

Workplace Conditions Assessment Report

Measured Results — Improved Performance



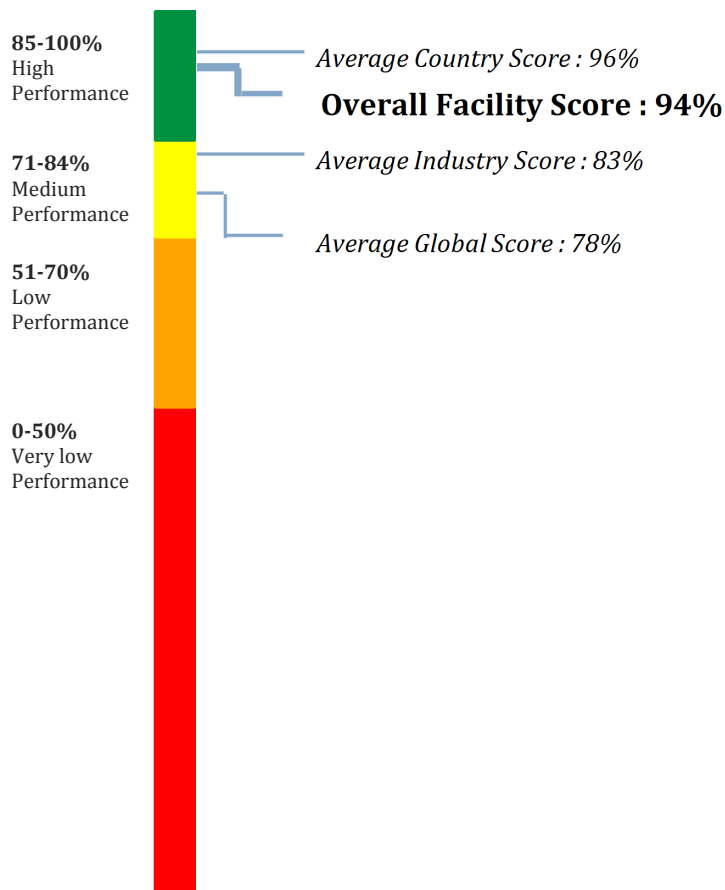
TERMOMETAL D.O.O.

GENERAL INFORMATION

Overall Facility Score : **94%**

Report No :	F_IAR_72904	City :	Ada
Audit Date :	Feb 02 - Feb 04, 2016	Country :	Serbia
Last Audit :	NA	Auditors :	Primary: Goran Turk
Assessment Stage :	Initial		Secondary: None
Schedule Type :	Announced	Service Provider:	Intertek

WORKPLACE PERFORMANCE INDEX AND SUMMARY Participating facilities: 19223



Assessment area	Score results	Number of non-compliances by rating				
		Zero Tolerance	Major	Moderate	Minor	Notscored
Overall	94%	-	1	-	1	-
Labor	100%	-	-	-	-	-
Wages & Hours	100%	-	-	-	-	-
Health & Safety	87%	-	1	-	-	-
Management Systems	97%	-	-	-	1	-
Environment	100%	-	-	-	-	-
Business Practices	100%	-	-	-	-	-



A. FACILITY PROFILE

A1. FACILITY INFORMATION

Facility Name:	Termometal d.o.o.	Facility Legal Status:	Privately owned
Facility Legal Name:	Termometal d.o.o.	Year facility began operations:	Termometal d.o.o. company from Ada was established in 1986 as a craft workshop for heat treatment of metal, and in 1992, in accordance with positive legal regulations, grew into a company of the same name in private-family ownership.
Audit Location:	13, 29 November Str., Ada	Located in special economic zone:	No
City:	Ada	Person responsible for overall social compliance issues:	Mr Miciz Jozef, Director
Country:	Serbia	Valid certificate for social compliance certification program:	ISO 9001:2008, Certificate Registration No. 01 100 1334653, issued by TUV Rheinland Cert GmbH from Cologne, Germany. Scope: production and trading of agricultural mechanization, parts for agricultural mechanization, products for machine tools industry and machining services. The certificate is valid from 03/12/2013 until 14/11/2016.
Contact Name:	Mrs Georgina Kispeter	Vendor Name:	Termometal d.o.o.
Contact Title:	Sales Manager		
Industry:	Agriculture		



Security systems in place:

Yes It was noted through Site-tour and documentation review that there are physical (7 security guards), technical (video control), and fenced yard security systems in place. All 7 security guards passed the Security course for the provision of property at the Open University in the city of Subotica, Certificate No. 55-53, dated on 24/02/2005. In addition, security alarm system is installed in the facility, and no body searches of employees was observed. Guests and visitors are entered in log. In addition, there is an electronic time card system implemented for all employees.

