

Intertek

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PREFACE

Intertek has been actively promoting the establishment of compliance policy, procedure, code of conduct within the supply chain, including clients, suppliers, factories as well as related organizations, and trying to make sure that all related parties should get familiar with and adhere to those policy and procedures. Intertek also encourages relevant parties to strengthen the training to all employees to understand how to deal with non-compliance issues and develop specific discipline system internally against any behaviour disobeying anti-bribery policy. The UK Bribery Act 2010 which will take effect from April 1, 2011 also requires corporations to have 'adequate procedures' in place to prevent corruption from taking place within their organization. Therefore, Intertek would like to share our compliance policy and integrity rules, expecting to have a straight-out and open opportunity to communicate with any relevant parties with regard to establishing a much healthier company system, so as to fight against corruption issue and obtain a promising future.

Paul Yao

Group Executive Vice President
Consumer Goods

Intertek

If e-version needed, please visit <http://www.intertek.com/consumer/news/> for downloads

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Where to concentrate efforts in order to stay on the right side of UK BRIBERY ACT 2010?



Intertek Integrity Messaging Triangle/Statistics

The UK Bribery Act 2010 was passed on April 9, 2010 and the UK Ministry for Justice has now confirmed that the new Bribery Act will take effect from the April 1, 2011. It is the biggest change to the law on bribery in the UK for a generation. Bribery Act is a recent legal development which places the responsibility for the activities of employees on companies.

The Act has significant implications for anti-corruption compliance, since, like the US Foreign Corrupt Practices Act (FCPA), it has wide extraterritorial application. The Bribery Act is in some ways more stringent than the FCPA since for many offences it applies to the worldwide conduct of any company that carries on business in the UK. The offences covered by the Act (and it introduces 4 new offences: bribing, being bribed, bribing a foreign public official and failure to prevent corruption within an organization) can be committed by any corporate entity, regardless of place of incorporation, if it carries on a business, or part of a business, in the UK. Carrying on a business is not confined to having a branch or office in the UK - business can be carried on through agents, distributors or employees.

The Bribery Act 2010 will require companies facing prosecution to show that they had adequate procedures in place to prevent corruption from taking place within their organization. Failure to do so will make companies liable to prosecution and result in an unlimited fine. The introduction of 'adequate procedures' into the Bribery Act has caused alarm. The good news for business is that if a rogue individual is caught engaging in corruption, a company will be protected if adequate procedures were in place to prevent it. The worry comes for businesses that face prosecution but have failed to put adequate procedures in place. The new legislation will make clarity, traceability and strength of process essential if companies are to protect both their reputation and their directors from prosecution under this more robust legal regime.

The Bribery Act explicitly provides for strict criminal liability for companies that fail to prevent their employees or others acting on the company's behalf from engaging in bribery, even where the companies' management has no knowledge of the bribes. The Act, together with the tougher enforcement of the FCPA by the US, heightens corruption-related regulatory risks for multinational companies anywhere in the world. Every company and individual with ties to the UK should be aware that compliance with the FCPA alone is not sufficient to avoid significant criminal anti-corruption exposure.

Intertek has been actively promoting the establishment of compliance policy, procedure, code of conduct within the supply chain, including clients, suppliers, factories as well as related organizations, and trying to make sure that all related parties should get familiar with and adhere to those policy and procedures. Internally, Intertek also strengthened the training to all employees, who could be able to understand how to deal with non-compliance issues. Intertek has specific discipline system against any behavior disobeying anti-bribery policy, and also expect to have a straight-out and open opportunity to communicate with any relevant parties with regard to establishing a much healthier company system, so as to fight against corruption issue and obtain a promising future.

