-29-2023). The proposed measures will reduce the identified risks to an acceptable level.	

Observation	Evidence

[Back to findings summary]

Observation	
Status	CLOSED
Reference	ZAF600176452
Clause	3 - Working Conditions are Safe and Hygienic
Issue Title	184 - Fire fighting equipment is locked or otherwise not accessible at all times
Subcategory	Fire Safety - Fire Fighting Equipment
New or carried over?	☑ New ☐ Carried Over
Resolved by audit	ZAA600019892
Root cause	☑ Training ☐ System ☐ Costs ☐ Lack of workers ☐ Other
Root cause - Other	
Local law issue	Fire safety rules in Ukraine (March 5, 2015). Fire hydrant sets must always be serviceable and available for use/ ПРАВИЛА пожежної безпеки в Україні (05 березня 2015 р). Пожежні кран-комплекти повинні постійно бути справними і доступними для використання;
ETI code	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.
Explanation to the observation	Production unit No. 6 Grilled candies. Violated requirements Instruction "On Fire Safety Measures and Requirements at Production and Structural Subdivisions of VTK "Lukas" Enterprise dated June 28, 2023 No. 36. At the time of the audit, the station was not working (repair day). In order to increase the space for repairs, the electromechanic placed carts in the corner where the fire hydrant and fire extinguisher are located. After the remark was made, access to the means of fire extinguishing was ensured (see photos #1 and #2)/ Підрозділ виробництво №6 Грильяжні цукерки. Порушені вимоги Інструкція "Про заходи та вимоги пожежної безпеки на виробництвах та структурних підрозділах ПП ВТК "Лукас" від 28.06.2023р. №36. На момент аудиту дільниця не працювала (ремонтний день). Для для збільшення простору для ремонту,

Obs_LimitedAccessFireExtinguishers(1).jpg

Obs_LimitedAccessFireExtinguishers (2).jpg

	електромеханік поставив візки до кутку, в якому знаходится пожежний кран та вогнегасник. Після зробленого зауваження, доступ до засобів пожежогасіння буз забезпечений (див фото №1 та №2).
Actions	It is necessary to conduct additional training for the staff. Take additional measures to prevent the repetition of mistakes/ Потрібно провести додаткове інструктаж для персоналу. Прийняти додаткові заходи, щоб унеможливити повторення помилок.
Additional comments	As a result of establishing the reasons for the discrepancy, it was established that carts for transporting containers can temporarily be placed in the corner where the fire equipment is located. To make it impossible to place any objects near the fire equipment, a fence has been installed. Explained and demonstrated during the audit

Observation	Evidence
[Back to findings summary]	

Observation	
Status	OPEN
Reference	ZAF600176456
Clause	3 - Working Conditions are Safe and Hygienic
Issue Title	290 - No first aiders in place
Subcategory	First Aid / Accidents
New or carried over?	☑ New ☐ Carried Over
Root cause	☑ Training ☐ System ☐ Costs ☐ Lack of workers ☐ Other
Root cause - Other	
ETI code	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.
Explanation to the observation	The Organization has a nurse, but the place where, if necessary, she can provide first aid has not been determined /В Організації є медична сестра, але не визначено місце, де , при необхідності, вона може надати першу медичну допомогу.
Actions	Determine and equip the place for providing 1st emergency aid / Визначити та обладнати місці надання 1ї невідкладної допомоги.

Obs_NewWorkPlace_Nurse.jpg

Good Example	Evidence
[Back to findings summary]	HealthSaferyInfoBoard.jpg

Good Example	
Status	OPEN
Reference	ZAF600176457
Clause	3 - Working Conditions are Safe and Hygienic
Issue Title	160 - Clear postings of emergency notices including pictures / languages for understanding where appropriate
Subcategory	Health & Safety Management
New or carried over?	☑ New ☐ Carried Over
Explanation to the good example	The organization promotes safe work / Організація пропагує безпечну роботу.
Evidence	The enterprise has installed informational boards on issues of occupational safety and fire safety / На підприємстві влаштовані інформаційні дошки стосовно питань безпеки праці та пожежної безпеки.

Good Example	Evidence
[Back to findings summary]	

Good Example	
Status	OPEN
Reference	ZAF600176461
Clause	3 - Working Conditions are Safe and Hygienic
Issue Title	156 - Regular health and safety inspections conducted
Subcategory	Health & Safety Management
New or carried over?	☑ New ☐ Carried Over
Explanation to the good example	The Organization implemented the Near Miss program. The administration materially wants employees to submit reports about problems in the field of labor safety, and these are compensated 500-1000 UAH/ В Організації впровадали програму Майже помилка. Адміністрація матеріально захочує працівників подавати повідомлення про проблеми в сфері безпеки праці і ці винагоджується 500- 1000
Evidence	Interview with HR Manager

4 - Child Labour Shall Not Be Used [Summary of Findings]
4: Compliance Requirements 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:
Prior to employment, applicants have to submit basic documents such as Passport (with Birth date), diploma, employment records, medical certificates, etc. The organization requires submission of copies of these documents. Sufficient numbers of employees' personal files were provided for review. Each employee file includes age documentation, which is in the form of photocopied national identification card (passport). The card lists the employee's name, household address and the date of birth. At moment of audit, all of company's workers were above 18 years old.
Evidence examined:
•Personal files (42) •Interview with staff (42) •Interview with HR manager
Any other comments:
No

Legal age of employment:	16
Age of youngest worker found:	20
Are there children present on the work floor but not working at the time of audit?	☐ Yes ☑ No
Percentage of under 18's at this site (of total workers)	0.0%
Are workers under 18 subject to hazardous work assignments?	☐ Yes ☑ No Please give details: NA

