

Fair Trade Monitoring

Nobunto Handcrafted Products (PTY) Ltd. / South Africa

Monitoring Audit Report June 2016



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| Organization Name | Nobunto Handcrafted product (PTY) Ltd. |
| Head Office address and contact details | Head office: 263 Mooiplaats, Donkerhoek Old Bronkhorstspuit Road, 0001 Pretoria Factory: 83 Sarel Cilliers Street, Napier 7270, PO Box 280, 7270 Napier, Factory location: » E19°90' / S34°47' |
| Contact name & contact details | Daniel Simoleit Nobunto (PTY) Ltd. Reg No: 2010 / 008267 / 07 VAT: 7030788311 SDL: L030788311 UIF: U030788311 Mobile: South Africa +27 76 705 10 62 Mobile: Germany + 49 151 590 33 447 Email: daniel.simoleit@nobunto.com |
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| Audit visit duration (dates) | 7 June 2016 14 June 2016 |

Audit overview

| Date | Audit activity |
|--------------|---|
| 7 June 2016 | Monitoring audit Nobunto factory (including worker interviews and site visit) |
| 14 June 2016 | Monitoring audit Nobunto management (including interview) |

| Management interviewed | Role |
|-------------------------------|-------------------|
| Daniel Simoleit | Operating Officer |
| Roleen Marthinus | Team leader |

| Employees interviewed | | |
|------------------------------|--|--|
| Production site | Total number of workers | Details of interviews |
| Nobunto Factory | 8 permanent employees 1 casual employee | Individual interview: permanent female team leader |
| | | Focus group: 2 female general employees |
| | | Focus group: 1 male general employee 1 male casual employee |

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General comments on the organization and the audit

Nobunto was started in 2010 and is a South African manufacturer that creates handcrafted products such as hand painted candles and recycled jewellery. The word Nobunto comes from the Sotho language and means: "For the people". The business illustrates commitment to the principles of Fair Trade and specifically state on their website that they focus on dialogue, transparency, respect and sustainability in the way that they run their business and trade their products.

The business currently has two business facilities including their factory based in the small village of Napier about 180 km east of Cape Town and then their head offices in Pretoria, Gauteng, South Africa. The organization recognizes gender equality and unemployment as of the most prevalent challenges in rural areas in South Africa and focus for this reason on the employment of rural women.

The management of the business is the responsibility of Rolene Marthinus, the onsite manager at the Napier factory, and Daniel Simoleit the operational manager who visits the factory on a weekly basis. Due to the structure of the business the audit was conducted in two parts. The first part of the audit was completed onsite at the Napier factory and included a site visit, a review of the documentation kept at the factory and worker interviews. The second part of the audit was an interview and verification process with Daniel Simoleit who was also the contact person for the audit.

At the time of the audit 8 permanent workers and 1 casual worker was employed by the business. Rolene Marthinus, the manager and worker team leader was interviewed and 2 small focus groups (1 group male and 1 group female) were also included in the interview process. In total 5 of the employees present on site on the day of the visit were interviewed.

The document review was a combination of hard copy files and documents and electronic documentation. Motivated by their focus on environmentally friendly practises and sustainability, the organization is moving away from physical towards electronic record keeping.

During the onsite audit at the factory it was evident that good relationships existed between employees and also between general employees and members of management – this was confirmed in the interviews with the workers. The owner of the building that the factory is housed in, also came to visit on the day of the audit and shared plans for structural improvements to the building, including a greater focus on health and safety.

General comments on the worker interview process

Workers reported to be satisfied with their working environment and how they are treated at work. They were comfortable in their workspace and when asked questions during the interview they answered with confidence and reported that it is possible for them make inputs into their own working conditions in an open and transparent manner.

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Fair Trade assessment (based on the principles of WFTO)

Type: **M** = Mandatory, **CI**= Continuous Improvement, **M by y2** = Mandatory by 2nd year, **M by y4** = Mandatory by 4th year

OK: Compliance criterion met

Imp: Compliance criterion not fully met, some improvement needed

NC: Non conformity / criterion not met

Principle 1: Creating Opportunities for Economically Disadvantaged Producers

| no. | Compliance Criteria | Type | OK | Imp | NC | Findings, Evidence, Comments |
|-----|---|------|----|-----|----|---|
| 1.1 | The organisation has a mission and/or policy documents expressing its organisational commitment to improve social and economic conditions of marginalised producers, workers and suppliers. Such documents are made publicly available to interested parties. | M | x | | | <p>The organization has developed a Fair Trade Policy Pack inclusive of their mission and company values. The organization developed their company principles to be aligned with the principles of Fair Trade in order to illustrate their commitment to ethical standards of employment, business and trade. Included in the Fair Trade policy pack is also a Fair Trade statement stipulating their commitment to the 10 Fair Trade principles and how they as a business adhere to these principles in practice.</p> <p>The organization is not only focussed on ensuring that they implement the principles of Fair Trade, but would also like to ensure that suppliers and subcontractors that they work with adhere to the principles of Fair Trade. For this reason, they have also included in the Fair Trade Policy a supplier and sub-contracting policy which clearly define the terms and conditions on which they trade with and monitor suppliers and sub-contractors.</p> <p>The mission, vision, core values and commitment to the 10 Fair Trade principles are publicly available on their website at: http://www.nobunto.com/index.php?sec=about</p> |
| 1.2 | The management body and the key staff of the organisation understand the WFTO Fair Trade Principles. | M | x | | | <p>Since the very onset of the audit process, it was clear that Daniel Simoleit, who is the operating officer, has a very clear understanding of and commitment to the principles of Fair Trade. During worker interviews, all workers also illustrated a good understanding of the Fair Trade principles. The workers reported that the organization's objectives and purpose is</p> |

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| | | | | | <p>based on ethical practises and that management is aware of, understand and believe in the Fair Trade principles.</p> <p>The principles of Fair Trade are also printed out and displayed in the workplace where all workers can easily see this.</p> |
| 1.3 | The member primarily works and trades with producer groups, and suppliers from socially and/or economically disadvantaged groups, or otherwise demonstrates positive impact on marginalised groups as a central part of its business. | M | x | | <p>The organization reported that they are committed to sourcing as much of the raw material as possible from local suppliers, but that options are currently limited. As far as it is possible the company gives preference to previously disadvantages companies where such companies can provide consistent quality and competitive pricing and in their sourcing practises they actively look for and engage with such companies to explore the possibility of a trading partnership.</p> <p>The organization further demonstrates their commitment to marginalised groups by employing previously disadvantaged women and men from a rural area. Black and coloured people from rural areas are of the most vulnerable groups in South Africa and is often marginalized into irregular low paid employment. Added to this employment opportunity in rural areas are often scarce resulting in high levels of unemployment and poverty. The stable employment opportunity as provided by Nobunto has a positive impact on workers, their families and wider communities.</p> |
| 1.4 | The organisation demonstrates ¹ commitment through its actions and trading activities to improve the economic and social conditions of disadvantaged producer groups, workers, and suppliers. | CI | | x | <p>The organization is committed to the improvement of the social and economic conditions of the workers that they employ and they are constantly exploring manners in which they can expand the business in order to give employment opportunity to more people in the rural area where they are operational.</p> <p>Both permanent and casual workers have access to an internal medical support program for medical cost including visits to the general medical practitioner, dentist and optometrist. The program is implemented in such a way that the organization will make a 25% contribution for the first doctor's visit and 50% contribution to all follow up visits.</p> <p>The company also provides transport to and from work for all employees free of cost.</p> |

¹ For example demonstrates via a business plan, annual report, written plans on social or economic improvements.

