

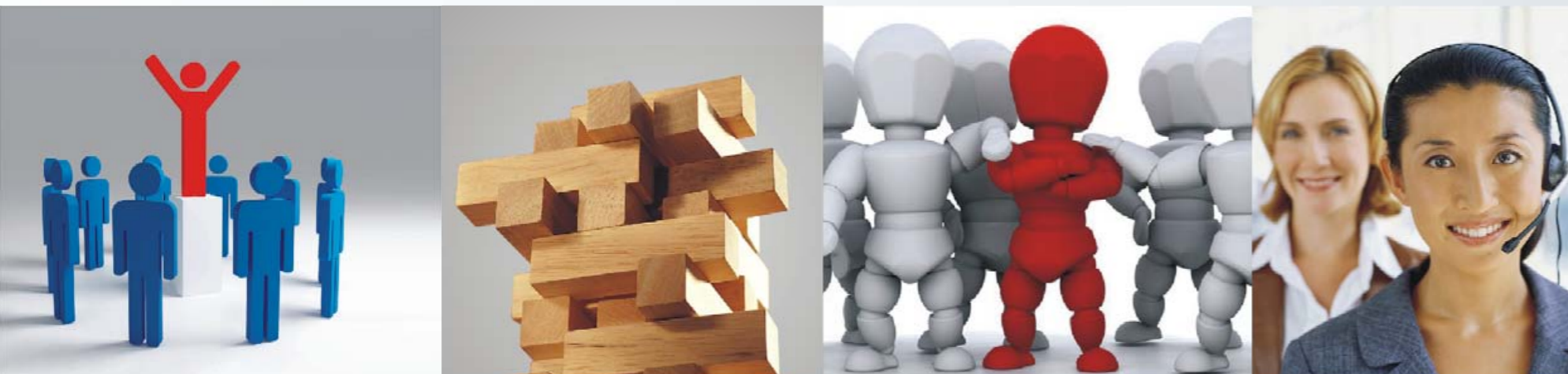
The Intertek logo consists of the word "Intertek" in a white, sans-serif font, centered within a dark blue rounded rectangular box.

Valued Quality. Delivered.

# COMPLIANCE NEWSLETTER

The background of the cover features several interlocking gears of various sizes, rendered in a light blue, semi-transparent 3D style. The gears are arranged in a way that they appear to be meshing together, creating a sense of mechanical precision and interconnectedness. The lighting is soft, highlighting the ridges and valleys of the gear teeth.

**ISSUE 5**  
SEPTEMBER 2011



## CONTENT

01. Preface
02. Integrity, Ethical Conduct and Compliance
03. UK Bribery Act 2010: Guidelines issued relating to "Adequate Procedures"
04. Intertek Integrity Messaging Triangle and Statistics
05. International Federation of Inspection Agencies (IFIA) Compliance Guidelines
06. Works with Shanghai CIQ to strengthen Compliance and Risk Management
07. International Federation of Inspection Agencies (IFIA) Member Companies issue statement with regards to misleading claims of certain consultancy companies
08. Consultancy Companies' Misleading Promotions By Use of Intertek Brand
10. IFIA Members Co-operating Over Integrity Issues in Social Auditing
11. Intertek Calls for Full Cooperation from Factory Regarding Lawsuit of Combating Commercial Bribery
12. Contact Point for Integrity/Ethics Management (Intertek Consumer Goods)

## PREFACE

As a leading, global provider of quality and safety solutions, Intertek is committed to providing high quality services to our customers. In order to do so, Intertek calls for efficient communication within the customer's supply chain, including the proper handling of integrity issues in both a transparent and effective manner as well as the timely reporting of such.

It has been long recognized that the fields of inspection and auditing have faced and continue to today particular challenges; Factories, vendors and inspectors/auditors are sometimes involved in actions of questionable integrity, including acts of bribery to influence the outcome of inspections/audits. As a member of IFIA, Intertek and several other IFIA members have been working closely on initiatives to counter this, including the establishment of Standard Operating Procedures for integrity and compliance, issuing recommendation letters to auditors who have, during their employment with any of the members, maintained a clean record of auditing with no integrity allegations raised, harmonizing training materials and methods to ensure auditors obtain a consistent and high level of specialized training and taking joint action against any 3rd party consulting companies that are representing clients and vendors who claim a guaranteed outcome of audits if employed.

Furthermore, Intertek has cooperated with organizations, such as Shanghai CIQ, Guangdong Toy Association, etc., to facilitate communication within the industry and make it efficient for partners within the supply chain to get relevant information on a timely basis.

Lastly, Intertek would like to call for other IFIA members as well as related parties within the supply chain to join our team and fight together against anti-bribery issues in order to sustain the successful operations of companies everywhere and further support the improvement of inspecting and auditing procedures for all consumer related industries.

**Paul Yao**

Group Executive Vice President  
Consumer Goods

# Integrity, Ethical Conduct and Compliance

by M.M.MURSHED - Compliance Manager of Intertek Bangladesh



## UK Bribery Act 2010: Guidelines issued relating to “Adequate Procedures”

Now-a-days everyone talks about compliance. Customers talk about compliance, manufacturers talk about compliance and even sellers talk about it. So naturally we all wonder what compliance is.

