

Supply Chain Sustainability Solutions

The Power of Innovation

TO

Maximize Business Value

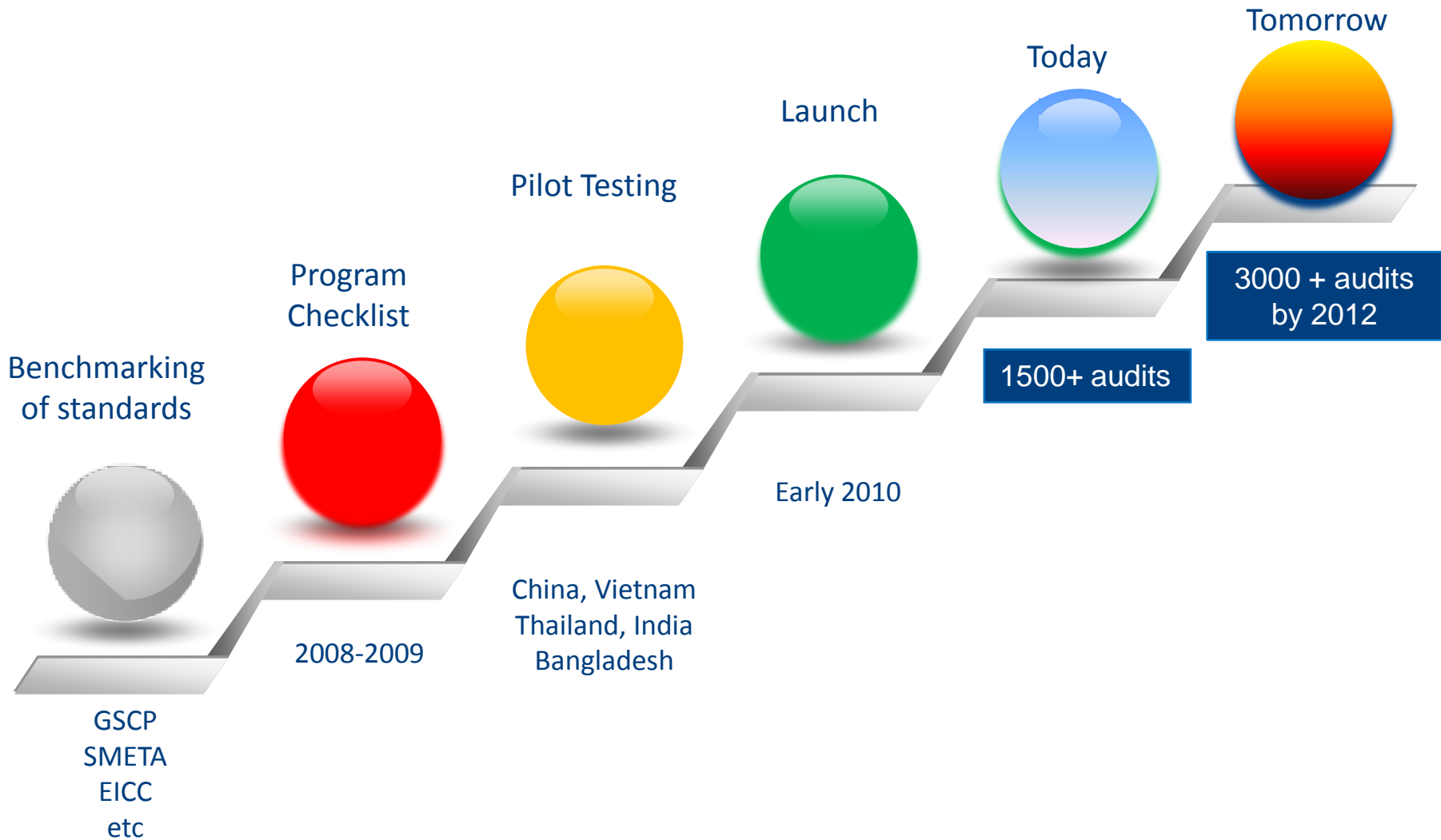


Our Vision

Provide Solutions that Maximize Business Value
Through Enhanced Insight and Collaboration,
While Addressing Individual Core Business Needs