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| | | | | | | <p>The company also has an internal scheme for the payment of end of year bonuses. The company will throughout the year contribute 1,75% of each workers monthly gross income towards a savings plan. The savings plan is then paid out to workers at the end of each year.</p> <p>The above measures were all confirmed during the worker interviews.</p> <p><i>There is no documented procedure that states the terms and conditions for the medical support programme. It was discussed and agreed that the company will include reference to this in the Health and Safety Policy in the Fair Trade Policy pack.</i></p> |
| 1.5 | The Organization maintains an up-to-date register, with basic information about its FT suppliers and producers. The information shall include type of organisation, location, contact person, and their socio-economic conditions. | CI | | | x | <p>The company has developed a system where they keep a complete supplier list indicating company name and contact details and type of raw materials sourced from the supplier.</p> <p>The organization also has a worker file for each worker including a copy of their identity document, contract, all grievance and disciplinary documents and other relevant information. In the contract it clearly stipulates the location and personal details for each worker.</p> <p><i>Although it is clear that there is a system in place to keep an up-to date register with basic information; on the day of the audit one of the sample workers had no documented contract on file. It was discussed and agreed that all files will be reviewed to ensure that the files are complete and in cases where documentation is lacking, this will be included.</i></p> |

Principle 2 Transparency and Accountability

| no. | Compliance Criteria | type | OK | Imp | NC | Findings, Evidence, Comments |
|-----|---|------|----|-----|----|--|
| 2.1 | The organization has a description of its organisational structure and governance, and a working financial administration system. | M | x | | | <p>The organogram of the organization is included in the Fair Trade Policy Pack as described above and clearly indicates the position and role of all management and employees involved in the organization. The Policy Pack has been circulated to all workers and a copy is available to workers at the factory.</p> <p>During worker interviews it was clear that workers were aware of the</p> |

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| | | | | | <p>management members and workers involved in the business, including the responsibility of each person.</p> <p>The business uses Pastel for financial recordkeeping and management. This system is jointly managed by Richard Grabe, the managing director who resides in Pretoria and Rolene Marthinus who is responsible for the financial record keeping system and HR communication in Napier at the factory. Rolene will record all financial related affairs and communicate this to the head office who then process the information and execute payment to each worker via EFT. When workers have an enquiry regarding payment, they will discuss this directly with Rolene or Daniel. Workers confirmed during the interviews that the system works efficiently that issues are resolved in an efficient and speedy manner.</p> |
| 2.2 | The organisation has annual accounts, audited externally. Exceptions may be considered case by case if it is not practicable to audit accounts and it is not a legal requirement. It has reports of its Fair Trade activities, making them available to its FT partners as well as to its producer members and employees. | M by y4 | x | | <p>The Organization is registered as a Pty Ltd and is required by law to have audited statements on an annual basis. The accounts are audited by Exceptional Auditing Solutions, an independent external third party, on an annual basis and the company also submits this to tax authorities and banking institutions.</p> <p><i>Due to the size and scope of the company, they have not up to this stage developed any annual report. A simple two-page report giving an overview of the activities in 2016 will be developed by the end of the year.</i></p> |
| 2.3 | <p>1. The organization commits to transparent communication with its FT producers and suppliers as well as FT partners. This includes communication on the structure of Fair Trade pricing, taking into account the sensitivity and confidentiality of commercial information supplied.</p> <p>2. The Organization provides detailed information about FT producer groups and basic information about the FT producers and FT suppliers they purchase from/work with.</p> | M | x | | <p>1. The company is committed to transparent communication with all customers, suppliers and employees. They have included a good introductory overview of the business on their website including reference to the mission of the business and the commitment of the company to Fair Trade values:</p> <p>http://www.nobunto.com/index.php?sec=about</p> <p>The company has developed a detailed and transparent list on Excel detailing the inputs needed to make the candles. Workers at the factory are paid a basic salary and are then paid additionally based on production of candles completed. The surface and size of each candle is detailed and this is used to calculate the production bonus paid to workers. Workers are aware of and understand this system.</p> <p><i>As detailed in 2.2 above: Due to the size and scope of the company, they</i></p> |

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| | | | | | <p><i>have not up to this stage developed any annual report. A simple two-page report giving an overview of the activities in 2016 will be developed by the end of the year.</i></p> <p>2. Detailed information about each worker, their background and also their job description and responsibilities at the factory is included on the website of the company.</p> <p>http://www.nobunto.com/index.php?sec=people</p> <p><i>It needs to be noted however that the information on the website is outdated for some of the workers. It was discussed and agreed that the website will be updated with the current workers employed.</i></p> |
| 2.4 | The organisation implements appropriate and participatory ways to involve constituent members and employees in its decision-making, such as annual general meetings or regular producer/employee meetings with management. | CI | | x | <p>Employees at the factory work in an independent manner under the supervision of Rolene Marthinus.</p> <p>Since the workforce at Nobunto is very small, they have a more flexible approach to worker meetings. Workers will decide amongst themselves if there is need for a meeting and will then take time during work hours to meet and to discuss the relevant issues.</p> <p>Daniel Simoleit, the Operating Officer, visits the factory at least once per week and during these visits, workers can meet with him independently and/or in a group. The weekly visits are used as communication tool for participatory ways to involve the workers. In cases where the workers express an urgent need to meet with Daniel, he will make sure that he is available at the premises of the factory for such a meeting.</p> <p>Nobunto also has a WhatsApp group where management and the worker members can stay in contact.</p> <p>The above was confirmed during the interviews with the workers.</p> <p><i>Although workers have the freedom to schedule meetings when needed among themselves and with senior management there are no documented evidence of the actions.</i></p> <p><i>It was discussed and agreed that a meeting book will be implemented documenting the dates of meetings, all attendees, the issues discussed and the actions planned to resolve such issues.</i></p> |

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| 2.5 | The organisation has a good process for internal communication with its constituent members and employees, such as regular meetings or internal newsletters. | CI | x | | | As above: workers are free to decide on internal meetings. Communication with senior management is accessible, regular and transparent. |
| 2.6 | The organisation collects feedback, at least once every 2 years, from all significant stakeholders, workers and producers, and considers this when making its plans for improvement. | M by y4 | x | | | <p>The organization has an open door policy as described above and there is a constant flow of information and feedback between workers and management confirmed by both parties in the interviews.</p> <p>The organization also has email communication from trade partners and other relevant stakeholders with feedback and suggestions which is considered and included in development actions of the organization.</p> |

Principle 3 Fair Trading Practices

| no. | Compliance Criteria | type | OK | Imp | NC | Findings, Evidence, Comments |
|-----|--|------|----|-----|----|---|
| 3.1 | When buying FT products, the FTO has written agreements (e.g. contracts or purchase orders) with its FT partners, producer members and suppliers, with relevant and appropriate details e.g. product specification, delivery and lead times, pre-finance, price and payment terms, cancellation and dealing with problems. | M | | x | | <p>The company does not buy finished FT products, but they have detailed purchase orders and invoices for the raw material they procure. The purchase orders include specification, delivery and lead times and price and payment terms.</p> <p>In cases where the supplier asks pre-finance in the form of a deposit for goods orders, this will be given.</p> <p>Included in the company's Fair Trade Policy pack is a Supplier and Sub-contracting policy emphasising their commitment to the Fair Trade principles and what they expect from the suppliers that they do business with.</p> <p><i>The purchase order does however not include a dispute resolution clause. It was discussed and agreed that the following will be added to the purchase order: "In the case of a dispute between the undersigned parties, Nobunto undertakes to liaise with the supplier and resolve the dispute in a transparent and inclusive manner."</i></p> |