Intertek Integrity Messaging Triangle



Intertek Integrity Statistics (2009-January 2011)

	Year 2009	Year 2010	January 2011
Telephone Audits Conducted	10864	16239	1431
On-site Integrity Factory Visits Conducted	742	1634	128
On-site Unannounced Integrity Audits Conducted	418	527	31
Mystery Audits Conducted	98	259	23
Attempted Bribery Cases Reported by Inspectors/Auditors	480	606	31
Integrity Complaints Received	102	137	7
Integrity Complaints Related to Consultancy Companies Received	10	37	3
Investigations Done Related to Consultancy Companies	10	37	3
Consultancy Companies Being Investigated	8	17	3
Warning Letters Issued to Consultancy Companies	1	0	0
Lawyer Letters Issued to Consultancy Companies	7	15	0
Consultancy Company Cases Reported to Local Authorities	6	11	0
Employees Terminated Due to Integrity Issues	15	11	0
Employees Self-constituted Resigned Due to Integrity Issues	4	9	0

Elaboration on 'Integrity' rules within Intertek & Case Sharing



Elaboration on 'Anti-bribery' rules within Intertek & Case Sharing

Intertek believes integrity, compliance, trust are critical components of our brand equity and also the essential foundation for sustainable development. Intertek has established company ethics, rules, and integrity policies to assure all employees uphold a strict code of conduct.

Intertek Compliance Code (2nd Edition July 2005) Part I Clause 1 'Integrity'

- Intertek shall operate in a professional, independent and impartial manner in all activities.
- Intertek shall carry out its work honestly and shall not tolerate any deviation from its approved methods and procedures. Where approved test methods make provisions for tolerances, Intertek shall ensure that such tolerances are not abused to alter the actual test findings.
- Intertek shall report data, test results and other material facts in good faith and shall not improperly change them, and shall only issue reports and certificates that correctly present the actual findings, professional opinions or results obtained.

Intertek Consumer Goods Anti-bribery Policy (Version 002 September 2010) Section 5 'Enforcement'

Intertek management has identified 'Improperly changed data, test results and other material facts, regardless of whether favours are taken' as **non-negotiable bribery act** which would lead to **'instant dismissal'**.

Case Sharing related to Integrity rules with Intertek

On Nov 25, 2010, Intertek CG China Compliance and Risk Management (hereinafter 'CRM') team received a testing report from one client, who advised the report was from one of their suppliers via email, the client asked Intertek to advise whether it was a fabricated report.

As per relevant handling procedure, all testing reports formally issued by Intertek are all well kept in Intertek internal system, in which all event log could be retrieved for review, including the identity of related operator, detailed time of each process, etc.; the system would automatically record down the information related to each report as well as relevant processes, and the record could not be revised manually. Upon receiving the request from the client, investigator from CRM immediately obtained related record from this system for review.

After primary investigation, we found the very testing report with the same report code from internal system. However, there are two obvious differences between those two versions. One of the differences is that the testing report retrieved from Intertek internal system is for one color of one kind of fabric provided by one factory, while the suspicious report listed 16 kinds of colors for that fabric from the same factory; the other difference is that Intertek testing reports are all with unique shading and mark as the page background, while we could not find such marks from the report provided by the supplier to client. CRM investigator also reviewed other related records in the system. Each testing step, each data entry and/or data revision by every user in the system was recorded in system event log. There was no abnormal step and/or process identified.

Intertek updated the client with above findings and also tried to contact the concerned factory for clarification about the suspicious test report, but representatives from the factory refused to cooperate with the investigation, they claimed that they had no any clue for this issue and could not provide any information to Intertek investigator. According to the record from Intertek internal system, all related handling processes were well recorded down automatically by the system, and investigator did not find any abnormal finding after review relevant record from the system.

Every Intertek employee are aware of Intertek policy and Compliance Code, etc. once they joined Intertek, and refreshment training would be held for all Intertek employees at least once every year; each Intertek staff would sign off related Code of Ethics and Zero Tolerance with promise not to revise data improperly. In case of any violation identified, proper discipline action, including warning, termination, even reporting to local authority would be taken against relevant staff.

Taking risk management into consideration, it is vital for every corporate to establish healthy integrity system. Hereon, we would like to call for all relevant parties within the supply chain to use our experience for reference and maintain the integrity system in good condition as well as ensure all employees well acknowledged of relevant policy. We believe compliance with product quality and safety can only flourish in a trustworthy environment.