The word compliance has its origin from the 17th century Italian word “complire” that in English has become the word “to comply”. It has several meanings, such as: to act in obedience, to command, to request, to agree, to be submissive.

In management literature, compliance is defined in many ways. Such as, compliance is the path to develop the company or organization, compliance is a tool to improve the company's working method or procedures, compliance is a scale to evaluate the performance of the company as a whole, and compliance is shadow management. Thus the importance of compliance cannot be ignored in the modern world.

According to T.I. Code definition, compliance refers to procedures, systems or departments, where public agencies or companies, performing legal operational and financial activities, are acting in accordance to current laws, rules, norms, regulations and standard.

There are several meanings of compliance but they are all correlated. However, compliance is correlated to the structure of the organization, its functions, size and motto. Some include compliance in their HR department and some couple it in their Administrative functions. There are even some with separate Quality and Compliance departments or Ethical and Compliance departments.

The more advanced model though seems to be that companies have independent compliance departments with power to be independent from operational management of the company, in order to secure objectivity. The latest model in compliance is “Compliance and Risk Management (CRM)”. This is a completely independent function from the other operations of the company and acts as a watchdog inside the company.

The demand for a CRM function is increasing day by day. Though compliance is directly not involved in generating revenue for the organization, it is a vital part of ensuring a comprehensive acceptable performance of the organization - ie making sure that the tasks and Standard Operating Procedures (SOP) are followed and that local rules, norms, regulations and laws are followed.

Initially, compliance issues were designed to monitor the social aspect of the industrial sectors or manufacturing units, but now all levels of the organization embrace its' importance. Compliance is involved in management decisions in the private sector, in NGO's, in the government and in different UN bodies. Multi-National Corporations (MNC's) too are utilizing it in their decision making.

Defined organizational integrity, through established ethical guidelines, has become a part of defining professionalism of an organization and has become part of the core values of most MNC's. It is presently a prerequisite for good corporate governance. The UN has been advocating this good governance at member state level for some time already in order to reduce fraud and corruption and to safeguard the reputation of its operations.

Maintenance and reinforcement of integrity and ethical compliance effective and impartial administration of any organization can only be ensured if officials in charge place high importance and value on the integrity of both internal and external issues. Thus there needs to be a Code of Conduct (CoC) for all employees. Emphasis in a CoC should be placed on the importance of integrity and non-discriminatory practices.

In developing compliance and CoC's, we need to emphasize the following areas:

- (1) How to establish and maintain honesty
- (2) How to ensure transparency in all matters
- (3) How to maintain cooperative thinking and positive attitudes
- (4) How to develop personal ethics
- (5) How to promote openness
- (6) How to establish fair judgment
- (7) How to develop the caring of others

A company or organization will not be successful if anyone in it says ... “compliance has nothing to do with me” .... Compliance is the responsibility of everyone in an organization.

UK Ministry of Justice announced that Bribery Act 2010 comes into force on 1 Jul, 2011, and also produced detailed guidance about the Act, such as 'adequate procedure'.

In the 3rd issue of Intertek Compliance Newsletter, it stated briefly that the Act introduced 4 new offences: bribing, being bribed, bribing a foreign public official and failure to prevent corruption within an organization under section 7, which applies to the worldwide conduct of any company that carries on business or part of business in the UK which also includes a significant number of companies operating in Hong Kong.

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. UK Ministry of Justice has issued guidance for 'adequate procedure', which recommends that organizations should take six principles into consideration when they prepare for their anti-bribery procedure, including:

1. Proportionality: The action you take should be proportionate to the risks you face and to the size of your business. So you might need to do more to prevent bribery if your organization is large, or if you are operating in an overseas market where bribery is known to be commonplace, compared to what you might do if your organization is small, or is operating in markets where bribery is not prevalent.
2. Top Level Commitment: Those at the top of an organization are in the best position to ensure their organization conducts business without bribery. If you are running a business, you will want to show that you have been active in making sure that your staff (including any middle management) and the key people who do business with you do not tolerate bribery. You may also want to get personally involved in taking the necessary action to address any bribery risks.
3. Risk Assessment: Think about the bribery risks you might face. For example, you might want to do some research into the markets you operate in and the people you deal with, especially if you are entering into new business arrangements and new markets overseas.
4. Due Diligence: Knowing exactly who you are dealing with can help to protect your organization from taking on people who might be less than trustworthy. You may therefore want to ask a few questions and do a few checks before engaging others to represent you in business dealings.

5. Communication: Communicating your policies and procedures to staff and to others who will perform services for you enhances awareness and helps to deter bribery by making clear the basis on which your organization does business. You may, therefore, want to think about whether additional training or awareness training would be appropriate or proportionate to the size and type of your business.

6. Monitoring and Review: The risks you face and the effectiveness of your procedures may change over time. Therefore, you may want to keep an eye on the anti-bribery steps you have taken so that they keep pace with any changes in the bribery risks you face when, for example, you enter new markets.

The UK government also made explanation for the guidance issued in the end of 2010, such as, according to the newly issued guidance, having a subsidiary in UK may not necessarily mean the parent company definitely has business in UK (considering the subsidiary might be independent for business). The new guidance also mentions that hospitality or promotional expenditure which is reasonable, proportionate and made in good faith would not be offence against the Act.