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| no. | Compliance Criteria | type | OK | Imp | NC | Findings, Evidence, Comments |
|-----------|---|------|----|-----|----|--|
| 3.2 | The producer Organization respects contracts and delivers products on time and to the desired quality and specification. In case of problems it communicates in a timely manner with its trade partners and endeavours to improve its performance as needed. | M | x | | | <p>The organization has a purchase order from all customers that serves the purpose of a contract. The purchase order includes all product specifications and trade terms.</p> <p>The organization is committed to the fostering and maintenance of professional business relationships and timely delivery of orders.</p> <p>The company is committed to the development of long term trading relationships also with their customers and have been supplying to most customers upwards of 3 years. This has led to open and communicative relationships with customers.</p> <p>In the rare cases where there could develop problems with late delivery, the organization will communicate with the client as soon as possible.</p> <p>Where suppliers are concerned, it is the policy of the company to not cancel orders once the supplier has committed to the purchase. Even if the order from the customer is cancelled with them, they will still take the product and use this in other lines in the business.</p> |
| 3.3 | When buying FT products, the Organization respects the agreed terms of payment, and ensures timely payment on receipt of completed documents. | M | | | | Not applicable, the organization buys no finished FT craft products |
| 3.4 MO | <p><u>Marketing FTO only</u>: When buying FT craft products, the FTO provides interest free pre-finance (at least 50%) for purchases from producer FTOs and FT suppliers, if requested.</p> <p>When buying FT food products, the FTO provides a pre-payment of at least 50% at a reasonable interest, if requested. Interest that the suppliers pay must not be higher than the buyer's cost of borrowing from third parties.</p> | M | | | | Not applicable, the organization buys no finished FT craft products |
| 3.5 | When receiving pre-finance it should be used as agreed, and any changes to the use should be agreed by the trading partners (and finance providers if applicable). | M | x | | | The organization will only ask for pre-finance from customers if the products is specifically developed for the customer and there is a risk that the company will not be able to put this product to alternative market channels due to specifications. There are also a number of Fair Trade trading partners who will give pre-finance to the organization as part of |

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| no. | Compliance Criteria | type | OK | Imp | NC | Findings, Evidence, Comments |
|-----|--|---------|----|-----|----|--|
| | | | | | | their systems of supporting the principles of Fair Trade. Pre-finance is always applied for the orders and products it was intended for. |
| 3.6 | The producer Organization or marketing Organization ensures that producers and/or its suppliers are paid immediately upon delivery of the product, and provides pre-finance for inputs and raw materials bought by them, where applicable. | M | x | | | <p>Payment terms will differ from one supplier to the next. For some suppliers the full amount needs to be paid prior to delivery of products and for some there is a 90-day period to make payment. This is individually negotiated with the suppliers and Nobunto honours the payment terms as agreed since this is in line with the approach of fostering good supplier relations.</p> <p>As previously mentioned the company does not buy any finished FT products. They employ workers to produce a Fair Trade product at the factory. All workers confirmed that they get paid on the last day of the month as per agreement. If there are any issues with their wages the problem will be resolved in an efficient and speedy manner.</p> |
| 3.7 | The Organization has a fair and transparent system, including a communication mechanism and a system of compensation, to deal with quality problems and product cancellation in line with Fair Trade objectives. | M by y2 | x | | | <p>As detailed above in 3.2</p> <p>The company fosters transparent and responsive relationships with all suppliers. It is the policy and approach of the company to deal with all compliant sans problems via email communication in order to keep record in chronological order of how problems were raised, addressed and resolved. During the time of the audit a number of emails were viewed and from the communication it is clear that Nobunto responds in a timely and solution driven manner to quality or other problems.</p> |
| 3.8 | The Organization maintains long-term relationships with its FT partners, producers and suppliers. It does not terminate trading relations or stop buying from them without appropriate notice and reason. | M | x | | | Yes, as above in 3.2 The company is also very small and they procure very specific high quality inputs. They invest time in finding the right suppliers and have not since the existence of the company terminated relationships with any their suppliers. In cases where this becomes necessary in future they will do this with ample notice and honouring of already existing trade agreements between the two parties. |
| 3.9 | Where possible efforts are made to increase the value or diversity of products to benefit producers and suppliers. | CI | x | | | The organization invests in the diversification of products in order to make sure that they stay competitive in the market and that they have new products that their buyers may be interested in – this is a big priority for them and they continuously look for such opportunities both outside of the company and encourage internal staff members to come up with new |

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| no. | Compliance Criteria | type | OK | Imp | NC | Findings, Evidence, Comments |
|------|---|------|----|-----|----|---|
| | | | | | | ideas on product diversification. |
| 3.10 | The Organization does not engage in unfair competition ² towards other FTOs. | M | x | | | There is some competition between Nobunto and Kapula Candles and the issues between both organisations were discussed. There is no evidence that from the side of Nobunto there has been actions that could be described as creation of unfair competition. It is a very similar product, but Nobunto is focussed on cultivating their own ideas, approaches and markets. |
| 3.11 | The Organization is respectful of intellectual property and associated rights regarding protected names/brands, organisational designs, including logos, labels, and culturally based designs or names. | M | x | | | Not applicable |
| 3.12 | Where possible efforts are made to use traditional local skills, materials and products. Respect for the value of cultural identity, local materials and skills is encouraged. | CI | x | | | All candles are inspired by African design. In cases where clients request a specific design feature (for example colour), the workers will make the sample candle's design with their own initiative and idea in which local skills are encouraged. The same with the recycled jewellery range. The jewellery is made out of Nespresso cups which is locally sourced and recycled. |
| 3.13 | The organization demonstrates that it applies ethical sourcing principles for the raw materials, products and services it buys in. | CI | x | | | As previously mentioned, the company has a Supplier and Sub-contracting policy clearly stating the requirements in order to do business with Nobunto. These requirements are in line with the ethical standards of Fair Trade. |

² Unfair competition is defined as any deliberate action to harm competitors.

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Principle 4 Payment of a Fair Prices

| no. | Compliance Criteria | type | OK | Imp | NC | Findings, Evidence, Comments |
|-----------|--|---------|----|-----|----|---|
| 4.1 | The Organization has a mechanism to set the FT product price, based on transparent and verifiable costs and profit margins, taking into consideration the prevailing market prices and other Fair Trade minimum prices, if they exist. | M by y2 | x | | | <p>It needs to be noted that there is currently no FT minimum price that exist for the materials used in the production of the company's product range.</p> <p>The company has a costing sheet where the production cost of all products are clearly indicated including raw material, labour, overhead cost, etc. This costing sheet will be used to transparently calculate the price of the products.</p> <p>The salary structure at the company was developed to include a basic salary, a target bonus and a production bonus. The production bonus is calculated on a production pricing sheet detailing the product code and price each worker will receive for the specific product/action. Each worker has a copy of the sheet and use this to keep a log of work done for calculation of their bonus.</p> |
| 4.2 | The Organization ensures that FT partners and/or FT producers mutually agree the process in which prices are set, through dialogue and participation. | M by y2 | x | | | <p>Suppliers will communicate the cost of raw material to the company and this will be used as a basis to calculate the cost of the product. If the calculated price of the product is found to not be compatible with current market prices and trends, the company will enter into negotiation with the supplier or alternatively explore how the product can be made more cost efficient.</p> <p>The production bonus as paid to the workers is part of the salary structure and this is discussed and renegotiated with all workers on an annual basis.</p> |
| 4.3 | The Organization provides to its FT partners and/or FT producers transparent information on costs along the value chain on request. | M by y4 | x | | | The pricing and costing as calculated is available to everyone in the value chain on request, inclusive of all categories as set out in 4.1 above. This is as in the costing sheet and production bonus sheet |
| 4.4 PO | <u>Producer Organization only:</u> The Producer Organization strives to pay producers prices that provide a sustainable livelihood. ³ | CI | x | | | There is no set minimum wage for the sector that the company is active in, so they have developed a system combining the minimum wage for domestic workers (due to the location of the employees and the sector most women in the area will be employed in) with a review of payment history. This has led to the calculation of a wage which is currently above |

³ Ensuring that at least minimum wage level is met.