Intertek Compliance Code (2nd Edition July 2005) Part I Clause 4 'Anti-bribery'

- Intertek shall prohibit the offer or acceptance of a bribe in any form, including kickbacks on any portion of a contract payment.
- Intertek shall prohibit the use of any routes or channels for provision of improper benefits to, or receipt of improper benefits from, customers, agents, contractors, suppliers, or employees of any such party, or government officials.

Intertek Consumer Goods Anti-bribery Policy (Version 002 September 2010) Section 4 'Definition of bribery'

Any offer or receipt of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something which is dishonest, illegal, or breach of trust, in conducting Intertek's business.

A 'Benefit' is defined but not limited to:

- Money (including 'Lishi', a red packet with money offered during Chinese Lunar New Year), securities, gifts, imbursements, kickback or commission;
- Any kind of hospitality;
- Any other service or rebate;
- Product samples, promotions or souvenirs, etc.

Intertek Consumer Goods Integrity Compliance Handling Procedure for On-Site Inspection and Audit

(Version 010 January 2011)

- Compliance to Intertek's Integrity Policy is the responsibility of everyone in the supply chain. Intertek will view all parties guilty of non compliance - be it the facilitator, giver and receiver of a benefit. Intertek employees MUST never collude, demand, request or be involved in a facilitation payment, bribe, gift or benefit. Factories are also forbidden to offer any bribe or benefit to Intertek employees. If clients or suppliers have any doubt or concerns with any suspicious demands or behavior, please contact the Intertek Compliance Hotline; Intertek could also report attempted bribery cases to a client directly as per confirmed procedure by very same client.

Case Sharing relating to Anti-bribery rules

In the 2nd issue of Intertek Compliance Newsletter, it reported a case related to International Council of Toy Industries ('ICTI' for short) requesting Intertek to stop three auditors Maria Tang, Diana Liu and Andy Du to conduct ICTI audit since they were accused of accepting bribe during ICTI audit. Upon receiving such feedback from ICTI, Intertek conducted immediate follow-up action. In order to verify the details and accurately report all facts to the local police, after several communications with ICTI, Intertek had a face-to-face meeting with the complainant, accompanied by related representatives of ICTI. During the meeting, the factory representative elaborated the background and the detailed process.

Based on the information obtained, Intertek reported this suspected commercial bribery to local police for investigation, and then was updated by local police that when the police visited the factory for investigation, the factory representative provided written statement to the police to confirm that the suspected bribery case reported by Intertek had never happened in the factory; moreover, the factory representative also confirmed to local police that he had never gone to ICTI

office to make any complaint against Intertek auditors. Local police announced that the investigation process had to be suspended unless further information was obtained. Intertek passed the police's reply to ICTI and looked for ICTI's support to further communicate with the factory to co-operate with the local police's investigation. ICTI informed Intertek that they had terminated the factory at that time but they would still try to contact the factory for their co-operation with local police, but did not receive any response from ICTI or the factory until the issue date of 2nd Intertek Compliance Newsletter.

Intertek further contacted ICTI for the suspension of three suspected auditors afterward, by then two of those three accused auditors Maria Tang and Diana Liu had left Intertek; as to the third auditor Andy Du, Intertek contacted ICTI again enquiring whether this auditor could be assigned to conduct ICTI audit in future; ICTI replied that since there was no evidence to prove the auditor guilty during the previous judicial investigation, they would allow this auditor to conduct ICTI audit in future.

Elaboration on 'Confidentiality' set by Intertek & Case Sharing



Elaboration on 'No Agents' set by Intertek & Case Sharing

According to **Intertek Compliance Code (2nd Edition July 2005) Part I Clause 3**, Intertek shall treat all information received in the course of the provision of its services as business confidential to the extent that such information is not already published, generally available to third parties or otherwise in the public domain.

All Intertek employees have acknowledged this regulation by attending related Compliance Training and signed the formal documentation regarding this.

Case sharing relating to Confidentiality of information

Recently, the Intertek Customer Service department received a number of emails sent by certain companies claiming to be New Wave US Trading and Sprint Trading Co, Ltd. In addition to emails, the Customer Service department also received some telephone calls from some external parties. They told the Intertek department that they originally obtained the Customer Service's contact information from our existing clients. All these companies and people would pay Intertek Customer Service department for information relating to clients and factories contact information including contact persons, facility address, audit information, export customers etc.