Building Description:

The facility operates in two production buildings and has one covered warehousing storage area. First building built in 1984, and is mostly made of concrete blocks, bricks and metal/steel materials. The last updated Facility's Building permit No. 351-170/2014-05, dated on 27/03/2014, and issued by the local property register from Municipality Ada. In the first multi-storey building there is an administrative part located on the 1st and 2nd floor, and on ground floor there are: Hall 1 - eroding, grinding and thermal treatment departments; Hall 2 - turning, milling, bending, flame cutting and laser cutting departments; and Hall 3 - milling by CNC machines department. In addition, there are isolated storage of raw materials, gas storage and storage of oil, as well as a separate department for browning. Total usable floor is 4.944 sq. meters. In the second and new single-storey building, built in 2013 and made of concrete panels (6.000 sq. meters), there are only locksmith-welding operation department, CNC machines department, and big warehouse with both raw materials and finished products. Total usable floor size of the facility is 10.944 sq. meters. Facility is located in an industrial zone, and there are other production buildings around the facility. The environment is fully production-oriented.

Special building type:

None

NA

A2. PRODUCTION INFORMATION

Products manufactured/ Services provided:	As working in metal-processing industry, facility's main products are special parts for the automotive industry, metal parts and machining services, and production of agricultural implements and spare parts.	Time record system(s) used:	Swipe Card system
Production process/ Service elements:	The receipt of raw materials, cutting, turning and milling, heat treatment, grinding, chemical plating, painting, assembly, QC, storing and delivering the finished products to the clients - export mainly to Western markets of the EU - around 80%, and 20% for Serbian market.	Chemicals or hazardous materials on-site:	Yes Besides gasoline for cleaning and machining emulsions, there is observed sulfuric acid, caustic soda, nickel sulfate, hydrochloric acid, oil to protect the surface and others. Total of 42 chemicals/hazardous materials used in the facility. MSDS updated on 22/07/2015.
Production capacity a week:	4000-5000 pieces per week.	Current production/ Services for client:	Yes
Total number of machines:	131 machines		
Main machine types:	CNC machining centers - milling machines, laser cutting (important for the client), bending, painting etc.		
Shifts and Operating hours:	Operating hours for management is from 8.00 am to 4.00 pm (break from 11.00 am to 11.30 am). Production units operate in 2 shifts. I. shift from 6.00 am to 2.00 pm (break from 09.00 am to 09.30 am). II. shift from 2.00 pm to 10.00 pm (break from 6.00 pm to 6.30 pm). Regular working days Monday to Friday, Saturdays seldom-overtime. Saturdays and Sundays are days off.		



A3. EMPLOYEE INFORMATION

Range of total number of employees at the facility:	101-500 employees
Union name:	Within the facility, there is also organized an independent Union/Syndicate named "Termometal", which is an integral part of municipal unions in Ada. It has 38 members, and is led by Mr Jene Terek. It has operated since 2008.
Employs juvenile workers:	None
Hires through employment agent:	NA <i>No agencies or agents are used for hiring workers. Facility places advertisements in the local press, and has a contact with the local state labor authorities.</i>
Employee nationalities/provinces:	The facility has no migrant employees. All 354 employees of Serbian nationality.

Female Employees:	30
Male Employees:	324
Mgmt Employees:	14
Production (Non-Management) Employees:	340
Local Employees:	354
Foreign/Migrant Employees:	0
Languages spoken in the facility:	Serbian and Hungarian languages
Management and employees speak same language :	Yes

A4. SUBCONTRACTOR INFORMATION

No subcontractor information given

A5. GENERAL INFORMATION

Management was well prepared for the audit, cooperative and supportive. Access was granted to all facility's premises, requested documentation and employees for interviews. All audit's subjects and issues are discussed openly and transparent. All facility's areas are clean and well maintained. Interviewed employees stated that they are satisfied with working conditions at their workplace. Wages are regularly paid. Facility has own Ethical Code, last updated and implemented on 25/11/2015. As a good practice observed regarding the audit day, the facility has the Certificate ISO 9001: 2008 (the company is in constant possession of the certificate since 2008). In addition, the company has clearly defined written responsibilities of all employees in terms of corporate governance and in particular on the issue of social responsibility and social compliance, business integrity, as well as responsible business practices for data protection and competition. Also, the company regularly conducts ongoing education of management on strengthening business communications, as well as implementation of internal continuous courses with employees to strengthen teamwork.