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| no. | Compliance Criteria | type | OK | Imp | NC | Findings, Evidence, Comments |
|-----|---|---------|----|-----|----|---|
| | | | | | | <p>the minimum wage for the domestic worker sector. During documentation check all workers received above the minimum wage for domestic workers. Added to this, workers will also receive the target bonus and production bonus as detailed in 4.1 above.</p> <p>In the interview process the employees reported that they feel that in comparison to other similar employment in the area that the employees at Nobunto are being paid better than the average.</p> |
| 4.5 | The Organization reviews its cost structures and strives to improve production management in order to maximise benefits for FT producers. | CI | x | | | Production processes is reviewed on an annual basis and improvements are made to systems and procedures to streamline processes and enable the employees to work more efficiently and to earn higher wages based on higher production output. |
| 4.6 | The Organization supports producer FTOs to enable them to participate in setting prices. Similarly, the producer FTO does the same with its producers. | CI | | | | <p>Not applicable</p> <p>Nobunto is a producer organization and very seldom buys from other producers – they are focussed on the procurement of raw materials and the assembly of products based in this raw materials. No finished products are procured.</p> |
| 4.7 | The organisation ensures that the wage paid to its employees and any directly employed producers equals or exceeds national/local minimum wages, or market rates if these are higher. | M by y2 | x | | | As detailed above in 4.4 |
| 4.8 | The organisation is committed to provide living wages for its employees and directly employed producers by adjusting wages according to changes in the cost of living (e.g. inflation) and providing training to optimise productivity. | CI | x | | | <p>All employees at the company receive a monthly salary which is calculated by a set basic salary, target bonus as well as a production bonus.</p> <p>It was established through interviews that the workers are very satisfied and happy with the target and production bonus system seeing that they can increase their wage independently.</p> <p>Added to this, the company has several benefits included in the employee package which contribute to the cost of living of the workers.</p> |

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| no. | Compliance Criteria | type | OK | Imp | NC | Findings, Evidence, Comments |
|-----|--|------|----|-----|----|---|
| 4.9 | The Organization strives to understand the production costs and cost of living within the local context of its production, and progresses toward a sustainable livelihood for producers. | M | x | | | <p>While the company has been paying above the minimum wage, they have not yet invested in calculating the living wage for the area.</p> <p>It was discussed and agreed that the company will explore studies done on the living wage for the Western Cape to see how current salaries compare to the living wages indicated in such studies. In the case where the company finds that current wages is not in line with the living wage, they will develop a plan to increase wages over time to reach the living wage.</p> |

Principle 5 Ensuring no Child Labour and Forced Labour

| no. | Compliance Criteria | type | OK | Imp | NC | Findings, Evidence, Comments |
|-----|--|---------|----|-----|----|---|
| 5.1 | The organisation does not employ children and complies with relevant national law with regard to child labour and young workers. The organisation has a system to verify the age of their employees and directly employed producers. | M | x | | | <p>National law states minimum age as 15 and the FTO only employ people 18 years or older, so no children or young workers are employed. The age of all job applicants are checked by using their Identity Document which shows their date of birth and a copy of this is kept on file in the employment records of the organization.</p> <p>Employees in interviews confirmed that it is the policy of the organization to only employ people 18 years and above. They were also aware of the system of checking and keeping identity documents on file.</p> |
| 5.2 | For specified cases where child work is allowed by national law (e.g. children working with their parents to learn skills or students working in school holidays) and the FTO does employ them, the FTO must demonstrate that it has mechanisms, appropriate to its resources, to monitor the health, safety, welfare, education and right to play of working children according to the relevant UN Convention on the Rights of the Child. | M | | | | Not applicable, no children employed at the organization |
| 5.3 | The member has a policy (or policy statement included in other documents) with regard to child labour and the involvement of children in the production process. | M by y2 | x | | | A Child Labour Policy is included in the company's Fair Trade Policy pack. This policy is also circulated to trade partners, associated companies and other stakeholders in the network of the organization and state clearly the position of the organization on child labour and the responsibility for the protection of the welfare of children in the supply chains where the |

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| no. | Compliance Criteria | type | OK | Imp | NC | Findings, Evidence, Comments |
|-----|---|---------------|----|-----|----|--|
| | | | | | | company is operational |
| 5.4 | If young workers (minimum working age of 17 years) are employed, the organisation shall ensure that their working conditions conform to applicable national regulations, in particular that they do not work more than 8 hours per day, do not work at night, are not involved in heavy labour or working with chemicals and that their work does not prohibit schooling if relevant. | M by y2 | | | | Not applicable, no young workers employed at the organization |
| 5.5 | The organisation does not employ forced labour and complies with relevant national law with regard to forced labour. | M | | x | | <p>During the audit and interviews with the management and the workers, there was no evidence of forced labour practises. Workers felt that they are free to come and go as they please and no original identity or other documents are kept by the company.</p> <p>Nobunto also wants to ensure that there is no forced labour in the supply chains where they are active and in the Supplier and Sub-contracting policy the company clearly state that they will not conduct any business with a supplier if they become aware of instances of forced labour in the operations of the supplier.</p> <p>The company does give out loans and has a form on which the workers sign as a form of recognition that the loan was given.</p> <p><i>Even though there is a system in place for recognition of receipt of a loan and records of the money paid back, there is no permission form for the deduction of the loan nor the terms and conditions for the loan. It was discussed and agreed that a simple loan agreement will be developed and that the workers will in future sign a slip that gives permission for monies to be deducted from their salaries in repayment of loans</i></p> |
| 5.6 | The organisation shall not withhold payments or any legal documents from its employees and directly employed producers. | M | x | | | No instances of this reported by either management or employees interviewed |

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| no. | Compliance Criteria | type | OK | Imp | NC | Findings, Evidence, Comments |
|-----------|---|---------------|----|-----|----|---|
| 5.7 | The organisation shall ensure that it does not restrict employees and directly employed producers' freedom of movement or employment. | M | | | x | <p>All employees have employment contracts that clearly specifies the conditions of employment. Contracts are discussed with employees and the terms and conditions as included in the contract is agreed upon signing of the contract.</p> <p><i>The contracts do not however include the relevant notice periods to be given by both the employee and the employer. The contracts need to be reviewed and this stipulation needs to be included.</i></p> |
| 5.8 PO | <u>Producer Organization only:</u> The Producer Organization ensures that its producers also do not employ child labour or forced labour. | M by y4 | | | | Not applicable |

Principle 6 Commitment to Non Discrimination, Gender Equity and Freedom of Association

| no. | Compliance Criteria | type | OK | Imp | NC | Findings, Evidence, Comments |
|-----|---|------|----|-----|----|--|
| 6.1 | In its employment practices The organisation does not practice any discrimination in hiring, access to training, promotion, termination or retirement based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, HIV/Aids status or age, unless it is part of its mission to favour particular disadvantaged groups. | M | x | | | <p>The organization employs a total of 9 employees of which 8 are women. All of the workers employed at the factory are from previously disadvantaged groups. In total 98% of the employees of Nobunto are women and 100% are from previously disadvantaged groups.</p> <p>A policy on non-discrimination is included in the Fair Trade Policy pack of the company.</p> <p>Employees confirmed that they are aware of the policy on non-discrimination and that they have never experienced or observed discriminatory practises at the organization.</p> |
| 6.2 | The organisation respects the right of all employees to form and join workers' organisations of their choice and to bargain collectively. Where the right to join trade unions and bargain collectively are restricted by law and/or political environment, the FTO will enable means of independent and free association and bargaining for employees. The FTO ensures that representatives of employees are not subject to discrimination in the workplace. | M | x | | | <p>A policy on Freedom of Association is included in the Fair Trade Policy pack of the organization. This policy clearly states the objective of the company and corresponding actions of the company to ensure that Freedom of Association of respected and encouraged.</p> <p>During interviews workers reported that they previously belonged to a trade union but that they decided in a democratic and collective manner that they wanted to terminate their trade union membership. This decision was made based on the company culture and on the fact that workers felt that they are free to discuss issues and raise concerns with</p> |