Comprehensive review of the compliance system would be necessary in case of involvement in lawsuit(s) related to the Act. The Act would impel companies to be apt to cooperating with those which have low risk in respect of a compliance system. Now more and more companies include terms related to compliance when they design contracts with partners, and require their business partner to fully adhere to anti-bribery policy/policies during their cooperation; in case of any violation, they reserve the right to terminate their contract immediately.

Business organizations should make sure that they have adequate procedures in place before 1 Jul, 2011, when the Act comes into force. It is time for all business organizations to review their current policy in accordance with the requirement of the Act. Intertek UK timely issued the UK Bribery Act-What You Need To Know Guidance for Intertek Staff to all employees global and any third parties who act on our behalf. It gives a summary of the forthcoming legislation, gives some practical guidance on how to ensure we continue to perform in a manner that comply with the guidance and spirit of the law. All employees and such third parties have a duty to understand and comply with Intertek policies on bribery.

# Intertek Integrity Messaging Triangle and Statistics


# International Federation of Inspection Agencies (IFIA) Compliance Guidelines

by Hilary Reid Evans – IFIA Deputy Director General

## Intertek Integrity Messaging Triangle

**INTEGRITY POLICY**

1. Integrity is critical to Intertek
2. Zero Tolerance Policy
3. Best in Class program
4. Active, Multiplex Management



**TAKE AWAY MESSAGE**

**PRE-CONDITION RULES**

1. Employee Screened & Trained
2. Givers and takers both responsible
3. Factories sign a declaration
4. Must work directly with our client on issues
5. Fact based investigations
6. Breaches of Integrity will result in
  - Termination
  - Report to authorities

**TOOLS FOR IMPLEMENTATION**

1. Intertek Integrity Golden Rules - Actively communicated to all parties
2. Independent compliance team divorced from operations
3. Intertek has Key Tools, SOP's & Dedicated team to manage Integrity
  - Factory Integrity Acknowledgment / Declaration Forms, Telephone Audits, & Factory Visit
  - On-site Integrity Audits & Mystery Audits
  - Integrity Compliance handling process & statistical analysis
  - Employee Declaration Forms on Integrity

## Intertek Integrity Statistics (Y2009-July 2011)

	Year 2009	Year 2010	January-July 2011
Telephone Audits Conducted	10864	16239	8118
On-site Integrity Factory Visits Conducted	742	1634	694
On-site Unannounced Integrity Audits Conducted	418	527	171
Mystery Audits Conducted	98	259	131
Attempted Bribery Cases Reported by Inspectors/Auditors	480	606	319
Integrity Complaints Received	102	137	56
Integrity Complaints Related to Consultancy Companies Received	10	37	19
Investigations Done Related to Consultancy Companies	10	37	19
Consultancy Companies Being Investigated	8	17	15
Warning Letters Issued to Consultancy Companies	1	0	0
Lawyer Letters Issued to Consultancy Companies	7	15	4
Consultancy Company Cases Reported to Local Authorities	6	11	2
Employees Terminated Due to Integrity Issues	15	11	3
Employees Self-constituted Resigned Due to Integrity Issues	4	9	0

IFIA – the International Federation of Inspection Agencies – is a membership organisation devoted to representing the interests of those involved in the testing, inspection and certification industry. IFIA currently represents over 40 of the world's leading international companies, of whom Intertek is one.

IFIA members agree to uphold the highest standards of quality and integrity by:

- applying appropriate technical and professional standards to all aspects of their work
- implementing quality assurance programmes throughout their organisations
- implementing appropriate methods of technical training and assessment
- adhering to all applicable safety conventions, IFIA's Guidelines and to IFIA's Compliance Code.

You can find the IFIA guidelines and compliance code at [www.ifia-federation.org](http://www.ifia-federation.org).

One of IFIA's key objectives is to encourage best practice within the industry as a means of increasing long term value and improving stakeholder perception of the industry.

In relation to compliance, IFIA is aware that one of the core values IFIA's members provide to their clients is trust. It is for this reason that IFIA has adopted and implemented its Compliance Code, in order to encapsulate the integrity for which IFIA membership stands. The Code consists of two documents, the IFIA Compliance Code and the IFIA Compliance Code: Guidelines on Implementation. IFIA's Compliance principles address technical and business professional conduct and ethics in relation to integrity, conflicts of interest, confidentiality, anti-bribery and fair marketing.

Implementing and abiding by the IFIA Compliance Code is a mandatory condition of IFIA membership. This entails a number of actions, including the approval of the member's compliance code implementation by IFIA, the existence and maintenance of a compliance programme throughout the member's organisation, the member having in place policies and procedures in accordance with the code, global training of staff in relation to compliance issues and regular monitoring of the member's compliance with the IFIA code.

Members are also required to submit their compliance programme for an annual independent examination, whose results are reported to IFIA. IFIA additionally publishes an IFIA Compliance Training Guide as an aid to member companies when training their staff.

Internally, IFIA works through a committee structure and currently operates seven industry or sector specific committees (for example there are Agriculture, Food and Petroleum and Petrochemical Committees) and three 'horizontal' committees that deal with legal, compliance and accreditation issues respectively.