Emergency Preparedness Summary

The facility demonstrates satisfactory condition and preparedness regarding the emergency situations. The facility's approved H&S officer Atila Orosi has good control to manage emergency preparedness, including fire service installation, firefighting equipment, fire evacuation exits and routes. There are 71 fire extinguishers of S and CO2 types, 20 fire hydrants, manual fire alarm system and 12 smoke detectors installed throughout the facility. Last inspection of fire extinguishers, fire hydrants and fire alarm was on 27/11/2015. Proper evacuation measures are in place. Latest emergency fire evacuation drill was performed on 30/01/2016. There are 7 first aiders trained in the facility. There is an injury register in place. In past 3 years there were no major injuries, 1 minor in 2016. The facility conducts and pays for regular occupational health examinations for employees, in accordance with the required resources. Based on Facility's Risk assessment (updated on 15/07/2013), last occupational hazards assessment was conducted on 11/04/2015. Last machine inspection was in May 2013, checks are valid up to 3 years. Boiler, crane and 5 forklifts certificated on 26/04/2013 by "Institut za bezbednost i zdravlje na radu", Novi Sad, Certificate No. 01-1182-2/NS. Compressor plant checked on 08/01/2016 by "AROK TRADE", Senta. All appliances have been properly registered, inspected and maintained. Electro check of the cabin for applying varnish and paint was performed by "Institut za bezbednost i zdravlje na radu", Novi Sad, Record No. 01-3210-4, dated on 17/12/2013; Substation check was performed by "BM-INTERELECTRIC", Subotica, Record No. E-31/14, dated on 13/11/2014; Last check of electrical installations within the facility was on 11/07/2013, Record No. 196/13. 4 boiler operators and 5 forklift operators licensed on 30/09/2013, and 2 crane operators were licensed on 30/07/2014. All other special equipment operators such as electrician and workers who work on welding processes are regularly licensed once a year. Last licenses issued in April 2015. There was training for 6 persons who are handling hazardous chemicals, dated on 30/09/2015 was reviewed. It is also verified through employee interview (one employee who is handling chemicals). The facility has a documented emergency plan in place with strict order of procedure and prevention measurements. Last chemical handling training (oil spills in the chemical storage area) was conducted for all 6 employees who work with chemicals and hazardous materials on 10/12/2015.

A6. AUDIT PROCESS

Audit pay period provided for review

Records	From	To
12 Months Payroll	01/01/2015	31/12/2015
12 Months Attendance	01/01/2015	31/12/2015
Special Comments	N/A	

Employee interview sampling

Individual	20
Group	2 groups of 5
Total interviewed	30

Payroll and attendance records sampling

Period	From	To	Peak Season	Records Reviewed
Current Period	01/12/2015	31/12/2015	Yes	20
Period 1	01/04/2015	30/04/2015	Yes	5
Period 2	01/02/2015	28/02/2015	No	5
Total				30

Other records reviewed

Personnel records
 Security log book
 Non-Production records
 Legal Permits
 Employee leave register
 Health examination records

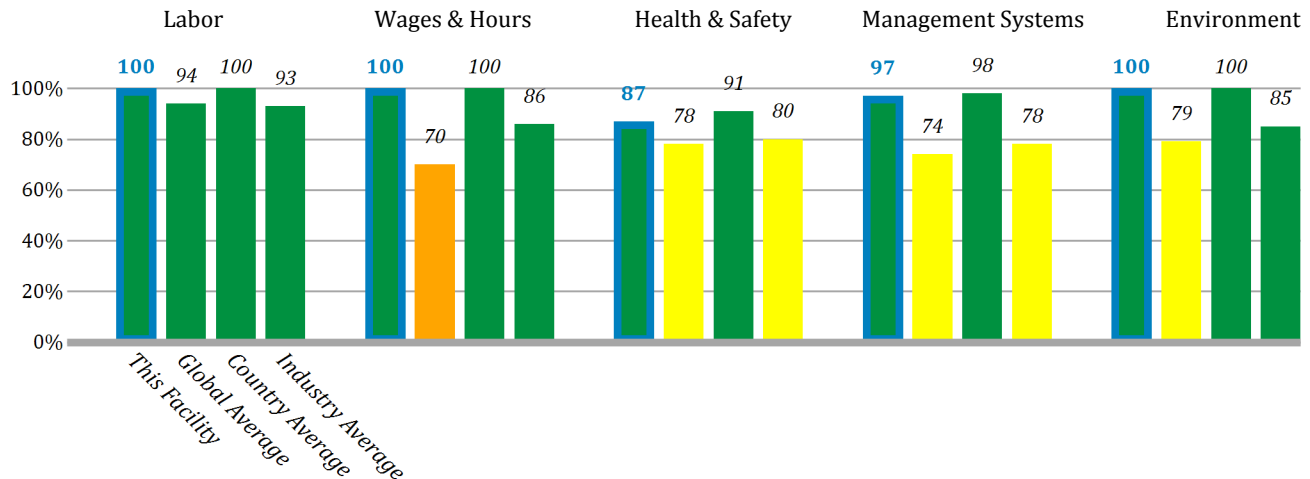
Machine maintenance records
 Production records
 Employment contracts
 Social insurance documentation
 Infirmary logs