5 - Living Wages are Paid [Summary of Findings]
5: Compliance Requirements 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:
The local legal minimum wage from 01 OCT 2022 is 6700 (UAH/month) 40,46 UAH per hour) All workers' wages were calculated by hourly and monthly rate. The minimum wage paid by the factory was 10532 UAH per month (APR 2023) according to the wage records, Workers are provided with information about their employment condition in respect to wages. Wages are always paid on time – twice a month. The wages office was well organised with a good controlled set of processes which are understood by all employees. Deductions from wages as a disciplinary measure are not permitted, any deductions from wages not provided. It was proved by interviewed workers. All workers are 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. Deductions from wages as a disciplinary measure are not permitted, any deductions from wages not provided. It was proved by interviewed workers. • All social insurance payments were passed on to the relevant authorities in a timely manner. • All workers were paid til 7th and 21st of each month by bank transfer and each worker was given a pay slip and signed for their wages. • Wages have been recorded according to documents checked.
Evidence examined:
• Worker interview (42) • Local laws (Law on the State Budget of Ukraine for 2023) • Provisions on remuneration of Lukas (31 DEC 2021) • Local legal minimum wage documents • Payroll records from OCT 2022 to JUL 2023 • Social insurance and payment receipts from the HR department (07 AUG 2023) • Labour contracts for all employees (to examine agreed wage rates) (42)
Any other comments:
Nil

Summary Information			
Criteria	Local Law	Actual at the Site	Is this part of a Collective Bargaining Agreement?

Standard/Contracted work hours: (Maximum legal and actual required working hours excluding overtime, please state if possible per day, week, and month)	Legal Maximum Per Day: null Per Week: null Per Month: 184.0	Actual Per Day: 12.0 Per Week: 48.0 Per Month: 184.0	YES
Overtime hours: (Maximum legal and actual overtime hours, please state if possible per day, week, and month)	Legal Maximum Per Day: 2.0 Per Week: null Per Month: 10.0	Actual Per Day: 0.0 Per Week: 0.0 Per Month: 0.0	YES
Wage for standard/contracted hours: (Minimum legal and actual minimum wage at site, please state if possible per hr, day, week, and month)	Legal Maximum Per Day: null Per Week: null Per Month: 6700.0	Actual Per Day: 0.0 Per Week: 0.0 Per Month: 10532.0	YES
Overtime wage: (Minimum legal and actual minimum overtime wage at site, please state if possible per hr, day, week, and month)	Legal Maximum Per Day: 100.0 Per Week: null Per Month: null	Actual Per Day: 0.0 Per Week: 0.0 Per Month: 0.0	YES

Wages Analysis:	
Were accurate records shown at the first request?	☑ Yes ☐ No
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)	42 records (OCT 2022, APR 2023, JUL 2023).
Are there different legal minimum wage grades? If Yes, please specify all.	☐ Yes ☑ No
If there are different legal minimum grades, are all workers graded and paid correctly?	☐ Yes ☐ No ☑ Not Applicable Please give details:
For the lowest paid production workers, are wages paid for standard/contracted hours (excluding overtime) below or above the legal minimum?	☐ Below legal min ☐ Meet ☑ Above
Lowest actual wages found: Note: full time employees and please state hour / week / month etc.	10532 UAH
Please indicate the breakdown of workforce per earnings	0.0% of workforce earning under minimum wage 0.0% of workforce earning minimum wage 100.0% of workforce earning above minimum wage
Bonus Scheme found: Please specify details:	Bonus Scheme found:Bonus system: years of service - a maximum of 10%, a bonus for the absence of violations of sanitation, labor discipline, occupational safety - a maximum of 25%. Legal requirements - night - 40%, overtime - 100%/ Преміальна система: вислуга років - максимум 10%, премія за відсутність порушень санітарія, трудова дисципліна, безпека праці - максимум 25%. Законодавчі вимоги - нічна - 40%, понаднормові - 100%. Note: type of employee (e.g. full time, temp, etc.) and please state which units e.g. /hour /week /month etc.
What deductions are required by law e.g. social insurance? Please state all types:	18% from Gross Month Wage – finance tax as personal income tax. 1,5% common social fee. 1,5 % military fee since June 2015. (22% as Single Social Distribution)

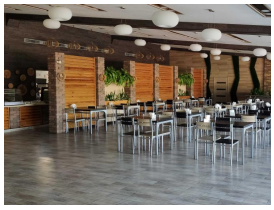
Have these deductions been made?	☑ Yes ☐ No
Please list all deductions that have been made.	18% from Gross Month Wage – finance tax as personal income tax. 1,5% common social fee. 1,5 % military fee since June 2015. (22% as Single Social Distribution)
Please list all deductions that have not been made.	All deductions have been made
Were appropriate records available to verify hours of work and wages?	☑ Yes ☐ No
Were any inconsistencies found? (if yes describe nature)	☐ Yes ☑ No
Do records reflect all time worked? (For instance, are workers asked to attend meetings before or after work but not paid for their time)	☑ Yes ☐ No Please give details: Records reflect all time worked. Production workers work in shifts of 12 hours (including break), 3-4 working shifts per week, which is 36-48 hours per week. The total number of working hours per month does not exceed the legal norm, which is based on a 40-hour working week, or 160-184 hours per month. General meetings or training are held during office working hours and this time for employees is counted as a worker and employees receive their normal salary for it.
Is there a defined living wage: This is not normally minimum legal wage. If answered yes, please state amount and source of info: Please see SMETA Best Practice Guidance and Measurement Criteria.	☑ Yes ☐ No Please give details: The subsistence minimum for able-bodied persons is UAH 2,684 (Law on the State Budget of Ukraine for 2023)
If yes, what was the calculation method used.	☐ ISEAL/Anker Benchmarks ☐ Asia Floor Wage ☐ Figures provided by Unions ☐ Living Wage Foundation UK ☐ Fair Wear Wage Ladder ☐ Fairtrade Foundation ☑ Other – please give details:
If other, please explain:	Law on the State Budget of Ukraine for 2023
Are there periodic reviews of wages? If Yes give details (include whether there is consideration to basic needs of workers plus discretionary income).	☑ Yes ☐ No Please give details: Last 30 APR 2023
Are workers paid in a timely manner in line with local law?	☑ Yes ☐ No
Is there evidence that equal rates are being paid for equal work:	☑ Yes ☐ No Please give details: Orders for work have been issued, profession Packaging machine operator, salary 47, 13 UAH/hour, Ruslan Sova (man), date 01.08.2023, Yuliya Golubka (woman), procurement specialist, salary for the trial period 10,000, after - 12,000 UAH, (08/01/2023)
How are workers paid:	☐ Cash ☐ Cheque ☑ Bank Transfer ☐ Other