The Compliance Committee's current members include David

Foreman of Intertek, with Brian King as his occasional deputy.

One of the issues currently being actioned by the Compliance Committee is that of social auditing in China. Many of IFIA's members offer legitimate and well structured social auditing services in China. However, there are certain consultancies that claim, wrongfully, they have close links with those companies offering legitimate social auditing services and which claim that, for a fee, they can work with factories to ensure those factories pass their social audits.

This is damaging to our industry because the retailers, who are our clients, may lose confidence in the independence, impartiality and integrity of those IFIA members who offer legitimate services, because their reputations are besmirched by the dubious practices of these 'consultancies'. Additionally, the factories undergoing audit may be driven to purchase these services through fear of failure and will pay in some cases significant sums to the consultancies for services which are without real value.

IFIA's Social Auditing project team has produced a series of guidelines and documentation for IFIA member companies working in this area. In addition to the requirement that, as IFIA members, they must abide by the IFIA Compliance Code, these members have voluntarily agreed to introduce a series of specific documents and procedures. These include, for example, a set of Basic Corporate Social Responsibility (CSR) Integrity Audit Guidelines, which set out the parameters of an IFIA audit and which should be communicated to all clients. There is also a CSR Auditor Training Guideline document which should be used when establishing a training programme. The other documents and procedures include:

- a Factory Integrity Acknowledgement and a Factory Integrity Declaration Form, which are for use on arrival at and departure from an inspection or audit
- a Company Standard Letter: Factory Integrity Non-Compliance, which is for use where non-compliance of the subject company has been detected during an inspection or audit
- an Employee Integrity Declaration Form, which should be used if non-compliant behaviour is detected
- an Integrity Complaint Form, which is for use when a complaint has been made against an IFIA member inspector or auditor
- a Recommendation Letter, which is for use with all company leavers of good standing and
- an Integrity Presentation, which is to be used with employees, customers and other stakeholders and which sets out the basics of IFIA members' integrity compliance programmes.

A number of meetings and seminars are planned with key stakeholders (including retailers) in order to discuss the issues arising in relation to Social Auditing in China and to explain the additional safeguards that IFIA members have put in place in order to ensure the integrity and reputation of our industry is maintained. The first of these meetings is scheduled for Autumn 2011. If you wish to find out more about the social auditing project, please contact either David Foreman or IFIA's Director General, Roger Brockway at [roger.brockway@ifia-federation.org](mailto:roger.brockway@ifia-federation.org).

## Works with Shanghai CIQ to strengthen Compliance and Risk Management

Intertek goes beyond testing, inspecting and certifying products; we help customers ultimately improve performance, gain efficiencies in manufacturing and logistics, overcome market constraints, and reduce risk. We have earned a reputation for helping our customers increase the value of their products, gain competitive advantage, and develop trusted brands. Moreover, Intertek never stops the construction of compliance. At all times, Intertek calls for all parties within the supply chain, including client, supplier, factory and relevant organizations to establish and improve compliance policies, code of conducts, and promotion for such policy so that all related parties could get familiar with it and adhere to it. Timely training and instruction should also be conducted for all employees so that they know how to appropriately deal with non-compliance or suspected bribery issues correctly. A specific discipline system would proceed any noncompliance behavior and would include warning letter (s), reporting to local authorities and publishing in Intertek Compliance Newsletter, etc.

The action of publishing noncompliance issues in the Intertek Compliance Newsletter has gained great praise as well as support within the supply chain.

In order to combat noncompliance behavior more effectively, Intertek united with the Shanghai Entry-Exit Inspection and Quarantine Bureau ("Shanghai CIQ") to strengthen compliance and risk management by reporting substantiated noncompliance behaviors and concerned employees, in order to be put on record in the database of Shanghai CIQ. This way a company looking for a new employee could conduct background checks for job hunters, and would be informed of any noncompliance records related to the target if any. Such information could help a company with comprehensive background checking, especially related to compliance.

Up to now, Intertek has reported several substantiated noncompliance cases as well as related employees to Shanghai CIQ. Some companies did in fact contact Shanghai CIQ for employee background checking and were informed that a former Intertek employee encountered employment cancelling after his/her noncompliance record was updated to the company by Shanghai CIQ. The former Intertek employee contacted Intertek asking for record removal from Shanghai CIQ or he / she would not find a new job based on his / her record there; Intertek stated clearly to the former employee that such record is kept in Shanghai CIQ and could not be deleted.

Recently with more and more attention paid to compliance construction, more and more companies are taking seriously the compliance records of new employees. As a result of this movement, Intertek calls for all parties within the global supply chain, including client, supplier, factory and other related organizations, to establish more kinds of communication channels so as to strengthen the compliance and risk management system, and banish noncompliance behavior indefinitely.

## International Federation of Inspection Agencies (IFIA) Member Companies issue statement with regards to misleading claims of certain consultancy companies



A number of consultancy companies have made wrongful claims of having close links with IFIA member companies engaged in social auditing in China. These consultancy companies claim that they work in co-operation with named IFIA member companies and that they are in a position to ensure that a factory, or other site subject to audit by the IFIA member company conducting the social audit, will achieve a pass.