Other : Legal required permits, Electronic - Attendance time card records and payroll records, Exams and procedures, Health & Safety inspection records, Health & Safety training records, Injuries log, Risk Assessment, certificates and registries.

B. KEY PERFORMANCE METRICS

B1. COMPARISON BENCHMARK

Current performance — Global average, Serbia average, Agriculture average

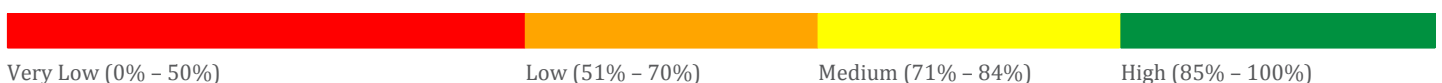


B2. PERFORMANCE TREND ANALYSIS

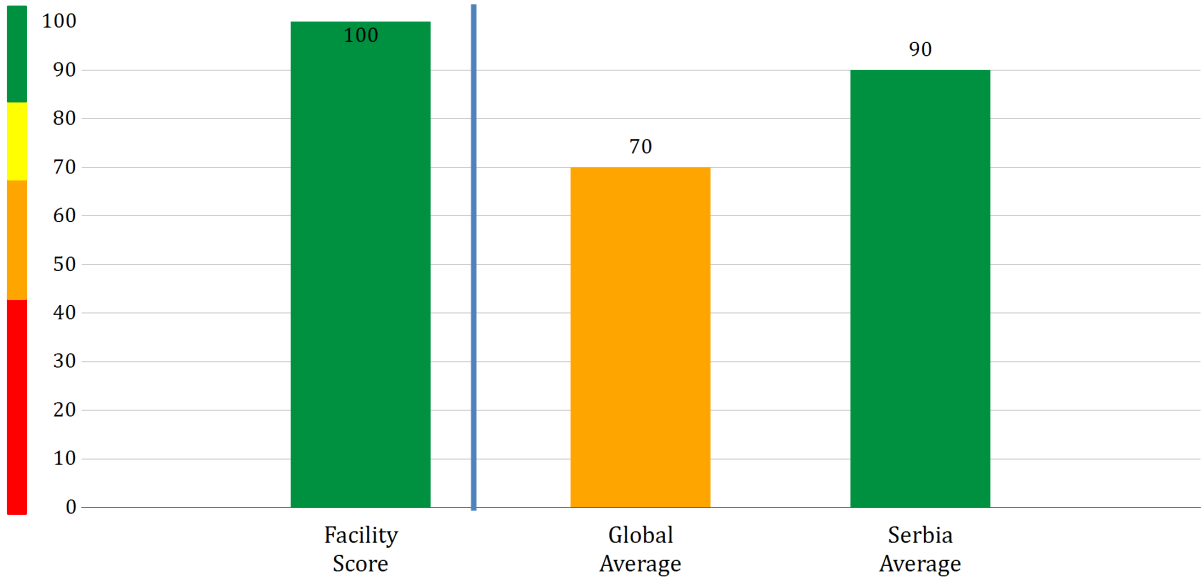
Section Name	Current (02-Feb-2016)	Last (Not Applicable)	First (Not Applicable)	Change (Current-Last)	Change (Current-First)
Labor	100	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Wages & Hours	100	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Health & Safety	87	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Management Systems	97	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Environment	100	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Overall Score	94	Not Applicable	Not Applicable	Not Applicable	Not Applicable