Upon receiving these emails and calls, the Intertek Customer Service department firmly refused and timely reported to their supervisors as well as the Compliance and Risk Management team.

On the day the report was received, Intertek conducted an investigation immediately. Intertek sent formal emails to those companies who tried to solicit and purchase confidential Intertek information, warning them that Intertek has a strict policy on confidentiality of information of our clients and reserves the right to take further legal action if necessary. No reply back from these companies was received.

It was observed that the Intertek Customer Service department handled the case strictly according to the article of Confidentiality and refused to engage in the illegal activity those companies were proposing. Intertek also conducted an investigation promptly and alerted those companies of their illegal behavior. At the same time, Intertek issued written warnings again to all Intertek employees that:

- All Intertek business information shall be kept strictly confidential without leaking to any unapproved channels, consultants or internal staff outside of your direct supervisor/manager.
- Supplying any information to consulting companies or external parties, facilitating or colluding in any way to gain benefits or providing any confidential business information is a breach of company policy.
- Individuals shall keep their PC, IT application; database and email account password access to themselves and NOT to share with other staff.
- Do not attempt to set up blanket auto forward business emails to outside accounts.
- All staff shall be accountable to ensure they do not get involved in any business information leakage, connections with consultants, improper password sharing, auto-forwarding or other malicious actions.

Intertek has a complete anti-bribery and integrity system to protect information of clients, factories, and other parties from being disclosed and to prohibit any activity of information disclosure. Breach of Confidentiality will result in disciplinary action including termination and / or report to authorities. Intertek also calls for the trust and cooperation of all parties within the supply chain including clients, suppliers, factories and other parties in the Compliance Regulations of Intertek.

According to **Intertek Consumer Goods Anti-Bribery Policy (Version 002 September 2010) Section 13**, appointment of any agents and other intermediaries are forbidden within the group without exception due to the unusually high risks in resorting to bribery for influencing business outcomes.

Case Sharing related to elaboration on 'No Agents'

On Jul 14, 2010, Intertek received a complaint by a staff member of a cleaning products factory, claiming that their factory received a promotion email sent by Shenzhen Yangming Lianchuang Administration and Consulting Co., Ltd. (hereinafter 'Shenzhen Yangming Lianchuang') on 8 Jul 2010. Shenzhen Yangming Lianchuang claimed to be an agent of Intertek testing services and could provide low pricing and quick testing services in addition to granting all new customers the opportunity to pay for services rendered after that actual service is completed.

Upon receiving the complaint, Intertek quickly responded to the complainant to clarify the situation - that no agents are delegated by Intertek and also reported the misleading behavior of Shenzhen Yangming Lianchuang to the Shenzhen Marketing Supervise Administration. The case had then been passed to its Shekou Office for further investigation. The person in charge of Shenzhen Yangming Lianchuang had been asked to the Shekou Office to cooperate with the investigation.

During the Interview, the person in question confessed that Shenzhen Yangming Lianchuang had no delegation agreement or cooperation agreement with Intertek and that Intertek never delegated Yangming Lianchuang in the testing service field; Intertek has no business relationship with Shenzhen Yangming Lianchuang.

Per Intertek's request, Shenzhen Yangming Lianchuang Administration and Consulting Co., Ltd. re-sent an email to those clients and factories (including the cleaning products factory.) for

clarification of the above and promised no such thing would happen again.

On 7 Sep 2010, Shenzhen Yangming Lianchuang Administration and Consulting Co., Ltd. published a formal Apology Letter in the newspaper named 'Southern Metropolitan Daily' to re-clarify that Shenzhen Yangming Lianchuang has no delegation agreement or cooperation agreement with Intertek. You can directly contact Intertek for testing services. Shenzhen Yangming Lianchuang apologized to Intertek for its misleading promotion and shall bear any loss caused to Intertek if any as a result of this misleading promotion.