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| no. | Compliance Criteria | type | OK | Imp | NC | Findings, Evidence, Comments |
|-----|---|------|----|-----|----|--|
| | | | | | | management in a transparent and supported manner and that they for this reason do not need a union to represent them. |
| 6.3 | The member actively supports and encourages its employees and directly employed producers to organise, meet and discuss problems both with each other and with management. | CI | x | | | Please refer to 2.4 |
| 6.4 | The organisation has a clear policy and plan to promote gender equality that ensures that women as well as men have the ability to gain access to the resources they need to be productive and also the ability to influence the wider policy, regulatory and institutional environment that shapes their livelihoods and lives. Organisational constitutions and by-laws allow for and enable women to become active members of the organisation in their own right (where it is a membership based organisation), and to take up leadership positions in the governance structure. | CI | x | | | <p>The organization demonstrates their commitment to gender equality in employing predominantly female employees in the factory. It needs to be noted that they are also employing a number of males, but in the SA context black rural women are often marginalized in access to employment and the organization focus because of this fact specifically on the employment, training and development of black women from the local area.</p> <p><i>While the commitment of the organization to gender equality is clear in their practise, they do not have a formal policy on gender equality and the promotion thereof, so it was agreed that this will be developed.</i></p> |
| 6.5 | The organization supports women employees and directly employed women producers in combining family and work duties, e.g. by flexible working hours, childcare support, leave if family members are ill. | CI | x | | | <p>The organization is committed to the welfare of its employees and respects the right of its employees to look after family responsibilities. Family responsibility is dealt with on a case to case basis. If an employee has a family responsibility or crisis, the employee will speak to Rolene or Daniel to explain the situation and management will then allow either time off or will support the employee in dealing with the situation to resolve it.</p> <p>The employees confirmed that when they have to leave work for personal or family responsibilities that this is allowed and supported</p> <p>Added to this, the business also is attentive to working hours to ensure that excessive hours do not influence family life. This was confirmed by the employees in the interviews.</p> |

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| <i>no.</i> | <i>Compliance Criteria</i> | <i>type</i> | <i>OK</i> | <i>Imp</i> | <i>NC</i> | <i>Findings, Evidence, Comments</i> |
|------------|--|---------------|-----------|------------|-----------|---|
| 6.6 | Where women are employed within the organisation, even in an informal employment situation, they receive equal pay for equal work. The organisation recognises women's full employment rights and is committed to ensuring that women receive their full statutory employment benefits. | M by y2 | x | | | <p>Salaries for new employees will be negotiated and agreed upon employment with the employee. The company will take into account the experience and qualification of an employee when determining their salaries. Employees on the same level receives comparable salaries and there is no evidence of discrimination in the calculation of salaries. The product pricing sheet is the same for every person employed by the company.</p> <p>All employees have the same employment contract with the same stipulations and benefits.</p> <p>The employees interviewed felt that they get a fair pay rate and that they were not aware of any discrepancies in the pay structure or of management favouring specific employees with higher pay levels.</p> |
| 6.7 | In selection of FT producers and suppliers, the Organization does not practice any discrimination based on gender, race, caste, national origin, religion, disability, sexual orientation, marital status, union or legal group membership, political affiliation, HIV/Aids status or age, unless it is part of its mission to favour particular disadvantaged groups. | M | x | | | The main considerations in the selection of suppliers for the procurement of raw material are quality and the capacity to consistently supply the quantities as required for production. These are the only criteria used when selecting new supplier partners and no discrimination is practised in the selection of suppliers. As reported above, the FTO fosters long term trading relationships and the suppliers that they work with vary in size, ownership structures, gender focus, etc. |
| 6.8 | The Organization shall identify particularly disadvantaged and vulnerable groups among its FT producers and/or suppliers and give priority and/or special preferential conditions when working with them. | CI | x | | | As reported above the FTO focus on the employment and development of black rural women within the business. Black rural women as a group are one of the most vulnerable in the SA environment and are often marginalized into irregular work at low pay grades. Added to this, women are often employed without contracting and do also not receive opportunities for training and development within their work places. |
| 6.9 | The Organization does not practice any discrimination with regard to wages (equal pay for equal work) for its employees and directly employed producers. | M by y2 | x | | | No discrimination was found with regards to the payment of wages as reported in 6.6. above. |

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Principle 7 Ensuring Good Working Conditions

| no. | Compliance Criteria | Type | OK | Imp | NC | Findings, Evidence, Comments |
|-----|---|---------|----|-----|----|---|
| 7.1 | The organization conducts a basic assessment of health and safety conditions and demonstrates awareness of the main risk areas. | M by y2 | | x | | <p>The company has developed and included a policy on Health and Safety in the Fair Trade Policy Pack. This focus on H&S both in the workplace and at home. During the site visit it was clear that H&S is of great importance to the company. Accident records are kept, first aid boxes are present and fully stocked and all fire equipment are serviced and up to date. There were also ample amount of H&S signs and during interviews it was evident that the workers were well aware of the safety requirements their specific jobs require. All workers receive PPE.</p> <p>Although it is evident that the company demonstrate very good awareness for the H&S of their workers, they have not yet completed a simple H&S risk assessment. It was discussed and agreed that the FTO will develop a simple H&S checklist which will be used to identify and address problem areas for H&S – this checklist will also indicate specific timelines for implementation of actions to improve H&S. The checklist will be completed on a quarterly basis and identified actions will be implemented. Record will be kept of this process.</p> |
| 7.2 | Accidents or work related health problems of employees and directly employed producers (working at the premises organised by the member) are recorded and analysed with appropriate corrective action to prevent similar cases in the future. | M by y2 | x | | | <p>The company has a system in place to record accidents in the workplace. During interviews it was noted that workers are aware of and trained on possible accidents that can happen and that they are confident in completing their work responsibilities in a safe manner. It was also mentioned that there was no recollection of any serious accidents happening at the factory.</p> <p>The company does not currently have a system in place to determine health related problems but this will form part of and will be addressed through the planned H&S risk assessment and corresponding action plan as in 7.1 above. Also, as a result of the company's medical support programme records of doctor's visits are kept on file and health related issues can be monitored.</p> |
| 7.3 | The organization respects all legal requirements regarding pregnant and breast-feeding women and takes into account their special health and safety needs. | M | x | | | <p>The company respects all the legal requirements regarding pregnant and breast-feeding women and have developed and implemented measures to further accommodate the needs of pregnant and breastfeeding women. Pregnant women are not required to do any heavy work and can take rest</p> |

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| no. | Compliance Criteria | Type | OK | Imp | NC | Findings, Evidence, Comments |
|-----|--|---------|----|-----|----|---|
| | | | | | | periods if this is required during work time. Their welfare is looked after and if they need they can rest or work at slower pace. The company gives 4 months' unpaid maternity leave as required by legislation. |
| 7.4 | <p>The organisation provides safe working conditions and addresses conditions to prevent risks of serious accidents or health problems for all employees and directly employed producers, including:</p> <ul style="list-style-type: none"> • fire hazards • responsible handling of any chemicals (adequate personal protection, training in their use, locking chemicals away when not in use, providing product safety information) • safety of machinery to prevent accidents • safe drinking water • adequate toilet facilities • protective clothing provided • first aid provision (first aid kits, trained first aider) | M by y4 | x | | | <p>The company is committed to provide a safe working environment and has entered into an agreement with the owner of the building that houses the factory to do maintenance upgrades to the building. The plans include upgrading of the toilets, building a kitchen and installing an extractor fan and blinds.</p> <p>Besides the planned upgrades the company has the following measures in place:</p> <ul style="list-style-type: none"> • Ample amount of fire extinguishers with visible signage present at the factory and serviced on an annual basis. During interviews workers were clear about fire evacuation procedures. • The only chemicals present are normal household cleaning solutions. These are stored appropriately and handled in the correct recommended manner. Once the kitchen is built, the storage of household chemicals will be improved. • All hot wax machinery is equipped with a wax drawer which catches any overflow of hot wax and workers are trained on how to work with the hot wax in a safe manner • The factory is situated in an urban area where there is access to municipal water supplied that are safe to consume. • There are adequate toilet facilities at the factory for men and women. For the maintenance plan of the building the owner plans to tile and upgrade all the toilet facilities. • All workers receive protective clothing applicable to their job and as described in the company's H&S policy. • There are two fully stocked first aid kits at the factory which is ample for the amount of employees. This is managed by the qualified first aiders on site. |