▲ Advancers ■ Constant ▼ Decliner

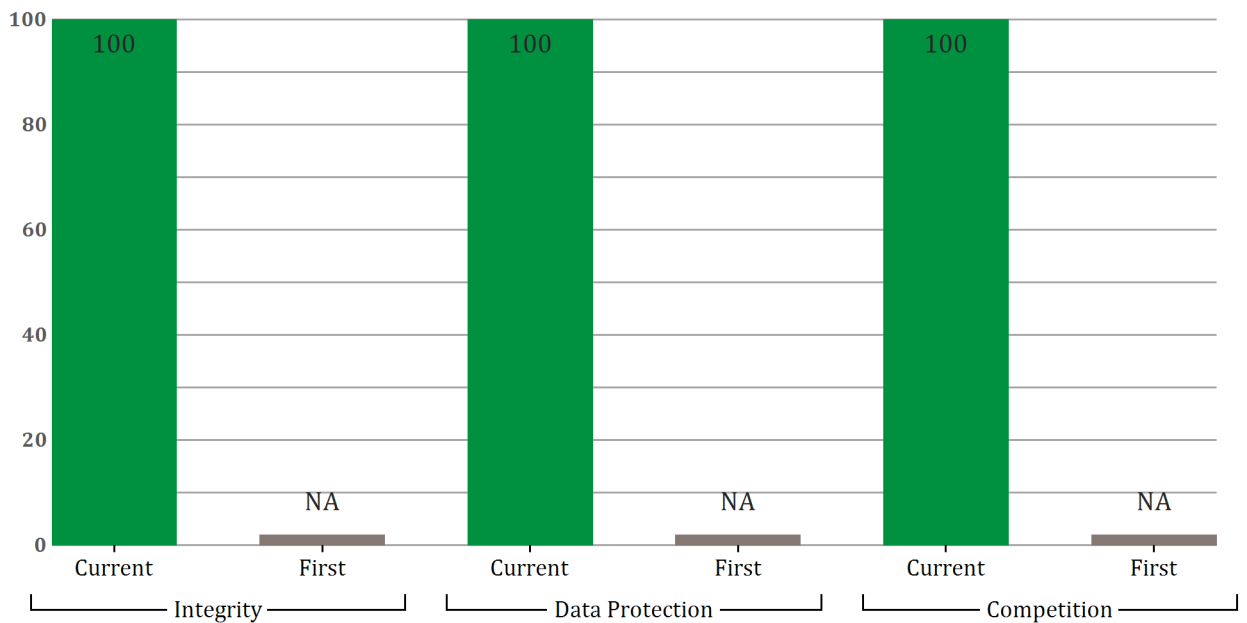
PERFORMANCE RATING



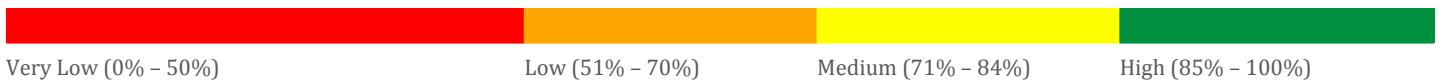
B3. BUSINESS PRACTICES



Subsection Performance

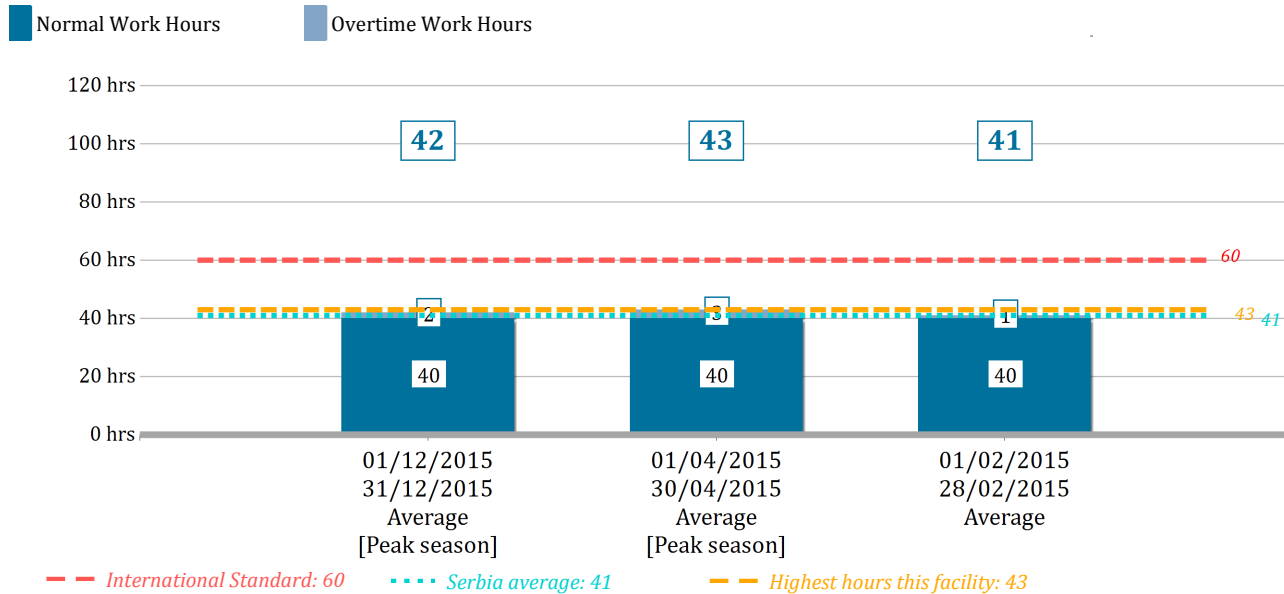


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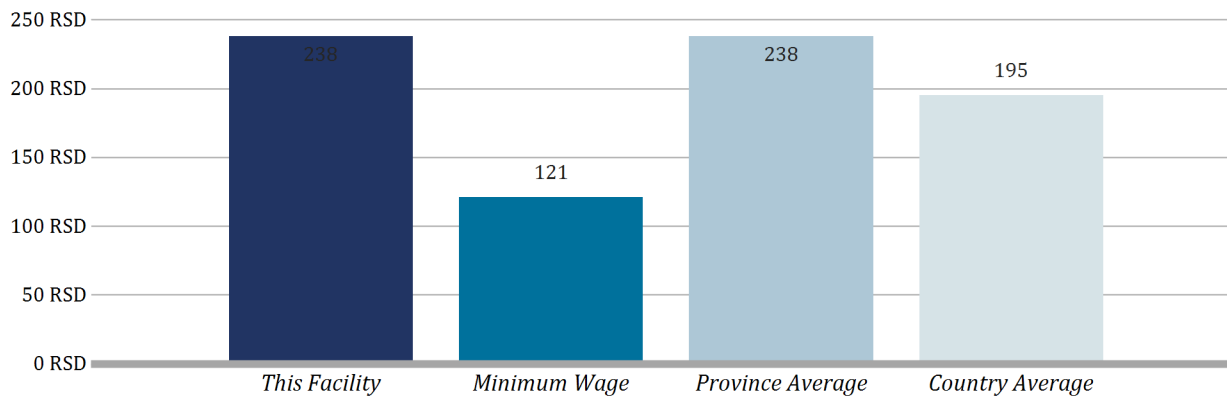


B4. WORKING HOURS AND WAGES

Average total hours worked weekly

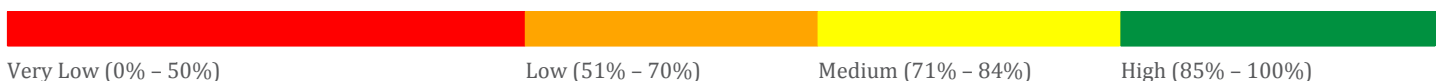


Average wages paid in local currency (RSD)



Special wage circumstances:

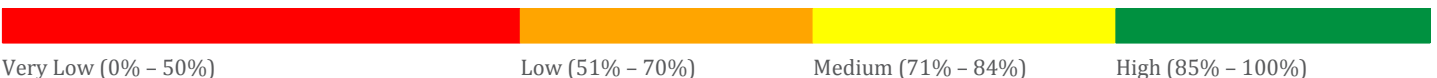
PERFORMANCE RATING





Wages and hours summary: During the documents check, it was verified that time records correspond to the pay slips. There is an electronic time card system of recording and tracking of working hours in the facility. Working hours are normally 40 hours per week. Operating hours for management is from 8.00 am to 4.00 pm (break from 11.00 am to 11.30 am). Production units operate in 2 shifts. I. shift from 6.00 am to 2.00 pm (break from 09.00 am to 09.30 am). II. shift from 2.00 pm to 10.00 pm (break from 6.00 pm to 6.30 pm). Regular working days Monday to Friday, Saturdays seldom-overtime. Saturdays and Sundays are days off. The facility provides its employees with wages that are over the minimum wage requirement in Serbia. The documentation review scope was current month: December 2015; peak month: April 2015, and non-peak month: February 2015. Wages are regularly paid until the 10th of current month for the previous month by bank transfers. Clear payroll and payment records were provided which included the calculations for the normal and overtime hours of work based on the daily Overtime hours range observed in sample (February 2015 - from 0 hrs to 30 hrs, April 2015 - from 0 hrs to 32 hrs, and December 2015 - from 0 hrs to 32 hrs), and proper overtime work calculation and payment observed. Social benefits payments were verified. Workers receive monthly pay stubs. No illegal deductions are made. Employees are well motivated and satisfied with their salaries.