Good Example	Evidence

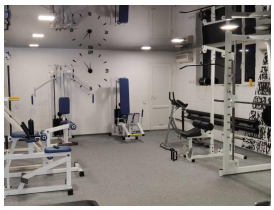
[Back to findings summary]

Good Example	
Status	OPEN
Reference	ZAF600176458
Clause	5 - Living Wages are Paid
Issue Title	429 - Company provides a range of additional benefits, including: free medical care on-site, holiday and other bonuses, free library, food subsidy, free transport
Subcategory	Benefits & Insurance
New or carried over?	☑ New ☐ Carried Over
Explanation to the good example	The administration provides free food, free transport, medical insurance, its own gym, its own recreation center, free for employees, bonuses for the absence of violations in hygiene, labor discipline, safety, bonuses for the duration of work at the enterprise / Адміністрація забезпечує безкоштовне харчування, безкоштовний транспорт, медичне страхування, власний спортивний зал, власна база відпочинку, безкоштовна для працівників, премії за відсутність порушень по гігієні, трудовій дисципліні, безпеці, премії за термін роботи на підприємстві
Evidence	Інтерв'ю з персоналом та відділом кадрів підприємства / Interview with the personnel and HR department of the enterprise

WorkerRestRoom.jpg


CanteenForStaff.jpg

Shelter.jpg


Gym.jpg

6 - Working Hours are not Excessive [Summary of Findings]
6: Compliance Requirements 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: 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:
•Through employees' interview, overtime is voluntary. •There are biometric system of registration, but Viber's chatbot informs employees daily about hours worked and earnings. According to the results of the interviews, there were no cases of incorrectly recorded working hours over the past year. •Legislation requirements: An 8-hour working day and a 40-hour working week are considered standard working hours. There is a calculation of the number of working days and the number of weekends and holidays for each month. The rate of working hours per month is calculated as the number of working days multiplied by 8 (the rate of work hours varies from 159 to 184 hours per month). The employer can apply 8 or 12 shifts so that the total number of hours worked per month meets the legal norm. Overtime hours are hours worked beyond the monthly time norm. Accounting period is 1 month. •There are 36-48 hours working week for production staff , two shifts from 07.00 to 19.00 (1st) and from 19.00 to 07.00 (2nd), with break (the lunch break is floating, depending on the load of the line and the possibility of redistributing work) and 4-3 rest days. The company has calculated the number of personnel so that there is no overtime (There is no clear peak period). The company allows staff to work on their days off, as long as the total number of hours worked does not exceed the legal norm (For example, if one production line is not loaded, an employee can switch to another line if there are not enough people on it). •The office workers work from 08.00 to 17.00 with 1-hour break. •All cases of working hours and overtime work are described in the CBA of Private enterprise Trading and production company Lukas between employees and employers, dated 31 DEC 2021, valid until 2028. •The sampled months for reviewing Working hours – 42 records for OCT 2022, 42 records for APR 2023, 42 records for JUL 2023.
Evidence examined:
•Employee interview (42) •Management interview (payroll accountant) •time records (OCT 2022, APR 2023, JUL 2023) •computerised time logging system •sample pay slips with recorded hours all workers interviewed (OCT 2022, APR 2023, JUL 2023) •workers' contracts (42) •12 months' hours records to establish highest and lowest hours over all employees.
Any other comments:
Nil

Working hours' analysis	
Systems & Processes	
What timekeeping systems are used?	Biometric system
Is sample size same as in wages section?	☑ Yes ☐ No Please give details:
Are standard/contracted working hours defined in all contracts/employment agreements? (If no, please give details including % and which type of workers do NOT have standard hours defined in contracts/employment agreements.)	☑ Yes ☐ No
Are there any other types of contracts/employment agreements used?	☐ Yes ☑ No
Do any standard/contracted working hours defined in contracts/employment agreements exceed 48 hours per week? (If yes, please detail hours, %, types of workers affected and frequency.)	☐ Yes ☑ No
Are workers provided with at least 1 day off in every 7-day-period, or 2 in 14-day-period?	☑ 1 in 7 days ☐ 2 in 14 days ☐ No (please explain)
Is this allowed by local law?	☑ Yes ☐ No
Maximum number of days worked without a day off (in sample):	5
Standard/Contracted Hours worked	
Were standard working hours over 48 hours per week found? (If yes, % of workers & frequency)	☐ Yes ☑ No % of workers: null% Frequency:
Any local waivers/local law or permissions which allow averaging/annualised hours for this site? (If yes, please give details.)	☑ Yes ☐ No Overtime hours are calculated based on the statutory number of hours per month, taking into account restrictions on overtime work and the need to provide a day off.
Overtime Hours worked	
Actual overtime hours worked in sample (State per day/week/month)	0 H/Day, 0H/Week, 0 H/Month (staff works according to the production schedule). In all verified records for 3 months, the maximum number of hours did not exceed 48 hours per week, which corresponded to the work schedule for the month (OCT 2022, APR 2023, JUL 2023).
Combined hours (standard or contracted + overtime hours = total) over 60 found?	☐ Yes ☑ No Please give details: No information was found for a 60-hour work week.
Approximate percentage of total workers on highest overtime hours:	0.0%