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| no. | Compliance Criteria | Type | OK | Imp | NC | Findings, Evidence, Comments |
|-----------|--|---------|----|-----|----|--|
| | | | | | | <i>It is recommended that the first aid worker goes on a refresher course</i> |
| 7.5 PO | <p><u>Producer Organization only:</u> The FTO directly working with producers who work at premises outside the FTO's responsibility maintains an overview of their working conditions. It works with producers to ensure safe production methods and introduces training and preventative and improvement measures when necessary.</p> <p>The FTO is aware of the health and safety conditions in the producer groups they buy from. They seek, on an ongoing basis, to raise awareness of health and safety issues and improve health and safety practices in the producer groups in their supply chains.</p> | CI | | | | Not applicable, not working with producers outside of the premises of the FTO |
| 7.6 | The organisation has a system of recording and managing working hours of its employees and directly employed producers, especially overtime. It meets national legislation with regard to working hours, overtime remuneration, statutory holidays and annual leave. | M by y2 | | | x | <p>All workers at the company have contracts stipulating work hours, overtime regulation and sick leave. Rolene Marthinus who is the team leader at the factory is responsible for recording attendance, working hours and sick leave. She will then send records to the head office for formal record keeping.</p> <p><i>It is not clear from the systems and procedures how records are kept of annual and family responsibility leave. A simple Excel sheet or similar tool needs to be developed to keep record of all annual and statutory leave days in a transparent manner.</i></p> <p><i>The contracts currently also stipulate only 12 days of sick leave for a 36-month cycle while it is required by the Basic Conditions of Employment Act that employees receive 30 days per 36-month cycle. The contracts need to be reviewed and amended to reflect the correct stipulation.</i></p> |
| 7.7 | The organization provides its employees and directly employed producers with all legally required social benefits (e.g. retirement funds, sickness leave, basic social security). | M by y2 | x | | | The company complies with all social benefits as legally required under SA labour legislation, including Unemployment fund insurance, Workman's Compensation & Fully paid sick leave. This is stipulated in the worker contracts and was confirmed during interviews. |
| 7.8 | Within its possibilities, the organisation strives to provide additional social security and benefits to its employees and directly employed producers, above what is required | CI | x | | | The company has developed and implemented a medical support program as detailed in 1.4 above |

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| no. | Compliance Criteria | Type | OK | Imp | NC | Findings, Evidence, Comments |
|------|---|------|----|-----|----|--|
| | by national regulations, in particular: <ul style="list-style-type: none"> health insurance/medical support retirement schemes social security in case of disability or death of the income earner sick leave | | | | | |
| 7.9 | The Organization does not use limited term contracts, or apprenticeship as a means to avoid social security for employees and directly employed producers. The Organization regularly reviews its employment practices and long term "casual" workforce and strives to provide as many employees and directly employed producers as possible with regular employment. | CI | x | | | The company currently employs 8 full time and one casual worker. The documentation review confirmed that all legally required deductions are made according to law for both permanent and part time employees. There is no evidence that time limited contracts are used by the organization to avoid regular employment. The casual worker was employed on a time limited contract due to increased work load for a limited period of time at the factory. |
| 7.10 | The Organization discusses working hours with its employees and directly employed producers and optimises processes and lead times to avoid excessive workload during peak times of production, in collaboration with FT partners. | CI | x | | | The workers in collaboration with the team leaders are responsible for working out action plans for every order to ensure that the order is completed on time. The team leaders are present at the factory on a daily basis and they can then monitor the progress against the action plan and determine if and how much overtime will be needed. Workers confirmed that in cases where orders require overtime that this will be discussed beforehand. Workers also added that since they have the freedom to call meetings when this is needed, that they can at any time discuss the need for overtime and how to best organize this to not result in excessive work hours. |

Principle 8 Providing Capacity Building

| no. | Compliance Criteria | type | OK | Imp | NC | Findings, Evidence, Comments |
|-----|--|---------------|----|-----|----|--|
| 8.1 | The member develops a plan and budget for capacity building of producers and employees according to their needs and the needs of the organisation. | M by y2 | | x | | The organization currently only does internal development and training of employees to enable them to fulfil the responsibilities of their employment in a better manner. It needs to be noted that the skills needed by employees to work at Nobunto are often new to them and that |

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|-----------|--|---------------|--|---|---|
| | | | | | the working and training at Nobunto does contribute to new skills development in their workforce. <i>The company does not have a formal training plan and budget based on a company training needs assessment. It was discussed and agreed that the company will engage in a process to enable the development of a training plan and budget including a simple training needs analysis with all employees and a company analysis of skills required.</i> |
| 8.2 | The organisation provides regular capacity building for its employees and producers according to their capacity building plan. Training may be provided internally or externally. | M by y4 | | x | As above |
| 8.3 PO | <u>Producer Organization only</u> : The Producer Organization provides regular training and support, when required, to FT producers and employees with the aim of strengthening their: <ul style="list-style-type: none"> • professional qualifications • product quality and designs (if applicable) • marketing capabilities (market info, pricing) • management capabilities • improvement of practices with regard to Fair Trade principles (e.g. children in the production process) | CI | | x | As above |
| 8.4 MO | <u>Marketing Organization only</u> The Marketing Organization assists the producer organisations it works with to improve their management skills, production capabilities and access to markets. If buying through an intermediary, the FTO must support capacity-building assistance to the FT producers through the intermediary or other local/national Fair Trade support organisations. ⁴ | CI | | | NA |

⁴ Records of training, assistance etc. need to be kept to monitor progress in capacity building.

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Principle 9 Promotion of Fair Trade

| no. | Compliance Criteria | type | OK | Imp | NC | Findings, Evidence, Comments |
|-----------|--|---------|----|-----|----|---|
| 9.1 | The organization promotes and/or raises awareness of Fair Trade and Fair Trade principles internally with its employees and directly employed producers. | M | x | | | The 10 principles of Fair Trade are displayed in the workplace and during the worker interviews it was noted that all employees were aware of Fair Trade and what it entails. The Fair Trade Policy pack was also circulated among all the workers and a copy is available at the factory. |
| 9.2 | The Producer Organization or Marketing Organization buying locally from producers or producer groups, promotes Fair Trade and its principles to its FT producers, as appropriate to its size and scope of operation. | M by y2 | | | | Not applicable |
| 9.3 MO | <u>Marketing Organization only:</u> The Marketing Organization engages in the promotion of Fair Trade and its principles to the general public and consumers, as appropriate to its size and scope of operation. | M by y2 | x | | | The commitment of the organization to the principles of Fair Trade is clearly indicated on the website (http://www.nobunto.com/index.php?sec=about) and Facebook page (https://www.facebook.com/nobunto) of the organization. The company also promote Fair Trade through the distribution of the Fair Trade Policy pack to trade partners, associated companies and other relevant stakeholders. More specifically, the Suppliers and Sub-contractor policy requires that companies involved on the supply chains of the organization adhere to a number of Fair Trade principles. |
| 9.4 | The member demonstrates engagement in on-going and planned promotion of Fair Trade (internal and external), awareness raising, education, campaigning or advocacy. | CI | x | | | The organization has up to date done promotion of Fair Trade by putting short descriptions and web links of both the World Fair Trade Organization (WFTO) and the European Fair Trade Organization (EFTA) on their website. As reported, they also developed the Fair Trade Policy pack which is available for download on their website. Through their engagement with their suppliers, they also continue to promote and raise awareness of Fair Trade. |
| 9.5 | The member collaborates with local/national Fair Trade Organisations and/or its FT partners in Fair Trade campaigning and networking. | CI | x | | | The organization has a very wide Fair Trade network on international level including relationships with Fair Trade buyers and companies in Australia, Europe and North America. These companies can also be seen on the website under "Where to Buy." http://www.nobunto.com/index.php?sec=stores&PHPSESSID=c270323d4b80b5b5a464983fd71a11b8 |

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| no. | Compliance Criteria | type | OK | Imp | NC | Findings, Evidence, Comments |
|-----|---|------|----|-----|----|---|
| 9.6 | The member provides its customers with truthful information about itself, the products it markets and the suppliers and producers of the FT products. | M | | | x | <p>The website of the business gives an accurate description of the products of the company and the workers currently employed at the company. If any external stakeholders, possible trading partners or other parties request additional information that is not reflected on the website, the organization will communicate in a truthful manner through emails.</p> <p><i>On the website it is reflected that ceramics are also sold, but this was not observed during the time of the audit. It was discussed and agreed that the reference to this will be taken off the website for the time being.</i></p> |
| 9.7 | The organisation employs honest and ethical advertising and marketing techniques. | M | x | | | <p>The bulk of the marketing and advertising is done on the website of the business and the information given on the website includes visual depictions of the products and then also options for different specifications. The products on the website is in line with the products observed during the audit.</p> |