In summary, Intertek would like to remind you that Intertek does not enter into cooperation agreements with consultancy companies in the area of social compliance auditing or other standards whereby we collaborate to guarantee pass or favorable results. Any such collusion is a violation of company policy and a conflict of interest. We have never granted any authorization to consultancy companies to introduce clients on our behalf and have never authorized others to issue the Intertek name, brand or certifications in a misleading fashion. If you receive any telephone or email notices about cooperation with Intertek or a guaranty of passing an Intertek audit, be extremely cautious and please contact our Compliance Manager immediately at +86 755 26020514, or email sina.wang@intertek.com to get clarification and avoid unnecessary loss.

Interpretation of Intertek provision related to 'Conflicts of Interest'



Interpretation for Intertek provision related to 'Gifts are forbidden to be offered or accepted'

'Conflicts of Interest' means that the behaviour of a company or an employee violates or conflicts with the overall interest of the company. Both the company and the individual shall avoid causing or being involved in any conflict of interest. Conflicts of Interest include but are not limited to acquiring or being involved in any outside interests which may affect an employee's performance or company's reputation.

Intertek Compliance Code (2nd Edition July 2005) Part I Clause 2 'Conflicts of Interest'

- Intertek shall avoid conflicts of interest with any related entity in which it has a financial or commercial interest and to which it is required to provide services.
- Intertek shall avoid conflicts of interest between its companies and/or divisions engaged in different activities but which may be providing services to either the same client or each other.
- Intertek shall ensure that its employees avoid conflicts of interest with the activities of Intertek.

Intertek Compliance Code (2nd Edition July 2005) Part II Clause 13.2 gives detailed explanation of conflicts of interest from the angles of company and employee respectively:

Intertek Compliance Code (2nd Edition July 2005) Part II Clause 13.2.2

- Intertek shall avoid conflicts of interests between Intertek and related entities in which Intertek has a financial or commercial interest and to which it is required to provide services.
- Conflicts of interests between Intertek's companies and/or divisions engaged in different activities but which may be providing services to either the same client or each other shall be avoided. Violation of Intertek Compliance Code in one's own division for the purpose of maintaining business between a client and other Intertek companies or divisions under the pressure of the client shall be avoided. Any such kind of pressure shall be reported to your manager or the compliance office of your business line if your manager is involved.

Intertek Compliance Code (2nd Edition July 2005) Part II Clause 13.2.3

Intertek's employees shall not:

- Directly or through intermediaries, acquire an interest or any position in a supplier, a client or a competitor of Intertek.
- Conduct any company business with any member of their family or with an individual or organization with which they or their family is associated.
- Be directly involved in Intertek's business with any organization or individual with which they are associated, and

the organization shall not have any privilege because of this association.

- Employ a member of their family without approval of their management.
- Exceptions: acquisition of shares of a client, supplier or competitor on a public stock exchange, and then only to an extent which does not grant significant influence over the affairs of the client, supplier or competitor and which does not make the employee unduly dependent on its financial fortunes.

Besides the above provisions, Intertek China Compliance Code (2nd Edition August 2008) further defines other conflicts of interest which may concern the employee,

- **To ensure employees have sufficient rest and energy to complete their work**, the company in principle doesn't allow employees to take up outside part-time jobs. Any Intertek employee who wants to work outside no matter fixed or advisory shall obtain written permission from the general manager before his / her acceptance of such an offer.
- **Employing contractor for private projects:** If an employee wants to employ an Intertek appointed contractor to handle his / her private project, then the employee must not be directly or indirectly involved in the appointment or supervision of the contractor in his / her working position. The employee should pay for the service as per market price, and report the employment to the general manager before the project begins.
- **Loan to the supplier or borrow from:** any employee or his / her close relatives shall not provide loan or guarantee for loans to any person or organization which has business with Intertek, nor accept loans or assistance for acquiring loans from the person or the organization. There is no restriction on borrowing money from banks.