Development Roadmap



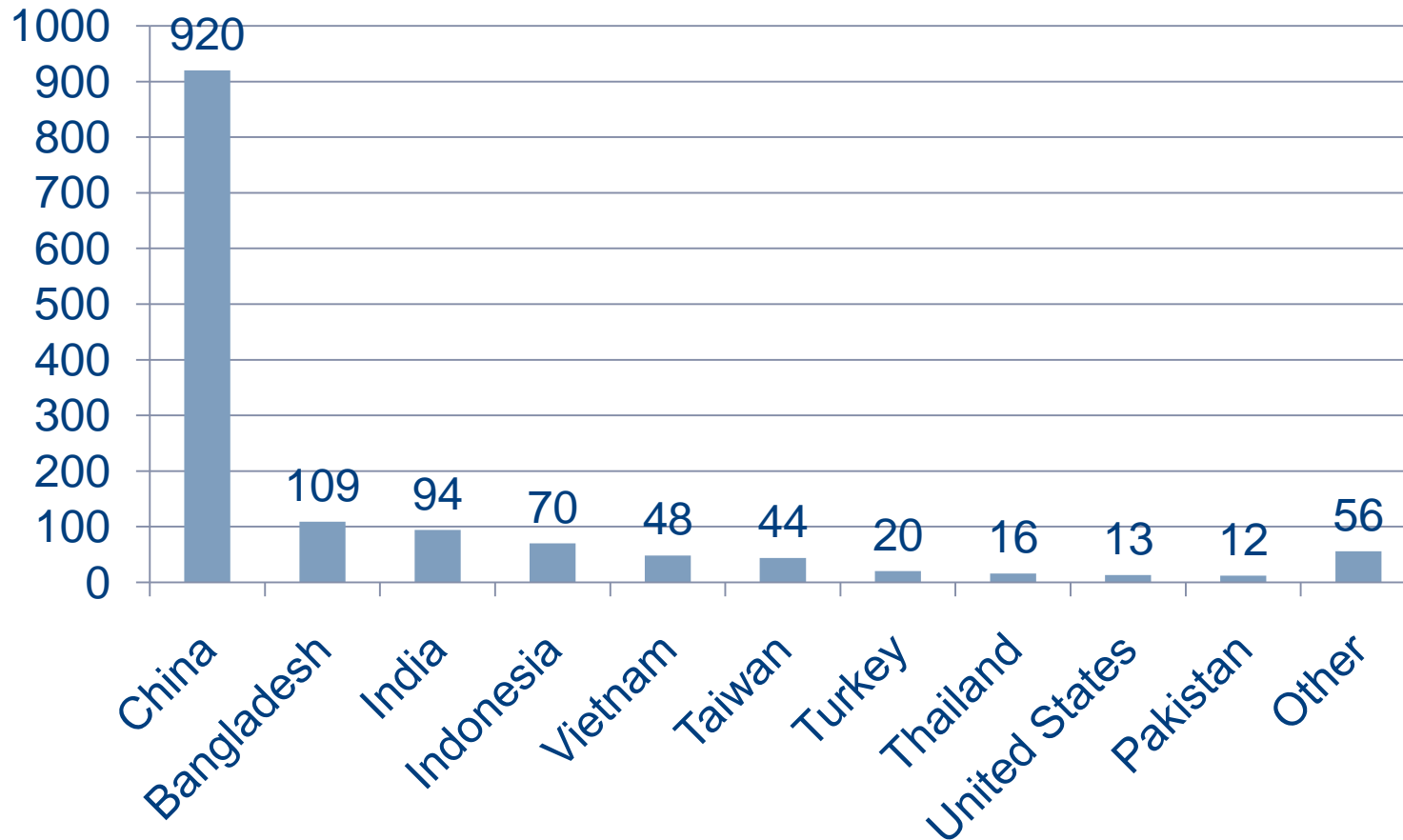
Assessment Criteria

| | |
|--------------------|---|
| | |
| Labor | Child Labor; Forced Labor; Discrimination; Discipline, Harassment or Abuse; Freedom of Association; Labor Contracts |
| Wages & Hours | Wages & Benefits; Working Hours |
| Health & Safety | General Work Facility; Emergency Preparedness; Occupational Injury; Machine Safety; Safety Hazards; Chemical and Hazardous Materials; Dormitory and Canteen |
| Management Systems | Policies and Processes; Documentation and Records; Worker Participation; Corrective Action Process |
| Environment | Legal compliance; environmental management systems; waste and air emissions |