Intertek, along with the other IFIA member companies that have been named by these consultancy companies, do not work or collaborate in any manner with any consultants or consultancy companies to ensure factories or other sites pass social audits. All work methods, schedules, processes etc. relating to these audits are proprietary to Intertek and such consultancies have no access to these, nor does Intertek collaborate in any way with consultancy companies on these.

All claims made by consultants or consultancy companies of any work or collaboration with such IFIA member companies to ensure factories or other sites pass social audits are therefore incorrect, illegal and un-authorised.

The IFIA companies whose names have been misused in this way have all investigated the claims made by these consultancy companies, and have determined that the claims are false. Where possible they have taken legal action against such consultants or consultancy companies. Now these IFIA member companies are requesting factories and customers to report to them any consultants or consultancy companies making any such claims with respect to their services.

You should, therefore, be cautious of any consulting company that contacts you and claims to be affiliated with Intertek. If such a company offers its services for an audit which is either scheduled to be performed by Intertek, or was recently completed by Intertek and claims to be able to ensure or guarantee a pass, Intertek would appreciate your cooperation by contacting us to support our active investigation related to these companies' claims.

For a full list of IFIA companies see [www.ifia-federation.org](http://www.ifia-federation.org). At this time, the following of the member companies have been the object of false claims by consultancy companies in China:

- Bureau Veritas
- Intertek
- SGS
- TUV Rheinland

# Consultancy Companies' Misleading Promotion By Use of Intertek Brand

Recently, according to many clients and their respective factories and traders, various consulting companies have been and continue to promote false information on a perceived relationship between us (i.e. Intertek) and them (i.e. these consulting companies in question) or are claiming to be an agent of Intertek for testing businesses, through emails, telephones and the web. Intertek conducted a thorough investigation into these cases and applied improved safeguards for audit data systems to prevent embezzlement of internal information by un-approved personnel or any consultants. The primary cases are as follows:

Name of Consulting Company	Website of Consulting Company	Action taken by Intertek	Follow-up status
Dongguan Shengbang Corporation Planning Co., Ltd.	http://1238223.01p.com	Intertek issued legal documentation to this company as warning. Intertek also timely reported the false promotion of the consultant company to local Administration for Industry and Commerce.	Now the false information has been removed from the consultant's website.
Huajie Compass Consulting Co., Ltd.	http://www.hjcompass.cn/	Intertek had communicated with this company and requested them to remove the false information. Intertek also timely reported the false promotion of the consulting company to local Administration for Industry and Commerce.	Now the false information has been removed from the consultant's website.
League Consulting Service Ltd.	http://www.chinalcs.com/	Intertek issued legal documentation to this company as warning. Intertek also timely reported the false promotion of the consultant company to Shenzhen Market Supervision Administration.	Shenzhen Market Supervision Administration visited the consultant company and gave verbal warning to them. The consultant company also verbally promised no similar cases would happen again.
SPLD Consultant Co., Ltd. (Speeder Consultant Co., Ltd.)	http://www.speedesc.com/	Intertek issued legal documentation to this company as warning. Intertek also timely reported the false promotion of the consultant company to Shenzhen Market Supervision Administration.	Now the false information has been removed from consultant's website. Intertek was updated by local Market Supervision Administration verbally that such false promotion might affect the annual audit for this consultant company.
Ally Information Services Co., Ltd.	http://www.allyservice.com/	Intertek issued legal documentation to this company as warning. Intertek also timely reported the false promotion of the consultant company to Shenzhen Market Supervision Administration.	Now the false information has been removed from the consultant's website.
Dong Guan Chuang Sheng Corporation Image Planning Co., Ltd.	http://www.chuangshengcsr.com/	Intertek issued company letter to this company requesting them to remove false information from their website. For the second tort, Intertek issued legal documentation to this company as a warning and also timely reported the false promotion of the consultant company to Shenzhen Market Supervision Administration for Investigation.	Now the false information has been removed from the consultant's website.
Shanghai Global Compliance Services Co., Ltd.	http://www.gscsl.com/index.html	Intertek issued legal documentation to this company as warning for their misleading information on the website.	Now the false information has been removed from the consultant's website.
Shanghai Shangfan Corporation Managing Co., Ltd.	Http://www.sfcsr.com/	For the false promotion of the consultant company, Intertek issued legal documentation to this company as warning.	Now the false information has been removed from the consultant's website.
Ningbo Grandsense Consulting Corporation	http://www.gscgroup.cn/	For the false promotion of the consultant company, Intertek issued legal documentation to this company as warning.	Now the false information has been removed from the consultant's website.
Shenzhen Jumbo Consultant Co.,Ltd.	http://www.cn-jumbo.com/	Intertek issued legal documentation to the consultant company as warning. Intertek also timely reported the false promotion of the consultant company to Shenzhen Market Supervision Administration.	Shenzhen Market Supervision Administration has accepted the case and investigations are in progress.
C-TSA Consultants Limited	http://www.c-tsa.com/	Intertek reported the false promotion of the consultant company to local Administration for Industry and Commerce.	The local Administration for Industry and Commerce has accepted the case and visited C-TSA Consultants Limited. Upon inquiry with Liu Jianghua, legal representative of the company, it was found that the company's promotion materials and website contents were suspected of false promotion. The authority urged the company to take corrective action and imposed a fine of RMB 10,000 for their unfair competition practice. The company accepted the punishment.
Guangzhou Zhonghe Enterprise Management Consulting Co., Ltd.	http://www.gzzhonghe.cn/	Intertek has reported the false promotion of the consultant company to local Administration for Industry and Commerce.	Local Administration for Industry and Commerce visited the consultant company. The consultant company verbally promised no similar cases would happen again; Now the false information has been removed from the consultant's website.
Keyman Management Consultation Co., Ltd.	http://www.keyman.sh.cn/	For the unauthorized use of the Intertek trademark for false promotion on the website, Intertek issued legal documentation to the company.	Now the Intertek trademark has been removed from the consultant's website.
Shenzhen Jessen Management Consulting Ltd.	www.jessenz.com/html/company.html	With regard to the alleged connection between Intertek and the Consultant Company, Intertek is now communicating with its company lawyer and preparing for litigation to protect its legal interest.	Intertek will pay close attention to the consultant company for any infringement of Intertek's lawful right and will report to local authority.