From the above, we can see that Intertek has established a formal and truly detailed policy on conflicts of interest, which has been strictly implemented among all Intertek's companies and divisions. Intertek works to ensure all related parties including Intertek's companies, divisions, employees, clients, suppliers and partners etc fully understand the provisions of the policy at hand and collaborate in its implementation in order to maintain the interests and healthy development of Intertek and all the parties concerned..

Integrity is at the very foundation of our business, mission, and customer relationships. In business situations, the purpose of a gift, sponsorship or souvenir is usually to build a better business relationship. But there are some instances where a gift is given in exchange for improper business interests / motives.

Intertek established a relevant anti-bribery policy so as to guide all employees to deal properly with the issue of offering and accepting.

Intertek Compliance Code (2nd Edition July 2005) Part II Clause 13.4.6

'Gifts, Hospitality and Expenses'

- Intertek Employees may not ordinarily give or receive gifts with a value exceeding US\$25. The frequency of offering or receiving a gift shall not exceed twice per year to or from any single party.
- Gifts shall be made for the right reason, be made openly, with reasonable value, with reporting to relevant organization, infrequent, in accordance with compliance code and without obligation or expectations.

In Intertek Consumer Goods, as a significant member of the Group, we are executing even strict provisions:

Intertek Consumer Goods Anti-Bribery Policy (Version 002 September 2010) Section 10

'Gifts, Sponsorship and Souvenirs'

- Gifts, sponsorships and souvenirs including corporate souvenirs are prohibited to be offered to our customers or business partners.
- Gifts and souvenirs including corporate souvenirs offered by contractors, suppliers and other business partners are forbidden to be received by every Intertek employee and associated.

Considering the complexities in practical business activities, Intertek Consumer Goods elaborated for exceptions and relevant handling procedures so as to provide clearer instruction for every employee in Intertek Consumer Goods on how to handle the issue of offering and accepting gifts appropriately:

- There is a written request from our customers for sponsorship of celebrations such as an annual party, Christmas or New Year celebrations. Such offer of sponsorship/gifts or corporate souvenirs shall be approved by the functional or divisional heads

or above. The gifts should be donated on behalf of Intertek. The customer shall formally acknowledge the receipt of the sponsorship/gifts or corporate souvenirs.

- Other social, cultural and business activities such as anniversary, funerals, opening ceremony of new facilities or other cultural practices, the floral arrangements or other sponsorship/gifts as a token dedicated to the event concerned rather than individuals shall be approved by the country chief of Consumer Goods.
- Other corporate souvenirs being distributed during public events such as exhibitions, seminars, and conferences or other promotional campaigns/activities in which the customers or participants can decide depending on their own governing code of conduct or discretion.
- There may be cases where refusal of a gift would cause embarrassment to the person offering it and particularly if you are a guest in certain countries or business functions. Guidance on local customs and behaviors should be sought before going on a business trip. Employee should politely refuse excessive gifts, explaining to the offering party that Intertek policy prohibits the receipt of such gifts. All the gifts or souvenirs received should be reported to the respective country chiefs promptly to decide the appropriateness for the business relationship and practice.

In dealing with gift issues, any behavior that may lead to unfair marketing should be strictly prohibited. Intertek treats our customers, trading companies, factory and relevant organizations in a legal and fair manner as always, and we expect all related parties to conduct business activity in an impartial and righteous atmosphere. Based on the above consideration, Intertek Consumer Goods adheres to our anti-bribery policy always. As such, Intertek calls for all customers, trading companies, factories and relevant organizations to understand and be supportive of our 'Gifts are forbidden to be offered or accepted' policy, and provide no benefit / gifts to Intertek employees.

Intertek Integrity Compliance Handling Procedure (Special Feature) Factory Integrity Acknowledgment/Declaration Form

Intertek Factory Integrity Acknowledgment/Declaration Form is a key tool for Intertek to communicate our integrity policy with factories.

The Intertek Factory Integrity Acknowledgment/Declaration Form (Page 1) is issued to a factory every time before an Intertek employee executes an inspection or audit service. This document clarifies Intertek's policy on integrity. The factory is required to sign it for proof of agreement and acknowledgment.