Audit Activity by Country

Nr of Audits

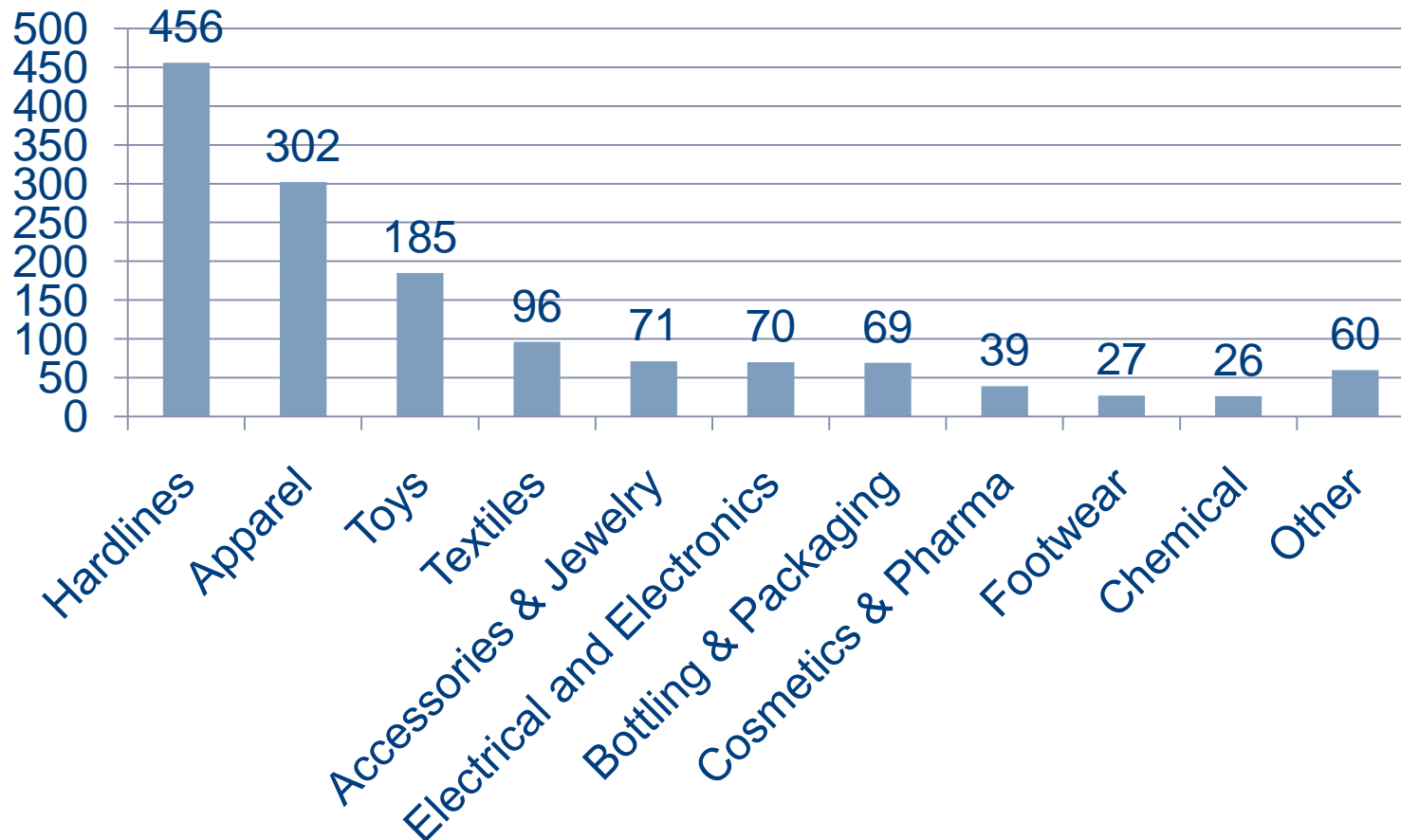
Globally: 1500+



Audit Activity by Industry

Nr of Audits

Globally: 1500+

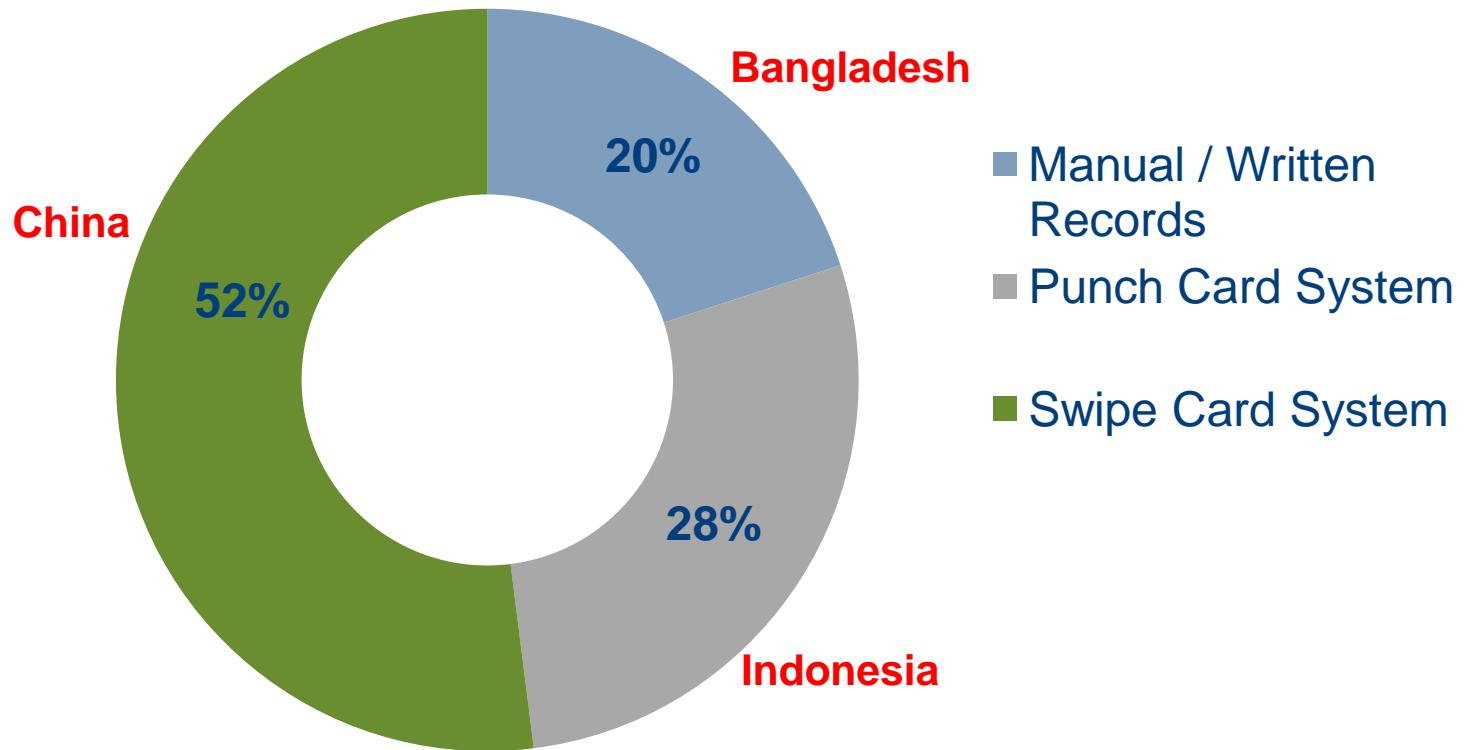


Part I

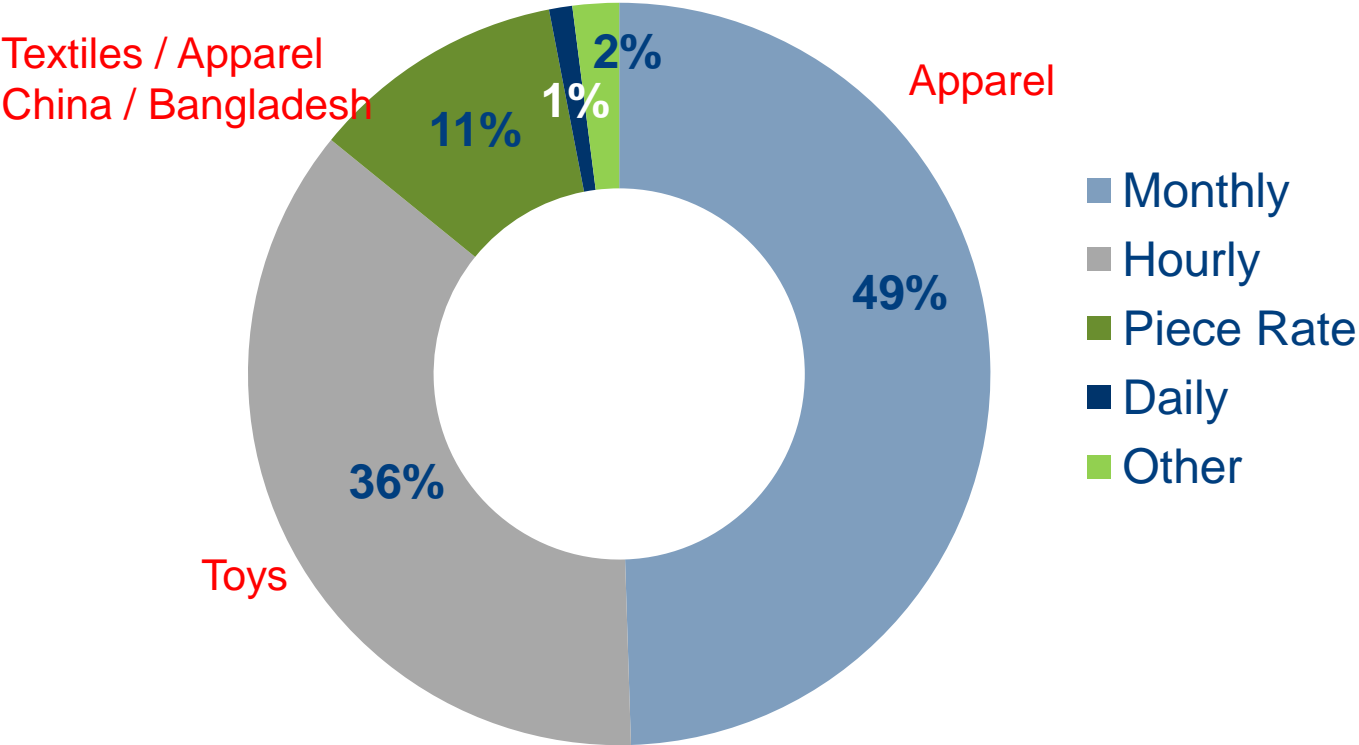
Understanding the Facts

Basic Supply Chain Profile

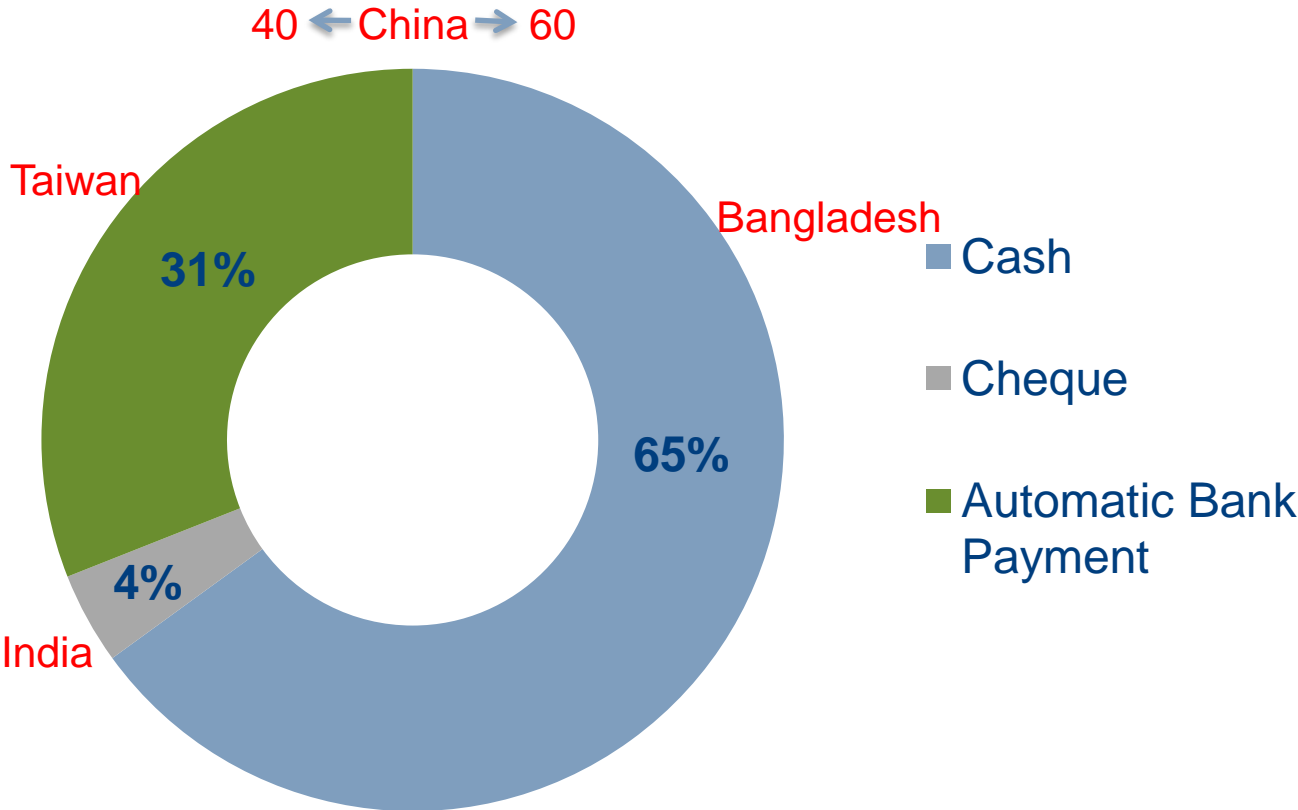
Time Record System



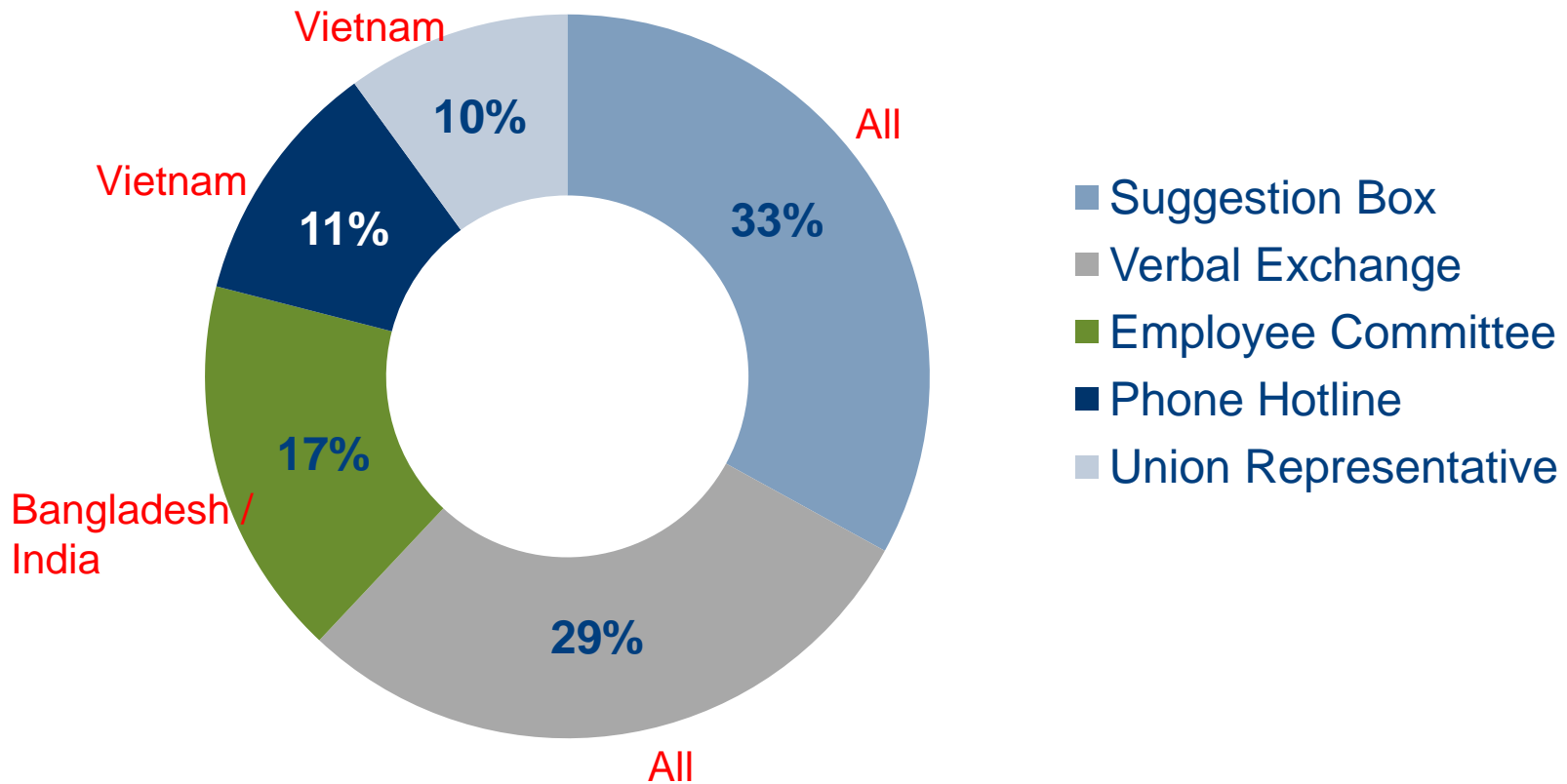
Employee Payment Calculation Method



Form of Payment



