





Sedex Members Ethical Trade Audit Report

Version 6.1



Audit Details			
Sedex Company Reference: <i>(only available on Sedex System)</i>	ZC: 1082599	Sedex Site Reference: <i>(only available on Sedex System)</i>	ZS: 1045860
Business name (Company name):	KaTech Ingredient Solutions GmbH		
Site name:	KaTech Ingredient Solutions GmbH		
Site address: <i>(Please include full address)</i>	Burdieksweg 4, 23858 Reinfeld/Wesenberg (production site) Aegidienstraße 22, 23552 Lübeck (Headoffice)	Country:	Germany
Site contact and job title:	Anne Thomsen / QMR		
Site phone:	+49 451 4070 2115	Site e-mail:	Anne.Thomsen@khpartner.com
SMETA Audit Pillars:	<input checked="" type="checkbox"/> Labour Standards	<input checked="" type="checkbox"/> Health & Safety	<input checked="" type="checkbox"/> Environment 4-pillar <input checked="" type="checkbox"/> Business Ethics
Date of Audit:	13.-14.10.2021		

Audit Company Name & Logo:  SGS Germany	Report Owner (payer):  KaTech Ingredient Solutions GmbH
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Audit Conducted By					
Affiliate Audit Company	<input checked="" type="checkbox"/>	Purchaser	<input type="checkbox"/>	Retailer	<input type="checkbox"/>
Brand owner	<input type="checkbox"/>	NGO	<input type="checkbox"/>	Trade Union	<input type="checkbox"/>
Multi-stakeholder	<input type="checkbox"/>	Combined Audit (select all that apply)			

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 was applied. The scope of workers included all types at the site e.g. direct employees, agency workers, workers employed by service providers and workers provided by other contractors. Any deviations from the SMETA Methodology are stated (with reasons for deviation) in the SMETA Declaration.

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

2-Pillar SMETA Audit

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

4-Pillar SMETA

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

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

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

SMETA Declaration

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

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

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

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

Lead auditor: Tobias Delfs APSCA number: RA21702297

Lead auditor APSCA status: In good standing

Team auditor: N/A

Interviewers: Tobias Delfs APSCA number: RA21702297

Report writer: Tobias Delfs

Report reviewer: Smita Sudheesh(2/11/2021)

Date of declaration: 14.10.2021

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

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

Summary of Findings

Issue (please click on the issue title to go direct to the appropriate audit results by clause) Note to auditor, please ensure that when issuing the audit report, hyperlinks are retained.	Area of Non-Conformity (Only check box when there is a non-conformity, and only in the box/es where the non-conformity can be found)				Record the number of issues by line*:			Findings (note to auditor, summarise in as few words as possible NCs, Obs and GE)
	ETI Base Code	Local Law	Additional Elements	Customer Code	NC	Obs	GE	
OA <u>Universal Rights covering UNGP</u>			<input type="checkbox"/>	<input type="checkbox"/>		3		Observation: <ul style="list-style-type: none"> The direct, indirect and potential impact on the human rights of stakeholders (rights holders) are not yet measured. The company does not have a transparent system for confidential reporting from external parties and for dealing with human rights violations without fear of reprisals against the reporter. The company does not yet have a designated person responsible for implementing human rights standards.
OB <u>Management systems and code implementation</u>		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	1		NC: <ul style="list-style-type: none"> Some points of the ETI Base Code are missing from the supplier's ethical policy. Observation:

										<ul style="list-style-type: none"> Compliance with socio-ethical issues in the supply chain is not yet actively followed up.
1.	<u>Freely chosen Employment</u>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>				
2	<u>Freedom of Association</u>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>				
3	<u>Safety and Hygienic Conditions</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>			<input type="checkbox"/>	2	1	1	<p>NC's:</p> <ul style="list-style-type: none"> Combustible materials were found in the area of the charging station. Furthermore, there is no indication of the distance of 2.50 m to be maintained. 3 of 4 waste disposal containers requiring inspection were not currently tested. <p>Observation:</p> <ul style="list-style-type: none"> At the Aegidienstrasse location, only 1 fire protection assistant is currently trained and named. <p>Good Example:</p> <ul style="list-style-type: none"> There is a defibrillator in the company.
4	<u>Child Labour</u>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>				
5	<u>Living Wages and Benefits</u>	<input type="checkbox"/>	<input type="checkbox"/>			<input type="checkbox"/>		1		<p>Good Example:</p> <ul style="list-style-type: none"> All drinks (water & coffee) are provided free of charge.

6	<u>Working Hours</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	1		NC: <ul style="list-style-type: none">No overtime bonus is paid. The employees receive the prescribed hourly wage.
7	<u>Discrimination</u>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>			
8	<u>Regular Employment</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	1	2	NC: <ul style="list-style-type: none">The place of work is not specified in the employment contracts. Observations: <ul style="list-style-type: none">Compliance with the minimum wage and other social criteria for temporary workers is not yet actively checked or monitored.In Aegidienstrasse, there is no comparison between the documents available and the person actually present.
8A	<u>Sub-Contracting and Homeworking</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
9	<u>Harsh or Inhumane Treatment</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
10A	<u>Entitlement to Work</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
10B4	<u>Environment 4-Pillar</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			
10C	<u>Business Ethics</u>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>			

General observations and summary of the site:
<p>Audit process:</p> <p>This Audit was conducted by SGS with one auditor who assessed the factory's operations against the SMETA principals, the ETI Base Code and the local legislations on a sampling basis in 1,5 days.</p>

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