Name of Consulting Company	Website of Consulting Company	Action taken by Intertek	Follow-up status
Shenzhen Tianxiang Consultant Website	Http://www.intertek.net.cn	The Consultout Website illegally used Intertek brand in its website name which had already infringed the legal interest of Intertek. Intertek would resort to every channel in cluding report to local authorities to protect its legal interest.	Intertek will keep close moritor about the consaltant website and would make darification to public that Intertek has no relationship with the website to avoid any misunderstanding caused.
Shenzhen Yangming Lianchuang Administration and Consulting Co., Ltd.	http://www.guo365.com/	Intertek has reported the false promotion of the consultant company to local Market Supervision Administration. With regard to the consultant company's infringement of Intertek's trademark right and copyright for the image of Intertek-GMPC, Intertek issued legal documentation to this company requesting them to remove the related marks from their website.	Shenzhen Market Supervision Administration Shekou Office has accepted the case and inquired the related personnel. Upon acknowledgement of the act of false promotion, the consultant company sent clarifications to the factories and clients which had received the false promotion and posted a letter of apology to Intertek on 'Southern Metropolitan Daily' on September 7, 2010; Now the Intertek trademark and Intertek-GMPC trademark have been removed from the consultant's website.
Hangzhou Yihang Corporation Managing Co., Ltd.	http://www.yihangcoc.com/	For the false promotion of the consultant company in the name of Intertek, Intertek has reported to the local Administration for Industry and Commerce.	The local Administration for Industry and Commerce has accepted the case and Intertek had been informed that the Consultant Company had been given verbal warning to stop such false promotion after investigation.
Dong Guan Hua Bo Corporation Image Planning Co., Ltd.	http://www.kgwin.com/Html/Main.asp	With regard to the alleged connection between the Consultant Company and Intertek, it was verified that there was no existing or former Intertek employee in this company. The related personnel in the company also confirmed the same.	Intertek will pay close attention to the consultant company in the future. In case of any infringement of Intertek's lawful rights, Intertek will take legal measures in a timely manner.
Main Testing Service Co., Ltd.	http://www.main-intertek.com/	For the false information posted on the consultant's website, Intertek issued legal documentation to this company as warning. For Main's infringement of Intertek's lawful rights, Intertek issued legal documentation to the company and reported the incident to Shenzhen Market Supervision Administration.	Now the false information has been removed from the consultant's website. Shenzhen Market Supervision Administration has accepted the case and sent personnel to Main Testing. The company was given a verbal warning to stop such false promotion.
China Quality Focus (Asia Quality Focus)	http://www.asiaqualityfocus.com/	It was verified that Intertek has not established any cooperation agreement with any testing company. Intertek issued legal documentation to the company, requesting them to remove all false promotion contents related to ITS (i.e. Intertek).	Now the false information has been removed from the consultant's website.
Xiamen Sanfang Jiuyu Consulting Co.,Ltd.	http://www.gmicc.net/	Intertek investigators contacted Mr. Zeng of Sanfang Jiuyu upon received feedback from one factory that Sanfang Jiuyu approached to them by use of Intertek brand, Mr. Zeng confirmed in emails that their company had no partnership with Intertek and was not able to obtain any factory audit information from Intertek. Intertek also conducted a comprehensive internal investigation, and no evidence shows any contact between Intertek staff and the company.	Intertek would pay close attention to the consultant company. In case of any infringement of Intertek's lawful rights, Intertek will take legal measures in a timely manner.
Shantou Tianxiang Management Consulting Co., Ltd.	http://www.its-coc.com/	For the unauthorized use of Intertek trademark for false promotion on the website, Intertek issued legal documentation to the company.	Now the Intertek trademark has been removed from the consultant's website.
Shanghai Tranwin Management Consulting Co., Ltd.	http://www.tranwin.org/	For the false promotion of the consultant company, Intertek issued legal documentation to this company as warning. For the unauthorized use of Intertek's internal emails and documents by the consultant company on their website, Intertek issued legal documentation to this company as warning.	Now the false information has been removed from the consultant's website.
Dong Guan Chuangyi Corporation Image Planning Co., Ltd.	http://www.chuangyisr.com/	Intertek timely reported the false promotion of the consultant company to local Administration for Industry and Commerce.	The local Administration for Industry and Commerce has accepted the case and investigations are in progress.
ShangHai Benbo Enterprise Management Consulting Co., Ltd.	http://www.isococ.com/	After received several feedback from client that Benbo obtained her factories' audit in formation and tried to sell their consulting sercice to the factories, Intertek conducted an internal investigation and found no improper disclosure from Intertek. An Intertek investigator also contacted the consultant company. They expressed that there was no former Intertek consultant in the company and did not get any factory information from Intertek staff. Intertek issued legal documentation to the consultant company for their misleading promotion on the website.	Now the false posts related to Intertek have been removed from the consultant's website.
Shanghai Mean-How Enterprise Management Consulting Co., Ltd.	http://www.sh-meanhow.cn/	For the false promotion of the consultant company, Intertek issued legal documentation to this company as warning.	Now the Intertek trademark has been removed from the consultant's website.
Quanzhou Xinyi Enterprise Management Consulting Co., Ltd.	www.xinyisocialcompliance.com.cn	For the unauthorized use of Intertek trademark for false promotion on the website, Intertek issued legal documentation to the company.	Now the false information has been removed from the consultant's website.

