

## **Supplier audit**

### **Pre-audit Information to the Supplier**

## **Introduction**

Our company is committed to a sustainability policy which includes respect for universally recognised standards for the environment, human rights, labour, and anti-corruption.

Therefore we seek to ensure that all our suppliers operate in compliance with our supplier code of conduct. Please refer to the enclosed code of conduct for more information about the standards.

The purpose of our social and environmental supply chain management system is to help supplier achieve the standards outlined in our code of conduct. The purpose is not to terminate business.

## **Our Supply Chain Management**

We categorise all our suppliers based on our perception of likelihood of non-compliance with our code of conduct and the potential impact that non-compliance will have on our business.

We use three different tools for evaluation of our suppliers:

- A general risk assessment of all our suppliers
- A supplier self assessment questionnaire
- Social and environmental audits

The purpose of the general assessment is to identify suppliers with a potential risk for non-compliance. Suppliers in emerging markets will also be asked to fill out a supplier self assessment questionnaire. The purpose is to evaluate their environmental and social policies and performance.

For a number of suppliers we also carry out social and environmental audits. The purpose is to validate the answers given in the supplier self assessment and to get a better understanding of our suppliers, to identify important areas of non-compliance and to identify ways of improving conditions.

## **The audit**

Before the audit we would ask your company to fill out the enclosed production facility information form. This will give us useful information about your production facilities.

During the audit we will cover the following areas:

### **1. A tour of the factory including**

- production facilities
- workers' accommodation
- material and storage areas
- kitchen and canteen
- sanitary facilities

- clinic / sick room
- pollution prevention facilities

**2. Interviews with the managers responsible for compliance with our code of conduct in the following areas:**

- health and safety
- security
- environmental management
- finance / pay-roll
- trade union representation
- human resources / personnel

**3. Interviews with workers and representatives elected by workers.**

- groups of workers randomly selected at the beginning of the audit
- trade union representatives (if applicable) or representatives elected by workers
- individual workers which the audit team meets during the visit to the factory

**4. Records and documentation**

- Payroll (including documentation for overtime payment)
- Timesheets
- Statistics for sick leave and accidents
- Environmental permits and compliance certificates
- Environmental data
- Health and safety rules
- Material safety data sheets
- Personnel records
- Work-related injury insurance participation list
- Accident records

**Agenda for Audit**

**Day one**

- |                    |  |
|--------------------|--|
| <b>9.00-10.00</b>  | <b>Opening meeting</b><br>Participation - Supplier senior management<br>General discussion of the audit and the audit programme<br>Selection of workers for group interviews |
| <b>10.00-12.00</b> | <b>Meeting with managers</b><br>Participation - managers with responsibility for compliance with our code of conduct: HR/Personnel Manager and Environment Manager           |
| <b>12.00-13.00</b> | <b>Lunch</b>   |
| <b>13.00-14.00</b> | <b>Meeting with group of workers and worker's representatives</b><br>Interview with worker's representatives and group interview with randomly selected workers.             |
| <b>14.00-15.30</b> | <b>Tour of factory</b>   |

The audit team will get an impression of the factory and will conduct small interviews with workers along the tour.

**15.30-16.30 Documents review**

- Personnel records including employment contracts, payroll, records of working hours and overtime, and pay slips

**16.00-17.00 Audit Team Evaluation meeting**

**Day Two**

**9.00-9.15 Recap of agenda**

**9.15-12.00 Documents review**

- Statistics for sick leave and accidents
- Environmental permits and compliance certificates
- Environmental data
- Health and safety rules
- Material safety data sheets
- Work-related injury insurance participation list
- Accident records

**12.00-13.00 Lunch**

**13.00-14.00 Audit Team Evaluation Meeting**

**14.00-15.00 Closing meeting with management**

Evaluation and discussions of findings  
Agreement on Corrective Action Requests

**After the Audit**

After the audit we will follow up on the agreed corrective action request according to the agreed deadlines. We will send the full audit report to your company.

The purpose of our social and environmental supply chain management is to help suppliers achieve the standards outlined in our code of conduct. The purpose is not to terminate business. However if there are serious incidents of non-compliance with our code of conduct, we expect your company to correct these issues within an agreed timeframe. If your company does not show willingness to correct these issues we will consider terminating our business relationship with your company.