Is overtime voluntary? (Please detail evidence e.g. Wording of contract / employment agreement / handbook / worker interviews / refusal arrangements)	☑ Yes ☐ No ☐ Conflicting Information Please give details: Overtime is voluntary
Overtime premium	
Are the correct legal overtime premiums paid? (Please give details of normal day overtime premium as a % of standard wages)	☐ Yes ☐ No ☐ N/A – there is no legal requirement to OT premium Please give details: According to the Legislation and the Collective Agreement, overtime is paid plus 100% (200% of hours rate). But according to an interview with a representative of the HR department and checked records, it showed that there was no overtime at the company in the last 12 months.
Is overtime paid at a premium?	☑ Yes ☐ No According to an interview with HR, the Organization will pay overtime, but there has been no overtime in the past 12 months.
If the site pays less than 125% OT premium and this is allowed under local law, are there other considerations? Please complete the boxes where relevant.	☐ No ☐ Consolidated pay ☐ Collective Bargaining agreements ☑ Other
Please give details	According to the Legislation and the CBA, overtime is paid plus 100% (200% normal hours rate)).
If more than 60 total hours per week and this is legally allowed, are there other considerations? Please complete the boxes where relevant. (Please explain any checked boxes above e.g. detail of consolidated pay / CBA or Other)	☐ Overtime is voluntary ☐ Onsite Collective bargaining allows 60+ hours/week is voluntary ☐ Safeguards are in place to protect worker's health and safety ☐ Site can demonstrate exceptional circumstances ☑ Other reasons (please specify)
Please give details	The legislation allows 60 hours per week only during martial law and for work critical to the security of the country. Enterprise is not like that
Please explain any checked boxes above e.g. detail of consolidated pay / CBA or other	NA
Is there evidence that overtime hours are being used for extended periods to make up for labour shortages or increased order volumes?	☐ Yes ☑ No
If sufficient workers cannot be hired, are new working time arrangements explored to ensure that overtime is the exception rather than the rule?	☑ Yes ☐ No

7 - No Discrimination is Practiced [Summary of Findings]
7: Compliance Requirements 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:
All kinds of discriminations are forbidden and practice implemented. Company has discrimination policy. During interview with staff nobody inform about any kind of discriminations There are no age and gender requirements in the job ad. No worker was required to do the examination of the hepatitis B virus and HIV. Jobs are performed according to qualifications, not gender. According to the documents, the salary depends on the job description, and does not depend on gender and age. There was not found discrimination in site practices, based on sex and age. According to a staff survey, the administration supports those who aspire to a higher position by providing an opportunity of training. There is an internal complaints process, staff are aware of the existence of a complaint box, but according to the previous and current staff representative, there have been no complaints. There was no evidence of sexual harassment.
Evidence examined:
Employee interview (42 inc. 2 of worker representative) Management interview (HR)
Any other comments:
Nil

Gender breakdown of Management + Supervisors (Include as one combined group)	Male: 44.0%		Female: 56.0%
Number of women who are in skilled or technical roles (e.g. where specific qualifications are needed i.e. machine engineer / laboratory analyst)	Head of the HR department; - Head of the Department of Economics and Finance; - Manager in the field of financial activity; - Head of the new product development department; - Head of the export department; - Head of the laboratory; - Head of the department for technology and production system development		
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?	☐ Hiring	☐ Compensation	☐ Access to training
	☐ Promotion	☐ Termination or retirement	☑ No evidence of discrimination found
Please give details	No one complained during the interview		
Professional Development			
What type of training and development are available for workers?	During the interview, the staff confirmed that if a worker wants to move up the career ladder, he should contact the HR department and be given the opportunity to acquire additional knowledge and skills that are required for the new position.		

Are HR decisions e.g. promotion, training, compensation based on objective, transparent criteria? (If no, please provide details)	☑ Yes ☐ No

Good Example	Evidence

[Back to findings summary]

Good Example	
Status	OPEN
Reference	ZAF600176460
Clause	7 - No Discrimination is Practiced
Issue Title	507 - An equal opportunities policy in place, clearly communicated to all workers
Subcategory	General Discrimination, HR systems & Policy
New or carried over?	☑ New ☐ Carried Over
Explanation to the good example	The organization helps in the career growth of the staff, if the staff seeks it / Організація допомагає в карєрному рості персоналу, якщо персонал цього прагне.
Evidence	Workbook of Konstantin Khomenko. Hired as a transporter (29-01-2013), transferred to an Accountant (10-11-2014), transferred to a payroll economist (21-12-2016)...transferred to a leading economist of the financial and economic department (22-03-2021) /Трудова книжка Констянтин Хоменко. Прийнятий на роботу транспортувальником (29-01-2013), переведений Обліковцем (10-11-2014), переведений економістом з заробітної плати (21-12-2016)...переведено провідний економіст фінансово-економічного відділу (22-03-2021)

8 - Regular Employment Is Provided [Summary of Findings]
8: Compliance Requirements 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:
Work performed is the basis on recognized employment relationship established through national law and practice. As employee, the worker enjoys all benefits mandatory under government requirements as well as company provided benefits. There is no subcontracting or home working from the site. Only workers with a legal right to work shall be employed or used by the factory. Employer does not use employment agencies workers. All workers are checked at a hiring stage in aspect of right to work. No workers have been employed without all the legal permits accepted by the Ukraine Laws.
Evidence examined:
•Personal files (42, incl. 1 Contractor) •Payroll records were provided for review (42, incl. 1 Contractor). •Contracts (42, inc. 1 Contractor) •Worker interview (42, 1 Contractor) •Management interview (HR Department, Contractor (Director))
Any other comments:
Nil