Employee Communication Channel



Certification Programs

- Does the facility have a valid certificate for any certification program?

Globally

| | % | Nr of facilities |
|--------|-----|------------------|
| None | 66% | 936 |
| SA8000 | 2% | 23 |
| WRAP | 2% | 30 |
| ICTI | 5% | 69 |
| Other | 17% | 231 |

SA 8000

- China / India / Pakistan
- Industry evenly spread

WRAP

- Bangladesh / Vietnam
- Apparel

ICTI

- Toys
- China (66)
- Indonesia (2)
- All other countries = 0

Frequency of Selection

Part II

Know What the Issues Are

Most Frequent Non-Compliances

Top 5 Non-Compliances, Globally

| | Top 5 Risks, Globally | Non-Compliance Frequency Rate % |
|---|--|---------------------------------|
| 1 | Piece rate calculations are not accurate | 67% |
| 2 | Total overtime hours exceeds allowable limits under law agreement | 50% |
| 3 | The facility does not have any environmental management system in place | 49% |
| 4 | Employees are not provided with at least one day off following six consecutive days | 40% |
| 5 | No procedures to evaluate subcontractors based on performance and commitment towards social compliance | 37% |

Top 3 Non-Compliances, by Country

| | China | Bangladesh | India | Indonesia |
|-----------|------------------------------------|---|------------------------------------|---|
| Issue # 1 | Inaccurate piece rate calculations | Inaccurate piece rate calculations | Inaccurate piece rate calculations | Inaccurate piece rate calculations |
| | 69% | 85% | 93% | 89% |
| Issue #2 | Overtime hours exceeds law | Fire fighting equipment is not adequate | No environmental management system | Overtime hours exceeds law |
| | 57% | 58% | 61% | 54% |
| Issue #3 | Hours exceed limits under waiver | Overtime hours exceeds law | No subcontractor procedures | Do not provide social security, pensions, healthcare and/ or other insurance to employees |
| | 53% | 56% | 56% | 45% |