Principle 10 Environment

| no. | Compliance Criteria | type | OK | Imp | NC | Findings, Evidence, Comments |
|------|---|------|----|-----|----|---|
| 10.1 | The organisation complies with relevant key local and national rules and regulations on environmental aspects that concern their activities. | M | x | | | <p>The Nobunto factory is situated in an urban area and the only regulation applicable to them is the normal municipal regulation. They adhere to all national legislation in terms of waste disposal, water usage, etc.</p> |
| 10.2 | The Organization understands and makes efforts to minimise negative environmental impacts of production of FT products with regard to water conservation, protection of water bodies and natural ecosystems, bio-diversity, energy usage and waste. | CI | x | | | <p>Environmental issues and the environmental impact of the operations of the organization impacts is of great importance to Nobunto. Included in their Fair Trade policy pack is an Environmental Policy stating the aims, commitment and actions to be taken to minimise negative environmental impacts.</p> <p>The production line of the company does not require the use of water and do not affect any water bodies and/or natural ecosystems. Included in the company's product range is jewellery that is made out of recycled Nespresso cups. Added to this, it was noted during interviews that the</p> |

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| no. | Compliance Criteria | type | OK | Imp | NC | Findings, Evidence, Comments |
|------------|---|------|----|-----|----|--|
| | | | | | | excess wax that can't be used for production are given to workers free of charge to use at home. |
| 10.3 | The Organization strives to understand key environmental challenges in its supply chains and prioritises products from sustainable sources, use of local materials where appropriate and those produced with least overall impact on the environment. | CI | x | | | <p>As reported above the organization is committed to sourcing as much of the raw material as possible from local suppliers, in part to support local suppliers, but also in part to keep the carbon footprint of their products as low as possible.</p> <p>In cases where availability is a problem, they will source from suppliers abroad. The company does however foster and maintain long term relationships with their suppliers and is serious about ensuring that the practises of their suppliers including environmental practises are in line with the principles of Fair Trade.</p> <p>The finished products are made by individual workers in the factory. The manufacturing has an absolute minimal if any effect on the environment.</p> <p>Added to this the organization also uses recycled products in their jewellery product line, illustrating their commitment to environmentally friendly practise and at the same time raising awareness of this with partners and consumers.</p> |
| 10.4 | Organization educate consumers, suppliers and producers about meaningful steps they can take to lessen their environmental footprint, especially in the responsible production, use and disposal of their products. | CI | | | | Not applicable due to the current size and scope of the company |
| 10.5 PO | <u>Producer Organization only:</u> Organization educate producers and employees about best production practices with regard to minimising energy consumption and emissions into water, air, soil or waste. | CI | | | x | <p>The organization has not up to date engaged in any efforts to educate their employees on good environmental practises.</p> <p><i>It was discussed and agreed that Daniel will discuss with employees and train them on good environmental practises at least once a month at the employee meetings. Record of this will be kept in the meeting book.</i></p> |
| 10.6 | FTOs use recycled or easily biodegradable materials for packing as far as possible, and goods are dispatched by sea wherever possible. | CI | x | | | The bulk of the material used for packaging is biodegradable and made from recycled paper. The great majority (98%) of orders are sent by sea freight to minimize carbon footprint. It is only in rare cases that air freight will be used to deliver products within a short timeframe as specified by clients. |

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| Improvement plan for Organization | | | |
|--|-----------|---|--------------|
| Non Conformity / problem observed | Severity* | Suggested corrective action (incl. reference to existing plans in Improvement plan) | Timeframe |
| 1.4 The organisation demonstrates commitment through its actions and trading activities to improve the economic and social conditions of disadvantaged producer groups, workers, and suppliers. | CI | There is no documented procedure that states the terms and conditions for the medical support programme. It was discussed and agreed that the company will include reference to this in the Health and Safety Policy in the Fair Trade Policy pack. | 31 August |
| 1.5 The Organization maintains an up-to-date register, with basic information about its FT suppliers and producers. The information shall include type of organisation, location, contact person, and their socio-economic conditions. | CI | Although it is clear that there is a system in place to keep an up-to date register with basic information; on the day of the audit one of the sample workers had no documented contract on file. It was discussed and agreed that all files will be reviewed to ensure that the files are complete and in cases where documentation is lacking, this will be included. | 31 August |
| 2.2 The organisation has annual accounts, audited externally. Exceptions may be considered case by case if it is not practicable to audit accounts and it is not a legal requirement. It has reports of its Fair Trade activities, making them available to its FT partners as well as to its producer members and employees. | | Due to the size and scope of the company, they have not up to this stage developed any annual report. A simple two-page report giving an overview of the activities in 2016 will be developed by the end of the year. | 30 November |
| 2.3.2 The Organization provides detailed information about FT producer groups and basic information about the FT producers and FT suppliers they purchase from/work with. | M | It needs to be noted however that the information on the website is outdated for some of the workers. It was discussed and agreed that the website will be updated with the current workers employed. | 30 September |
| 2.4. The organisation implements appropriate and participatory ways to involve constituent members and employees in its decision-making, such as annual general meetings or regular producer/employee meetings with management. | CI | Although workers have the freedom to schedule meetings when needed among themselves and with senior management there are no documented evidence of the actions. It was discussed and agreed that a meeting book will be implemented documenting the dates of meetings, all attendees, the issues discussed and the actions planned to resolve such issues. | 30 September |
| 3.1 When buying FT products, the FTO has written agreements (e.g. contracts or purchase orders) with its FT partners, producer members and suppliers, with relevant and appropriate details e.g. product specification, delivery and lead times, pre-finance, price and payment terms, cancellation and dealing with problems. | M | The purchase order does however not include a dispute resolution clause. It was discussed and agreed that the following will be added to the purchase order: "In the case of a dispute between the undersigned parties, Nobunto undertakes to liaise with the supplier and resolve the dispute in a transparent and inclusive manner." | 31 August |

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| 4.9 The Organization strives to understand the production costs and cost of living within the local context of its production, and progresses toward a sustainable livelihood for producers. | M | It was discussed and agreed that the company will explore studies done on the living wage for the Western Cape to see how current salaries compare to the living wages indicated in such studies. In the case where the company finds that current wages is not in line with the living wage, they will develop a plan to increase wages over time to reach the living wage. | 30 November |
| 5.5 The organisation does not employ forced labour and complies with relevant national law with regard to forced labour. | M | Even though there is a system in place for recognition of receipt of a loan and records of the money paid back, there is no permission form for the deduction of the loan nor the terms and conditions for the loan. It was discussed and agreed that a simple loan agreement will be developed and that the workers will in future sign a slip that gives permission for monies to be deducted from their salaries in repayment of loans | 30 September |
| 5.7 The organisation shall ensure that it does not restrict employees and directly employed producers' freedom of movement or employment. | | The contracts do not however include the relevant notice periods to be given by both the employee and the employer. The contracts need to be reviewed and this stipulation needs to be included. | 31 August |
| 6.4 The organisation has a clear policy and plan to promote gender equality that ensures that women as well as men have the ability to gain access to the resources they need to be productive and also the ability to influence the wider policy, regulatory and institutional environment that shapes their livelihoods and lives. Organisational constitutions and by-laws allow for and enable women to become active members of the organisation in their own right (where it is a membership based organisation), and to take up leadership positions in the governance structure. | CI | While the commitment of the organization to gender equality is clear in their practise, they do not have a formal policy on gender equality and the promotion thereof, so it was agreed that this will be developed. | 30 September |
| 7.1 The organization conducts a basic assessment of health and safety conditions and demonstrates awareness of the main risk areas. | M by y2 | Although it is evident that the company demonstrate very good awareness for the H&S of their workers, they have not yet completed a simple H&S risk assessment. It was discussed and agreed that the FTO will develop a simple H&S checklist which will be used to identify and address problem areas for H&S – this checklist will also indicate specific timelines for implementation of actions to improve H&S. The checklist will be completed on a quarterly basis and identified actions will be implemented. Record will be kept of this process. | 28 October |