Responsible Recruitment		
All Workers		
Were all workers presented with terms of employment at the time of recruitment, did they understand them and are they same as current conditions?	☑ Terms & Conditions presented ☑ Same as actual conditions	☑ Understood by workers

Did workers pay any fees, taxes, deposits or bonds for the purpose of recruitment/placement? (If yes, please describe details and specific category(ies) of workers affected)	☐ Yes ☑ No
Migrant Workers	
Type of work undertaken by migrant workers:	No migrants, Citizens of Ukraine only
Please give details about recruitment agencies for migrant workers:	Number of (in country) recruitment agencies used: 0 Number of (outside of local country) recruitment agencies used: 0
Are migrant workers' voluntary deductions (such as for remittances) confirmed in writing by the worker and is evidence of the transaction supplied by the facility to the worker?	☐ Yes ☑ No Please give details: There are no migrants on the site
Is there any observation on this finding?	NA
Are any migrant workers in skilled, technical or management roles? (This should include all migrant workers including permanent workers, temporary and/or seasonal workers)	☐ Yes ☑ No
Non-employee workers	
Recruitment Fees	
Are there any fees?	☐ Yes ☑ No
Agency Workers (if applicable) (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.)	
Number of agencies used (average):	0
Please provide the names of agencies if applicable	NA
Were agency workers' age / pay / hours included within the scope of this audit?	☐ Yes ☑ No
Were sufficient documents for agency workers available for review?	☐ Yes ☑ No
Is there a legal contract agreement with all agencies?	☐ Yes ☑ No Please give details: The organization does not involve agencies
Does the site have a system for checking labour standards of agencies?	☐ Yes ☑ No Please give details: The organization does not involve agencies
Contractors (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.)	
Any contractors on site?	☑ Yes ☐ No Please give details: Security firm

If Yes, how many workers supplied by contractors?	25
Do all contractor workers understand their terms of employment?	☑ Yes ☐ No Please give details: Contract employees (security) understand the terms of employment
If Yes, please give evidence for contractor workers being paid per law	Interview with staff, Signed contract, one payroll records were checked. The working hours per month meet the legal requirements. The payment is above the legal minimum.

8A - Sub–Contracting and Homeworking [Summary of Findings]
8A: Compliance Requirements 8.A.1 There should be no sub–contracting unless previously agreed with the main client. 8.A.2 Systems and processes should be in place to manage sub–contracting, homeworking and external processing.

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:
The organization does not use subcontractors, domestic workers, external contractors to whom a part of the technological process would be transferred. The organization uses a security firm as a contractor
Evidence examined:
The auditor has reviewed the technological chain and confirms that the Organization has equipment, personnel and documentation for the complete technological chain.
Any other comments:
Nil

Summary of sub–contracting – if applicable	
Is there any sub-contracting at this site?	☐ Yes ☑ No
Summary of homeworking – if applicable	
Is homeworking used at this site?	☐ Yes ☑ No

9 - No Harsh or Inhumane Treatment is Allowed [Summary of Findings]
9: Compliance Requirements 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. 9.2 companies should provide access to a confidential grievance mechanism for all 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:
From The Rules of internal the management had established a disciplinary procedure for workers' misbehaviour which included oral warning, written warning and finally termination. Employees familiarize themselves with the Rules when signing the contract. Worker interview confirmed that workers were aware of the disciplinary procedure. The site trains managers and workers on fair treatment. As per management interview, documents review and workers interview, there was a policy on Harsh Treatment, and the workers did not complain about harsh behavior during the interview. There are an internal process for grievance, which are an anonymous suggetion box, where workers could report any grievances (harassment, bullying, discrimination etc.); any received complaint would be handled by management and representative of workers, without any reprisal for the worker in question. Staff are aware of the existence of a complaint box, but according to the representative of workers and HR manager, there have been no complaints.
Evidence examined:
Staff interview (42), including Worker's representative (2) Management interview (HR Manager)
Any other comments:
Nil

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 3rd party?	☑ Yes ☐ No Please give details: A box for complaints, with information that the complaint is confidential and that it will be reviewed by senior management
If yes, are workers aware of these channels and have access? Please give details.	Interviewed employees reported that they know about the box and that they can contact the HR department.
If yes, what type of mechanism is used e.g. hotline, whistle blowing mechanism,comment box etc. Please give details.	A box for complaints, which is located near the factory canteen
Which of the following groups is there a grievance mechanism in place for?	☑ Worker ☐ Communities ☐ Suppliers ☑ Other
Please provide grievance mechanism details	The organization considers the complaints received in the inbox. That is, employees of the Organization and contractors working on the territory of the Organization
Are there any open disputes?	☐ Yes ☑ No Please give details:

Does the site encourage its business partners (e.g. suppliers) to provide individuals and communities with access to effective grievance mechanisms (e.g. helplines or whistle blowing mechanism)	☑ Yes ☐ No Please give details:
Is there a published and transparent disciplinary procedure?	☑ Yes ☐ No Please give details:
If yes, are workers aware of these the disciplinary procedure?	☑ Yes ☐ No Please give details:
Does the disciplinary procedure allow for deductions from wages (fines) for disciplinary purposes (see wages section)?	☐ Yes ☑ No Please give details:

10A - Entitlement to Work and Immigration [Summary of Findings]
10A: Compliance Requirements 10.A.1 Only workers with a legal right to work shall be employed or used by the supplier. 10.A.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:
Only workers with a legal right to work shall be employed or used by the factory. Employer does not use immigrate workers and employment agencies workers. The company employs personnel who have left temporarily occupied territories and territories where hostilities are taking place (internal migrants). All workers are checked at a hiring stage in aspect of right to work. No workers have been employed without all the legal permits accepted by the Ukraine Laws. The file was checked by the auditor. No gaps identified. A site tour showed that all production processes are present in the unit. No migrants on site
Evidence examined:
•Site tour •Management interview (HR Managers) •Worker interview (42)
Any other comments:
Nil