PERFORMANCE RATING

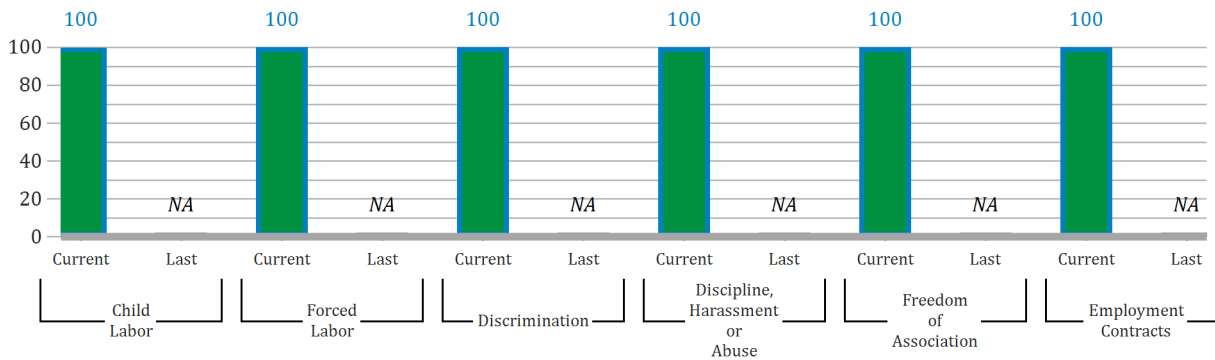


C. PERFORMANCE DETAILS

Current (02-Feb-2016)

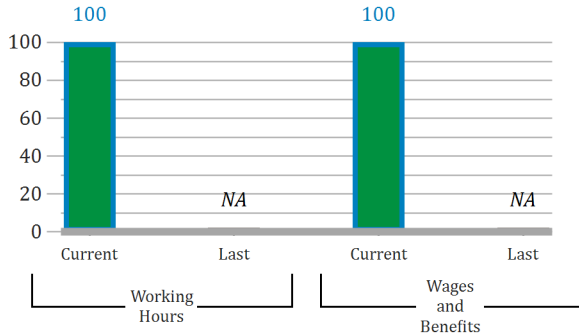
C1. Labor

100%

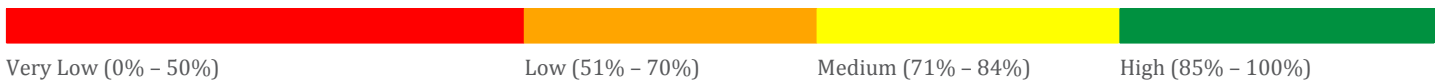


C2. Wages & Hours

100%



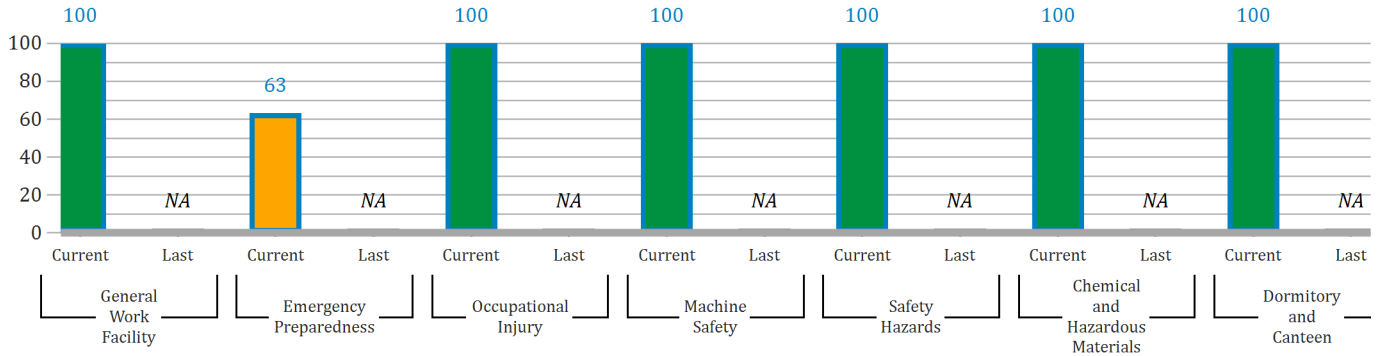
PERFORMANCE RATING





C3. Health & Safety

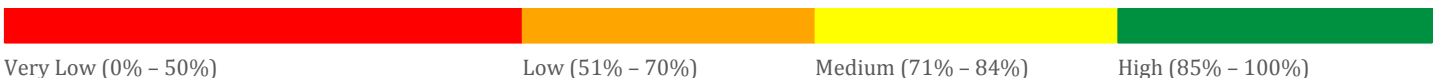
87%



Sub Section: Emergency Preparedness

Status	Findings	% Global freq of compliance
● Major	<p>182.00 : Fire fighting equipment is not accessible and visible to all employees</p> <p>Auditor's comment It was noted during Site-tour that 1 out of 20 fire hydrants was found temporarily blocked by the small cabinet with spare parts within building number 2 for the production of special parts for agricultural machinery.</p> <p>Article 4, REGULATION on preventive measures for safe and healthy work workplace</p> <p>4.1.2. fire-fighting equipment must be easily accessible, Easy to use and marked the appropriate markings must be persistent and placed in the appropriate places.</p>	91%