## IFIA Members Co-operating Over Integrity Issues in Social Auditing

As a heavy-weight in global trade, and due to the rapid growth of China as well as the development of the Chinese manufacturing industry, "Made in China" has become one of the world's most prevalent labels. 3rd party service providers help companies in China to ensure the quality and safety of their products destined for global markets. We bring our experience to all world markets, and to the benefit of Chinese enterprises enabling numerous Chinese suppliers and manufacturers to deliver product quality and safety in support for the ongoing demand for "Made in China".

Among the services we provide, Social Auditing is performed to qualify suppliers on behalf of global brands and retailers by evaluating local working conditions, working hours, wages, occupational health and safety, and conditions that could affect reputational risk, product quality and safety. However, due to cultural, economic and legal issues, integrity problems have become, at times, a challenging issue in Asian countries, especially in China. Furthermore from 2008 onwards, a number of consultancy companies have made wrongful claims to have close links with 3rd party service providers engaged in social auditing in China. These consultancy companies claim that they work in co-operation with certain 3rd party service providers and that they can influence or guarantee a pass result in Social Audits.

The above mentioned problems are harming not only the reputation of 3rd party service providers, but also the reputation of the profession itself. Therefore, four IFIA members Intertek, Bureau Veritas, SGS and TUV Rheinland have reached agreement that apart from the integrity policy and procedures implemented in each company itself, the IFIA members should have in place a consistent, standard program to minimize bribery and corruption in Social Auditing and such a program needs to be established under the leadership of IFIA. It was agreed that the program should include a standard integrity operating procedure, standard training guidelines for Social Auditors, background screening regarding the hiring process and joint actions against false promotion by consulting companies. In the meantime, IFIA and her members should further communicate with customers to look at how we can better collectively improve the integrity performance of the supply chains in which we operate.

Together with IFIA, the IFIA members have been working closely to discuss the current situation in Social Auditing and possibilities for

improvement. In the latest meeting in Hong Kong on Mar 22, 2011, besides IFIA members, several non IFIA members have also been invited to share their valuable thoughts. In the meeting, it was agreed that below measures shall be taken to safeguard the integrity of Social Auditing. These will be piloted in China currently and extend to other countries/regions afterwards:

1. A set of Standard Operating Procedures for integrity and compliance ( " Integrity SOPs" ) in Social Auditing has been established. The set of Integrity SOPs sets out a common framework for making factories and vendors aware of the integrity policy and system of IFIA members, provides standard documentation for use in Social Auditing, and provides channels for factories and vendors to raise integrity concerns. This is to ensure the acknowledgment and co-operation from all parties in the supply chain.
2. The IFIA members will be issuing recommendation letters to auditors who, during their employment with any of the members, maintained a clean record of Social Auditing with no integrity allegation raised. The process and use of the recommendation letter was already be effective from May 1, 2011.
3. The IFIA Guidelines for Corporate Social Responsibility ( " CSR" ) Auditor Training have been established to ensure the auditors obtain a consistent and high level of specialized training.
4. A joint statement from the IFIA members will be issued against the false promotion from consulting companies. The IFIA members will also take common and joint action to ensure the impartiality and professionalism of Social Auditing.

IFIA and her members are at present further communicating with brand retailers and industry associations to tackle the root cause(s) of corruption in Social Auditing, so as to continue providing professional and high quality service in a healthy environment.