10B4 - Environment 4–Pillar [Summary of Findings]
10B4: Compliance Requirements 10.B4.1 Businesses as a minimum must meet the requirements of local and national laws related to environmental standards. 10.B4.2 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. 10.B4.3 Businesses shall be aware of their end client's environmental standards/code requirements 10.B4.4 Suppliers should have an environmental policy, covering their environmental impact, which is communicated to all appropriate parties, including its own suppliers. 10.B4.5 Suppliers shall be aware of the significant environmental impact of their site and its processes. 10.B4.6 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). 10.B4.7 Businesses shall make continuous improvements in their environmental performance. 10.B4.8 Businesses shall have available for review any environmental certifications or any environmental management systems documentation 10.B4.9 Businesses should have a nominated individual responsible for co–ordinating the site's efforts to improve environmental performance. 10B4: Guidance for Observations 10.B4.10 Suppliers should have completed the appropriate section of the SAQ and made it available to the auditor. 10.B4.11 Has the site recently been subject to (or pending) any fines/prosecutions for noncompliance to environmental regulations. Note for auditors and readers. This environment section is intended to take not more than 0.25 auditor days. It is an assessment only and the main requirement is to establish whether a site is meeting applicable environmental laws and/or has any certifications or environmental management systems in place. Following this assessment the client/supplier may decide a full environmental audit is required (see also best practice guidance/environment and guidance for auditor)

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:
The special box for storage of used luminescent lamps was shown. The log for registration of waste luminescent lamps collection is developed. The company meets the requirements of national laws related to environmental standards. Landlord has the relevant valid permits for use and disposal of resources. The segregation of waste generated in the facility is implemented. Company has responsible person for environmental issues. Fines for last year are none.
Evidence examined:
•Site tour •Management interview (Production manager) •Person who is Responsible for environmental issues interview
Any other comments:
NIL

Environmental Analysis	
Is there a manager responsible for Environmental issues (Name and Position):	Viktoriya Kulyk, environmental protection engineer

Has the site conducted a risk assessment on the environmental impact of the site, including implementation of controls to reduce identified risks?	☑ Yes ☐ No Please give details: Comprehensive assessment of existing and expected impact on the environment February 15, 2023. Report on the results of control of standards of maximum permissible emissions of polluting substances at industrial site No. 1 of VTK Lukas PP 09/05/2022 Report on the results of control of standards of maximum permissible emissions of polluting substances at industrial site No. 2 of VTK Lukas PP 09/05/2022 Report on the results of monitoring the state of the atmosphere at the border of the sanitary and protective industrial site No. 2 of the VTK "Lukas" PE from August 22, 2022 Report on the results of monitoring the state of the atmosphere on the border of the sanitary and protective industrial site No. 1 of the VTK "Lukas" PE from August 22, 2022. Protocol No. 018/4 of noise load research dated October 6, 2022
Does the site have a recognised environmental system certification such as ISO 14000 or equivalent?	☐ Yes ☑ No Please give details: No certificate like ISO 14001:2015.
Does the site have an Environmental policy?	☐ Yes ☑ No
If yes, is it publicly available?	☐ Yes ☐ No
If yes, does it address the key impacts from their operations and their commitment to improvement?	☐ Yes ☐ No Please give details:
Does the site have a Biodiversity policy?	☐ Yes ☑ No
Is there any other sustainability systems present such as Chain of Custody, Forest Stewardship Council (FSC), Marine Stewardship Council (MSC) etc.?	☐ Yes ☑ No Please give details: The organization is considering certification Chain of Custody, Forest Stewardship Council (FSC), but this has not yet been implemented

Have all legally required permits been shown?	☑ Yes ☐ No Please give details: Declaration No. 014785/22 on the conduct of economic activity dated 12.14.2022. Declaration No. 014789/22 on conducting business activities (14.12.2022); Permit No. 5310436100-327 for emissions of polluting substances into atmospheric air (OCT 18, 2018 – OCT 10, 2028); Permit No. 5310436100-255 for emissions of pollutants into the atmosphere (25 MAY 2016 – 25 MAY 2026); Permit No. 5310436100-223 for emissions of polluting substances into atmospheric air (October 18, 2018 - October 18, 2028); Permit No. 5310436100-206 for emissions of polluting substances into atmospheric air (31 MAY 2017 – 31 MAY 2027) Waste. Waste Permits are currently canceled in Ukraine. Contract No. 15 (December 19, 2022) - disposal of household waste Contract No. 10U (December 24, 2018) for the disposal of hazardous waste.
Is there a documentation process to record hazardous chemicals used in the manufacturing process?	☐ Yes ☐ No ☑ Not Applicable Please give details: A hazardous chemicals are not used in the manufacturing process
Is there a system for managing client's requirements and legislation in the destination countries regarding environmental and chemical issues?	☑ Yes ☐ No Please give details: The customs broker checks the requirements of the country of export
Facility has reduction targets in place for environmental aspects e.g. water consumption and discharge, waste, energy and green-house gas emissions:	☐ Yes ☑ No Please give details: The organization has no formal environmental goals
Facility has evidence of waste recycling and is monitoring volume of waste that is recycled.	☑ Yes ☐ No Please give details: Contracts for the sale of waste have been granted. All waste cardboard, film, plastic, grease are recycled, which is 25% of the total volume of waste for the year
Does the facility have a system in place for accurately measuring and monitoring consumption of key utilities of water, energy and natural resources that follows recognised protocols or standards?	☑ Yes ☐ No Please give details: KREMENCHUKVODOKANAL - contract of centralized water supply and centralized water drainage services - No. 1495 dated January 1, 2023. CentrEnergoZbut - Contract of electro energy supply No 21/12/21-262 dated 21 DEC 2021 TeploBud - Contract of gas supply, No35/19 dated 01 MAY 2019