The Intertek Factory Integrity Acknowledgment/Declaration Form (Page 2) is filled out by a factory representative after an inspection or audit with a signed declaration about whether or not they provided any benefit to our Intertek employees. The Intertek Factory Integrity Acknowledgment/Declaration Form provides the factories with a Intertek Compliance Hotline which the factory should use to report or discuss any Integrity related issues.

How the Intertek Factory Integrity Acknowledgment/Declaration Form work:

- The Intertek Factory Integrity Acknowledgment/Declaration Form (Page 1) is submitted to a factory representative every time before an inspection or audit is conducted. At which time, the Intertek integrity policy is introduced and explained to the factory representative.
- The upper portion of the Intertek Factory Integrity Acknowledgment/Declaration Form (Page 1) with the Intertek compliance hotline shall be cut and left with factory representative before starting any inspections/audits.
- In addition, the Intertek Integrity Compliance Handling Procedure-Highlights are also submitted to the factory representative before starting any inspections/audits.
- After receiving all above documents, the factory representative shall read and understand the content provided. To ensure their complete co-operation with the Intertek integrity policy, they must sign the documents with inclusion of a company stamp.
- The Intertek Factory Integrity Acknowledgment/Declaration Form (Page 2) is submitted to the factory representative every time an inspection or audit is conducted. The factory representative is required to honestly declare any offering - be it in the form of a meal, transportation, accommodation, money, gift or other favour provided to any Intertek inspectors/auditors. Also, the factory representative makes this honest declaration by providing a signature and company stamp on the form. If the factory cannot provide the company stamp after declaration, reasons for such absence will need to be remarked and addressed by the factory

representative.

- Intertek inspectors/auditors shall emphasize to the factory that they need to fill in the Intertek Factory Integrity Acknowledgment/Declaration Form (Page 2) completely and correctly. If there is a discrepancy in facts then they shall remind the factory to revise or re - fill the form out. If the factory chooses not to fill out the form, then the inspector/auditor shall fill out the Intertek Employee Integrity Declaration Form to report the facts. For any incomplete/incorrect Intertek Factory Integrity Acknowledgment/Declaration Form submitted by a factory, Intertek reserves the right to report such cases to relevant customers.

Intertek hopes to further emphasize to all factories, suppliers and customers that:

- Bribery and integrity issues must be managed by all parties throughout the supply chain. This means Intertek, our clients, and their respective vendors and suppliers.
- Factories shall read, understand the Intertek Factory Integrity Acknowledgment/Declaration Form (Page 1), its accompanying contents, spirit and intent of the Intertek procedure on Integrity. Factories need to abide by this policy and not offer or imply to offer any benefit to an Intertek employee.
- Factories should properly store and get familiar with the Intertek Compliance Hotline as well as use the channel to timely report any concerns related to Intertek employees' integrity issues. This is an important pre-condition for a timely, thorough and independent investigation.
- After signed by the factories, the Intertek Factory Integrity Acknowledgment/Declaration Form (Page 1) becomes a contractual agreement clearly stating the factory's responsibility to adhere to Intertek's integrity policy and the factory's legal liability regarding its declarations in the Intertek Factory Integrity Acknowledgment/Declaration Form (Page 2). Therefore, factories shall provide honest and complete declaration on the Intertek Factory Integrity Acknowledgment/Declaration Form (Page 2).

Intertek Integrity Compliance Handling Procedure (Special Feature) Factory Integrity Non-compliance Case Reporting

In today's inspection and auditing industry, the practice of giving and/or taking of bribes by factory representatives and/or inspectors/auditors in order to pass an inspection/audit is known to exist and of critical concern to the industry. Intertek invests heavily to ensure a best in class program as prevention of integrity can be challenging. However, despite our comprehensive efforts, we do experience breaches to our integrity compliance programs by both employees and factories from time to time.

Intertek Consumer Goods has received 606 factory integrity non-compliance cases reported by our inspectors and auditors in 2010. Intertek informed our clients about these cases upon their request and according to Intertek Integrity Compliance Handling Procedure. We urge and ask our client to take the appropriate action and communicate with Intertek Compliance Team the follow up actions they have taken with their respective suppliers.