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| 7.4 The organisation provides safe working conditions and addresses conditions to prevent risks of serious accidents or health problems for all employees and directly employed producers | M by y4 | It is recommended that the first aid worker goes on a refresher course | 30 November |
| 7.6 The organisation has a system of recording and managing working hours of its employees and directly employed producers, especially overtime. It meets national legislation with regard to working hours, overtime remuneration, statutory holidays and annual leave. | M by y2 | It is not clear from the systems and procedures how records are kept of annual and family responsibility leave. A simple Excel sheet or similar tool needs to be developed to keep record of all annual and statutory leave days in a transparent manner. The contracts currently also stipulate only 12 days of sick leave for a 36-month cycle while it is required by the Basic Conditions of Employment Act that employees receive 30 days per 36-month cycle. The contracts need to be reviewed and amended to reflect the correct stipulation. | 31 August |
| 8.1 The member develops a plan and budget for capacity building of producers and employees according to their needs and the needs of the organisation. | M by y2 | The company does not have a formal training plan and budget based on a company training needs assessment. It was discussed and agreed that the company will engage in a process to enable the development of a training plan and budget including a simple training needs analysis with all employees and a company analysis of skills required. | 30 November |
| 9.6 The member provides its customers with truthful information about itself, the products it markets and the suppliers and producers of the FT products. | M | On the website it is reflected that ceramics are also sold, but this was not observed during the time of the audit. It was discussed and agreed that the reference to this will be taken off the website for the time being. | 28 October |
| 10.5 Producer Organization only: Organization educate producers and employees about best production practices with regard to minimising energy consumption and emissions into water, air, soil or waste. | CI | It was discussed and agreed that Daniel will discuss with employees and train them on good environmental practises at least once a month at the employee meetings. Record of this will be kept in the meeting book. | 31 August |

* Mandatory / Continuous improvement / Recommendation

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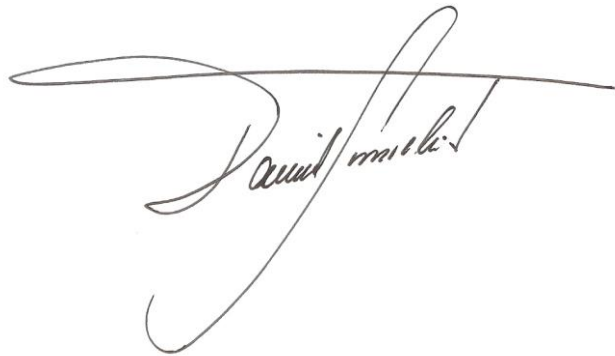
| Summary of audit findings | | | | | |
|---------------------------|---|------------------|----------------|----------------------|---|
| <i>Principle</i> | <i>Description</i> | <i>Compliant</i> | <i>Improve</i> | <i>Non-complaint</i> | <i>Summary</i> |
| 1 | Creating Opportunities for Economically Disadvantaged Producers | 3 | 1 | 1 | The organization is committed to creating opportunities for previously disadvantaged individuals and specifically creates employment opportunity for rural black women which is one of the most vulnerable groups in South Africa. The organization also developed a Fair Trade Policy Pack to share with suppliers and other parties in their network in order to ensure that such parties are aware of Fair Trade principles and implement such principles in the supply chains where the company is active. While the practise of the organization is aligned with the principles of Fair Trade in this area, some improvements in record keeping were suggested. |
| 2 | Transparency and Accountability | 5 | 1 | | . The organization is a small scale business and this contributes to high levels of transparency within the business. Workers are aware of and very comfortable with the structure of the business and the channels of communication. Even though regular meeting s are held as confirmed by management and workers, there are currently no records of this and it was suggested that records are kept. The company has a well-organized administrative and finance system. Communication to outside parties, trade partners and other stakeholders in the supply chain of the organization is done professionally and transparently through the website and the Facebook page of the company. Even though the company is compliant with requirements for communication to external parties, it was suggested that the company consider the development of an annual report on their progress and activities to share with parties in their trade chains. |
| 3 | Fair Trading Practises | 10 | 1 | | The trade agreements and corresponding documentation of the company is in order, well set out and transparent. Procedures and documents are developed in a consultative manner with suppliers, workers and customers. The company is committed to fostering long term trading relationships and the manner in which they communicate with and respond to communication both internally from their workers and externally from suppliers and customers is conducive to this. Payment terms are negotiated individually with all parties in a fair and transparent manner taking into account the requirements of parties. The company continues to invest in product diversification to ensure that they stay competitive in the market and responsive to the needs of their customers for new products. |
| 4 | Payment of Fair Prices | 8 | | | Even though there are no Fair Trade minimum price for the product that the company works with, they have developed systems to ensure that cost is transparently and accurately calculated and shared with suppliers, customers and |

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| | | | | | workers at the factory. Production processes are reviewed annually to ensure that production efficiency is improved to contribute to the success and financial security of both the company and the workers. The company implements a good salary structure that enables workers to earn above the minimum wage for the area where they are working. To further illustrate their commitment to fair wages and the living standards of workers, the company will in future also explore what the current living wage for the area is and if they are not yet at this level, develop strategies to reach the living wage for their workers. |
| 5 | Ensuring no Child Labour and Forced Labour | 3 | 1 | 1 | . The company is complaint with South African legislation and the principles of Fair Trade and there is no forced labour or child labour present. They have also developed policies, systems and procedures to ensure that these issues are monitored and that the status quo is maintained. The contracts for the workers is dated and could benefit from a good review process – this was agreed with the company. |
| 6 | Commitment to Non Discrimination, Gender Equity and Freedom of Association | 9 | | | The company supports equality, as is evident in their worker profiles (98% women and 100% previously disadvantaged employees) – this is also supported by the policies and procedures in place at the business. The workers have very high levels of freedom in meeting and discussion work related issues during working hours. They also have free and regular access to management to address any issues that they may find problematic. The company is fair in the calculation and payment of wages to workers and is supportive of a work life balance for the workers they employ. |
| 7 | Ensuring Good Working Conditions | 7 | 1 | 1 | Working conditions at the factory is compliant with national regulation on H&S and the company has a strong and evident focus on safety in the workplace. The company implements a medical support program where they cover partial cost of all doctors' visits which is a great benefit to the employees at the company. Working hours are in line with national regulation and overtime is negotiated with workers and paid at required rates. Social and maternity benefits are observed as per national legislative requirements and time limited contracts are not used to avoid payment of such benefits. As noted in 5 above there are certain stipulations on the contracts that should be reviewed and updated including sick leave. |
| 8 | Providing Capacity Building | | 3 | | The organization currently only does internal development and training of employees to enable them to fulfil the responsibilities of their employment in a better manner. The company does not have a formal training plan and budget based on a company training needs assessment. It was discussed and agreed that the company will engage in a process to enable the development of a training plan and budget including a simple training needs analysis with all employees and a company analysis of skills required. |

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| 9 | Promotion of Fair Trade | 5 | | 1 | The organization shows very high levels of commitment to Fair Trade both in internal communication with workers and in their communication to external stakeholders as through their website and Facebook page. Workers and management show a very good understanding of the principles of Fair Trade and what is required for the implementation of such principles. The organization has a widely established international Fair Trade network and participate in Fair Trade events on an international level. Marketing and advertising is accurate and reflects the true nature of the business and its products. |
| 10 | Environment | 4 | | 1 | Environmental issues and the environmental impact of the operations of the organization impacts is of great importance to Nobunto. Included in their Fair Trade policy pack is an Environmental Policy stating the aims, commitment and actions to be taken to minimise negative environmental impacts. Through the nature of the business and the measures in place, it is ensured that environmental impact of the business is absolutely minimal. The organization has not up to date engaged in any efforts to educate their employees on good environmental practises and this will be included in the meetings with workers. |



Signature Organization: 23/06/2016



Signature Auditor: 23/06/2016