Has the facility checked that any Sub-Contracting agencies or business partners operating on the premises have the appropriate permits and licences and are conducting business in line with environmental expectations of the facility?	☑ Yes ☐ No Please give details: Yes, the Organization checks all permit documents before signing the contract	
Usage/Discharge analysis		
Criteria	Previous year: 2022	Current year: 2023
Electricity Usage: Kw/hrs	445382	432590
Renewable Energy Usage: Kw/hrs	0	0
Gas Energy Usage: Kw/hrs	44	40
Has site completed any carbon Footprint Analysis?	Yes	Yes
If Yes, please state result	4 900 kg	4480 kg
Water Sources	municipal	municipal
Water Volume Used	3731	3518
Water Discharged	production, household needs, landscaping	production, household needs, landscaping
Water Volume Discharged	3731	3518
Water Volume Recycled	0	0
Total waste produced	621 tn	317 tn
Total hazardous waste produced	6,3 tn	1,8 tn
Waste to recycling	160 tn	85 tn
Waste to landfill	398 tn	208 tn
Waste to other	57 tn	22 tn
Total Product Produced	20 447 tn	19 921 tn

Non-Compliance	Evidence

[Back to findings summary]

Non-Compliance	
Status	CLOSED
Reference	ZAF600176453
Clause	10B4 - Environment 4–Pillar
Issue Title	601 - Lack of a detailed environment policy that covers relevant environmental impacts and has been communicated to necessary parties
Subcategory	General Environmental Permits, & Management systems
New or carried over?	☑ New ☐ Carried Over
Resolved by audit	ZAA600019892
Root cause	☑ Training ☐ System ☐ Costs ☐ Lack of workers ☐ Other
Root cause - Other	
ETI code	10.B4.4 - Suppliers should have an environmental policy, covering their environmental impact, which is communicated to all appropriate parties, including its own suppliers.
Explanation to the non compliance	The Organization has an Environmental Policy (JUN 21, 2023), but the document does not include obligations to comply with legislation, reduce negative impact on the environment, obligations to conserve resources, etc. /В Організації є Політика навколишнього середовища (21 JUN 2023), але В документі відсутні зобв'язання по дотриманю законодавства, зменьшення негативного впливу на навколишнє середовище, зобв'язання збереження ресурсів та інш.
Follow up method	☐ Follow up audit ☑ Desktop audit
Timescale	☐ Immediate ☐ 30 days ☑ 60 days ☐ 90 days ☐ 120 days ☐ 180 days ☐ 365 days ☐ Other
Actions	Організація повинна вивичити та впровадити вимоги стандарту ISO 14001:2015 щодо Політики/The organization must study and implement the requirements of the ISO 14001:2015 standard regarding the Policy.
Additional comments	Вивчені питання ISO 14001:2015 та впроваджена Політика The document "Policy in the field of environmental

	protection and preservation of biodiversity" was submitted (08-28-2023). Document includes obligations to comply with legislation, reduce negative impact on the environment, obligations to save resources, etc.	

Non-Compliance	Evidence

[Back to findings summary]

Non-Compliance	
Status	CLOSED
Reference	ZAF600176454
Clause	10B4 - Environment 4–Pillar
Issue Title	605 - No systems in place to continually improve environmental performance
Subcategory	General Environmental Permits, & Management systems
New or carried over?	☑ New ☐ Carried Over
Resolved by audit	ZAA600019892
Root cause	☑ Training ☐ System ☐ Costs ☐ Lack of workers ☐ Other
Root cause - Other	
ETI code	10.B4.7 - Businesses shall make continuous improvements in their environmental performance.
Explanation to the non compliance	There are no documented goals in the field of environmental management/Відсутні документовані цілі в сфері управління навколишнім середовищем
Follow up method	☐ Follow up audit ☑ Desktop audit
Timescale	☐ Immediate ☐ 30 days ☑ 60 days ☐ 90 days ☐ 120 days ☐ 180 days ☐ 365 days ☐ Other
Actions	Organizations should study and implement requirements for setting goals in the field of environmental management/Організації слід вивичити та впровадити вимоги до встановлення цілей в сфері управління навколишнім середовищем.
Additional comments	Включити цілі щодо поліпшення екологічних показників в загальні цілі компанії 2 goals are provided in the field of reducing the impact on the environment - the use of plastic in packaging and reducing emissions into the atmosphere

Observation	Evidence

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Observation	
Status	OPEN
Reference	ZAF600176462
Clause	10B4 - Environment 4–Pillar
Issue Title	652 - Site does not have a biodiversity policy in place contrary to law
Subcategory	Reforestation, Conservation & Biodiversity
New or carried over?	☑ New ☐ Carried Over
Root cause	☑ Training ☐ System ☐ Costs ☐ Lack of workers ☐ Other
Root cause - Other	
ETI code	10.B4.4 - Suppliers should have an environmental policy, covering their environmental impact, which is communicated to all appropriate parties, including its own suppliers.
Explanation to the observation	The site has no biodiversity policy. There is no corresponding legal requirement / Сайт немає політики з біорізноманіття. Відповідна законодавча вимога відсутня
Actions	The organization will develop and implement a biodiversity policy / Організація розробить та впровадить політику щодо біорізноманіття

Good Example	Evidence
[Back to findings summary]	