For the full version of the IFIA Social Auditing Operating Procedures, please visit:

[http://www.ifia-federation.org/content/wp-content/uploads/Social\\_Auditing\\_Operating\\_Procedures\\_June\\_2011.pdf](http://www.ifia-federation.org/content/wp-content/uploads/Social_Auditing_Operating_Procedures_June_2011.pdf)



## Intertek Calls for Full Cooperation from Factory Regarding Lawsuit of Combating Commercial Bribery

As a leading, international provider of quality and safety services, Intertek has thousands of employee professionals located in China, who are not only skilled in executing inspections and audits, but who must also exhibit a code of ethics and integrity for Intertek with fully acknowledgement that commercial bribery not only damages the image of 3rd party providers conducting the inspection and audit but also the healthy development of factories. No employees in Intertek are allowed to take benefits in any form. Intertek has a detailed anti-bribery and integrity system to prohibit any activity of giving and receiving benefits.

Internally, Intertek infuses integrity and ethics into its ongoing inspector and auditor training programs. An independent compliance team is assigned to manage complaints related to integrity issues. Externally, Intertek consistently calls on the concerted effort of all parties in the supply chain. A 24 hour compliance hotline has been established for parties, including factories, to report bribery issues. If an issue was reported, the Intertek compliance team conducts a thorough investigation. In order to ensure all investigations be conducted in an impartial manner and based on facts and evidence, communication with involved factories in order to get a written statement about the bribery issue with signature of factory representative is necessary in the course of investigations. Interviews with concerned Intertek employee(s) follows and depending on the outcome of the case, related disciplinary actions could be taken including staff replacement, termination and/or a report to local authorities.

In the past, Intertek has terminated employment relationships with many inspectors and auditors where Intertek got written statement with related signatures confirming the staff in question had anti-compliance behaviors. In some cases, those previous employees have filed lawsuits against Intertek for lost compensation. Intertek is working with each related factory for cooperation and rectification of these legal matters.

### Case Sharing

On Jun 2, 2009, Intertek received a complaint by a customer who claimed that the Intertek auditor Chen Bo solicited and accepted RMB 5,000 from the factory representative, Mr. Li, during an audit conducted in the factory for guarantee of a favorable result. The auditor returned the money to factory after knowing that the factory finally failed the audit.

Upon receiving the complaint, Intertek launched an investigation and face-to-face conversations with the factory representative Mr. Li. Mr. Li provided a written statement with his signature and factory stamp to Intertek in which Mr. Li confirmed the complaint alleged by the customer. Afterwards, Intertek also had an interview with related auditor Chen Bo and eventually terminated the employment relationship with the auditor.

Later on, the ex-auditor initiated legal proceedings against Intertek. According to the court, Intertek fired the auditor Chen Bo due to his anti-compliance behavior while employed and according to the written statement provided by factory representative Mr. Li as witness testimony. Mr. Li should have shown up in the court as a witness to verify his written statement. Intertek got in touch with Mr. Li for his support but was refused which lead to Intertek's final lost of the lawsuit.

From the above case, we learn that it is imperative for factory representatives to appear in court as a witness to increase your chances of winning.

Intertek strongly calls on all parties in the supply chain, especially factories, to fight against anti-bribery actions and cooperate fully in legal proceedings to build a brighter future of sound virtue and ethical compliance in the global marketplace.

# 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

Grace Li [cg.asia.compliance@intertek.com](mailto:cg.asia.compliance@intertek.com)

### Asia-Pacific Compliance Officer

Wallace Ho [cg.asia.compliance@intertek.com](mailto:cg.asia.compliance@intertek.com)

Bangladesh	M. M. Murshed	Compliance Manager
Cambodia	Sothy Khuth	Operation Manager
Hong Kong	Wallace Ho	Compliance and Risk Management Manager
India	Surekha Nair	Senior Manager/HR& Compliance
Indonesia	Wallace Ho	Compliance and Risk Management Manager
Japan	Christine Tam	General Manager
Korea	John J. Park	Vice General Manager
Malaysia	Eileen Tan Ee Leen	Operation Officer
China	Sina Wang	China Compliance and Risk Management Manager
Pakistan	Ali Shan	Compliance Officer
Philippines	Myra Cabales	Compliance Officer
Singapore	Kemmy Chua	HR Officer
Taiwan	Jasmine Lee	HR Director
Thailand	Pawana Punon	QMS Assistant Manager
Viet Nam	Han Nguyen	Compliance Officer

### North America Compliance Officer

Larry Kelly [Larry.kelly@intertek.com](mailto:Larry.kelly@intertek.com)

### Latin America Compliance Officer

Viviana Rodriguez [cglatam-compliance@intertek.com](mailto:cglatam-compliance@intertek.com)

Argentina	Viviana Rodriguez	Regional Compliance Officer
Brazil	Erica Missiato	Country Head
Colombia	Viviana Rodriguez	Regional Compliance Officer
Guatemala	Edgar Hernandez	Compliance Officer
Mexico	Jaqueline Jimenez	Compliance Officer
Peru	Viviana Rodriguez	Regional Compliance Officer

### Europe, Middle East and Africa Compliance Officer

Kevin Welch [cg.eame.compliance@intertek.com](mailto:cg.eame.compliance@intertek.com)

Egypt	Mohamed Ibrahim	General Manager
France	Benedicte Mayeur	HR Manager
Germany	Barbara Holeczek	HR Supervisor
Italy	Barbara Vitale	HR Manager
Leicester	Maggie Hill	HR Manager
Mauritius	Oumme Ramjaun	General Manager
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