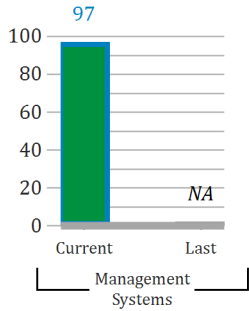
PERFORMANCE RATING





C4. Management Systems

97%

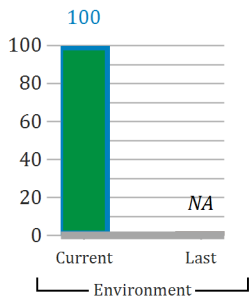


Sub Section: Management Systems

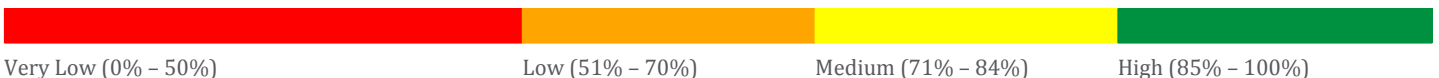
Status	Findings	% Global freq of compliance
● Minor	<p>296.06 : The facility has comprehensive emergency preparedness processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented</p> <p>Auditor's comment It was noted through documentation review that facility has comprehensive policies and procedures, but some gaps are identified in the implementation, relating to 1 out of 20 hydrants were found temporarily blocked, during the site tour.</p>	73%

C5. Environment

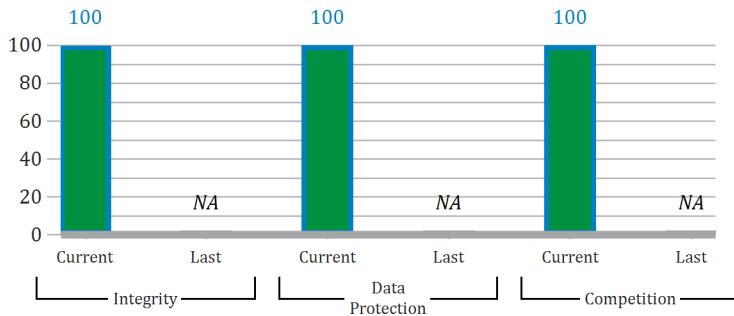
100%



PERFORMANCE RATING



C6. Business Practices



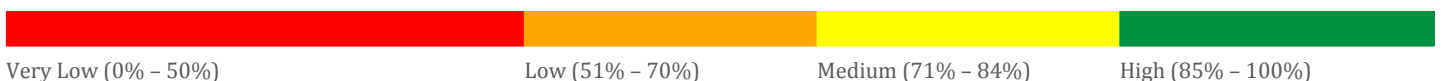
% Global Frequency of Compliance: Represents the implementation percentage performance of all suppliers participating in the WCA Community globally for each issue

Identification numbers: Represents the finding ID associated with each checklist question

RECOMMENDATION FOR IMPROVEMENT PLAN TIMELINE

- Minor Take action within 0 ~ 6 months to make necessary improvements.
- Major : Take action within 0 ~ 1 month to make necessary improvements.
- Moderate: Take action within 0 ~ 3 months to make necessary improvements.
- Zero Tolerance: Take immediate action to make necessary improvements.

PERFORMANCE RATING





D. STRENGTHS AND CHALLENGES

Facility Strengths: Facility performance ranks in the top percentile of the population and/or has implemented a best practice process	Rating	Global Freq. of Compliance%
Total overtime hours are within allowable limits under applicable law or agreement.	Moderate	52%
The facility provides social security, pensions, healthcare and/ or other insurance to employees as per legal requirement.	Moderate	59%
The facility has undertaken a formal and extensive privacy risk assessment over its processing of Personally Identifiable Information (PII)	Minor	60%

Challenges: Facility performance ranks in the bottom percentile of the population	Rating	Global Freq. of Compliance%
Fire fighting equipment is not accessible and visible to all employees	Major	91%
The facility has comprehensive emergency preparedness processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented	Minor	73%

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