Good Example	
Status	OPEN
Reference	ZAF600176463
Clause	10B4 - Environment 4–Pillar
Issue Title	649 - The sites uses renewable energy (as a significant proportion of their total energy)
Subcategory	Energy usage
New or carried over?	☑ New ☐ Carried Over
Explanation to the good example	The organization uses pellets to obtain heat and steam for production/ Організація використовує пелети для отримання тепла та пари для виробництва.
Evidence	On average, 47% of energy (heat, electricity and gas) is obtained from pellets (renewable source)/ В середньому 47% енергії (теплова, електро та газ) отримується з пелет (поновлювальне джерело)

10C - Business Ethics – 4-Pillar Audit [Summary of Findings]
10C: Compliance Requirements 10.C.1 Businesses shall conduct their business ethically without bribery, corruption, or any type of fraudulent Business Practice. 10.C.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. 10.C.3 Where it is a legal requirement, businesses must be able to demonstrate that they comply with all fiscal legislative requirements. 10.C.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. 10.C.5 Businesses should have a Business Ethics policy, covering bribery, corruption, or any type of fraudulent Business Practice, 10.C.6 Businesses should have a designated person responsible for implementing standards concerning Business Ethics 10.C.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, logistics are trained on what action to take in the event of an issue arising in their area. 10C: Guidance for Observations 10.C.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. 10.C.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 Note for auditors and readers. This Business Ethics section is intended to take not more than 0.25 auditor days. It is an assessment not an audit.

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:
The company manager was the designated person responsible for implementing standards concerning Business Ethics, and that site practices were conducted without any corruption and/or bribery. Suppliers aware of any applicable laws, their end client's Business Ethics standards. Company had received and read the Business BVC Ethics code There is documented policy with regard to bribery, corruption or unethical business practice. The site recently not been subject to (or pending) any fines/prosecutions for Non-Compliance to Business Ethics regulations.
Evidence examined:
Management interview: Commercial Director Staff interview : Purchasing, Logistic, Sales Department
Any other comments:
Nil

Does the facility have a Business Ethics Policy and is the policy communicated and applied internally, externally or both, as appropriate?	☑ Internal Policy ☐ Policy for third parties including suppliers Please give details: Personnel policy (07-07-2023), including consideration of gifts. Corporate Code. Suppliers are informed about the principles of business ethics by e-mail and at meetings. Information is posted on the https://lukas.ua/ website
Does the site give training to relevant personnel (e.g. sales and logistics) on business ethics issues?	☑ Yes ☐ No Please give details: Acquaintance during hiring is conducted training on corporate codes. The personnel service surveys employees on corruption.
Is the policy updated on a regular (as needed) basis?	☑ Yes ☐ No Please give details: The internal procedure requires reviewing documents once every 5 years, or as needed
Does the site require third parties including suppliers to complete their own business ethics training	☑ Yes ☐ No Please give details: In a standard contract, there is a requirement from suppliers to comply with the requirements of the law, to observe business ethics and to train the staff. For example, Supply Agreement, 21.02.2023, margarine, with LLC Sokolivsky oil and fat factory.

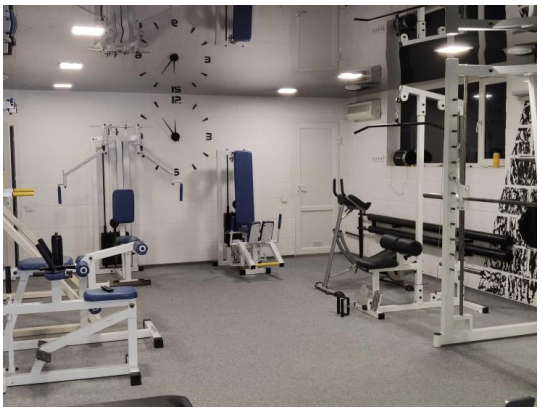
Attachments

 WorkerRestRoom.jpg	 WHFinishedProducts.jpg
 WasteForRecycling.jpg	 SuggetionBox.jpg

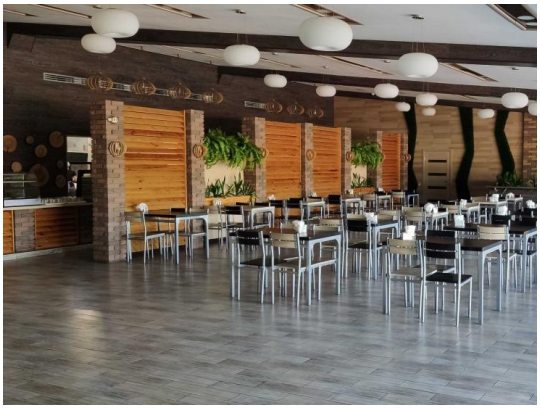
 ShowerRoom.jpg	 Shelter.jpg
 RampForShipmentFinishedProducts.jpg	 ProductionLineMaintanence.jpg

 ProductionArea.jpg	 ProdLine.jpg
 PlaceForWaste paper and cardboard_ household waste_ film and plastic.jpg	 Packaging.jpg
 MenToilet.jpg	 ManLockRoom.jpg

 MainGate.jpg	 LittleHazardousWaste.jpg
 Kitchen.jpg	 InternalYard.jpg
 HealthSaferyInfoBoard.jpg	 HazardWaste.jpg

 Gym.jpg	 FirstAidKit.jpg
  FireShieldAndWaste (ash).jpg	 FireBox.jpg

 EvacuationRout.jpg	 EvacuationPlan.jpg
  EvacuationExit.jpg	 EntranceForSaff.jpg

 CanteenForStaff.jpg	 StaffInSpecClothesInclShoes.jpg
 Obs_LimitedAccessFire Extinguishers(1).jpg	 Obs_LimitedAccessFire Extinguishers (2).jpg
 Obs_NewWorkPlace_Nurse.jpg	CAPR_ZAA600019892_V22_Signd.pdf

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Click here for Supplier (B) members:

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

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https://www.surveymonkey.co.uk/r/BRTVCKP