At Intertek we regard a facilitator, a receiver and a giver of a bribe or benefit equally guilty through association of such transaction. As such, bribery and integrity issues must be managed by all parties throughout the supply chain. This means Intertek, our clients and their respective vendors and suppliers. This principle has been agreed with and supported by most of our clients, whom also request Intertek to report any factory integrity non-compliance cases that have occurred during any inspection/audit services provided by Intertek. Therefore, Intertek has set up the below specific guidelines to inspectors/auditors when reporting factory integrity non-compliance cases.

- If a factory representative tried to offer money directly, inspectors/auditors shall immediately refuse the offer and report the case to a superior or delegate within one hour via SMS with detailed information.
- If what the factory representative tried to offer was enclosed in an envelope or any other objects to be considered concealed to the naked eye, inspectors/auditors shall ask the factory representative about the content inside and mark down the response provided by the factory representative. If it was not related to the inspection/audit, the offer shall be refused immediately and the relevant inspectors/auditors shall report the case to a superior or delegate within one hour via SMS with detailed information.
- If safety is assured and circumstances permit, the inspectors/auditors may take a photo of what the factory representative tried to offer as evidence to be reported to the client.
- Inspectors/auditors shall honestly complete the Intertek

Employee Integrity Declaration Form after the inspection/audit is complete in order to declare the factory integrity non-compliance case in accurate details. The declaration shall include time/place of the incident; name/title/contact information of the responsible factory representative; nature of the benefit offered; any other witness at the scene and their relevant information if applicable.

- Inspectors/auditors shall submit the Intertek Employee Integrity Declaration Form to their superior or delegate no later than 1:00pm of next calendar day of the incident, together with the signed Intertek Factory Integrity Acknowledgment/Declaration Form, SMS sending record and photo taken at the scene (if any).
- After the report is received from the inspectors/auditors, the superior or delegate shall collect all signed Intertek Factory Integrity Acknowledgment/Declaration Forms, completed Intertek Employee Integrity Declaration Forms, SMS sending records and received records, photos taken (if any) and any other related documents required by the client on the next business day of the inspection/audit. An Integrity Non-compliance Case Log Sheet shall be prepared by the superior or delegate after reviewing all above documents. All documents related to the case shall be provided to the Intertek responsible team to timely report the case to the client with copy to the Local/Country Compliance Officer and Compliance Manager for Global Inspection & Auditing.
- The reporting to client by the Intertek responsible team shall be no later than the second business day after the inspection/audit with copying Local/Country Compliance Officer and Compliance Manager for Global Inspection & Auditing using a standard letter head and form.
- If client has specific requirements about the reporting of an integrity non-compliance case other than the general procedure listed above, such requirements shall be followed accordingly.

Intertek calls on more clients, suppliers and factories to reach consensus with us that while inspectors/auditors in third party service providers comply with strict ethical and integrity standards, factories shall take active roles in establishing their own integrity policy and code of conduct. Also, all internal employees in factories shall be trained and guided not to offer or imply to offer any benefit to inspectors/auditors. Intertek is willing to work together with clients, suppliers and factories to build an equitable and uncorrupted market environment for sustainable development of all parties within the supply chain.



Contact Point for Integrity/Ethics Management (Intertek Consumer Goods)

Compliance and Risk Management of Intertek Consumer Goods has been globally established and operates efficiently in every country and region; this department is led, monitored and audited independently by Intertek headquarters located in London. A compliance hotline has been opened for complaints related to integrity issues and managed by an independent compliance team. Clients, suppliers and factories can access this hotline at any time to report bribery issues in which Intertek then assigns an independent team to handle / attend to accordingly for each issue.

Vice President of Compliance and Risk Management

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Malaysia	Eileen Tan Ee Leen	Operation Officer
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Morocco	Catherine Durand	General Manager
Poland	Ewa Borcz-Wdowiarska	General Manager
Portugal	Alice Lima	General Manager
Rumania	Liliana Enache	General Manager
Russia	Olga Mikhaylova	Head of Certification
South Africa	Wendy Smout	Laboratory Manager
Turkey	Figen Temiz	HR Manager