Top 3 Non-Compliances, by Industry

| | Hardlines | Apparel | Toys | Textiles |
|-----------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Issue # 1 | Inaccurate piece rate calculations | Inaccurate piece rate calculations | Inaccurate piece rate calculations | Inaccurate piece rate calculations |
| | 65% | 57% | 84% | 58% |
| Issue #2 | Overtime hours exceeds law | No environmental management system | Overtime hours exceeds law | No environmental management system |
| | 56% | 45% | 58% | 50% |
| Issue #3 | No environmental management system | Overtime hours exceeds law | No environmental management system | Overtime hours exceeds law |
| | 52% | 44% | 49% | 44% |

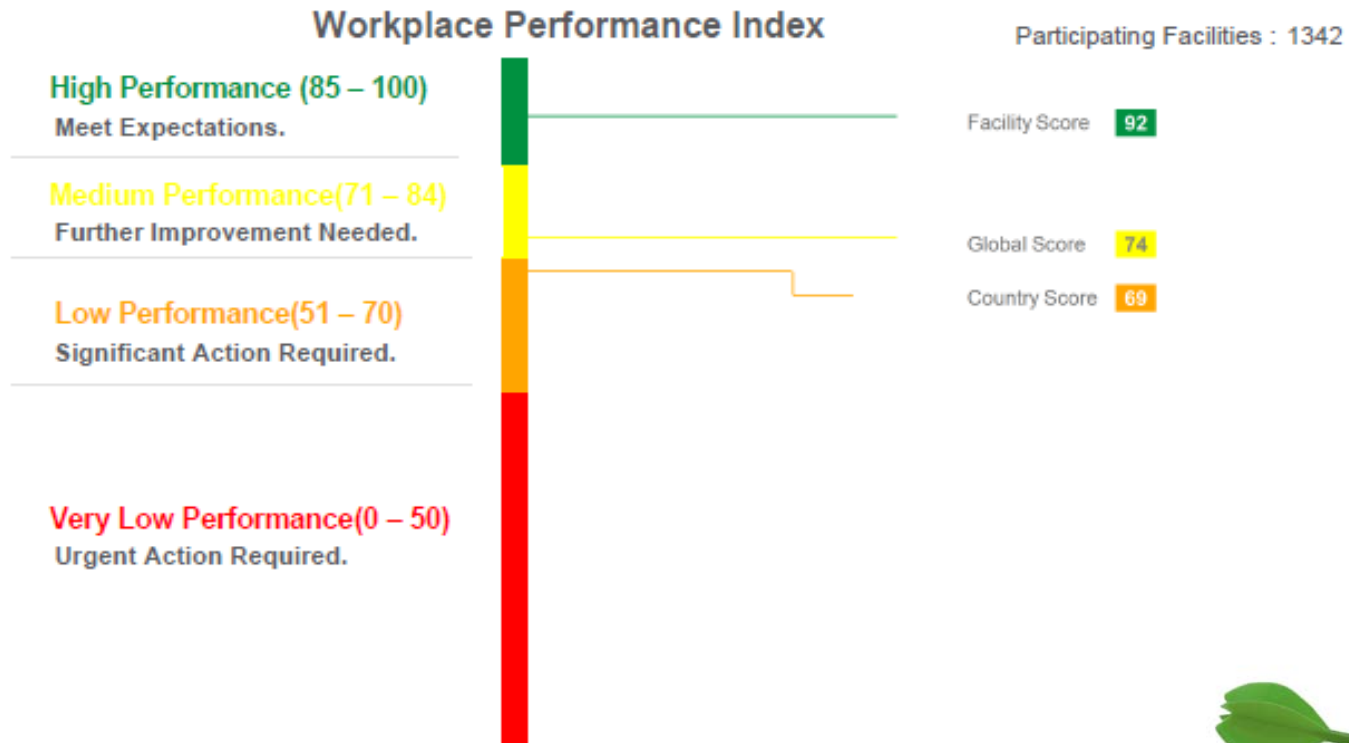
Part III

Efficiently Analyze the Results

Benchmarking and Risk Rating

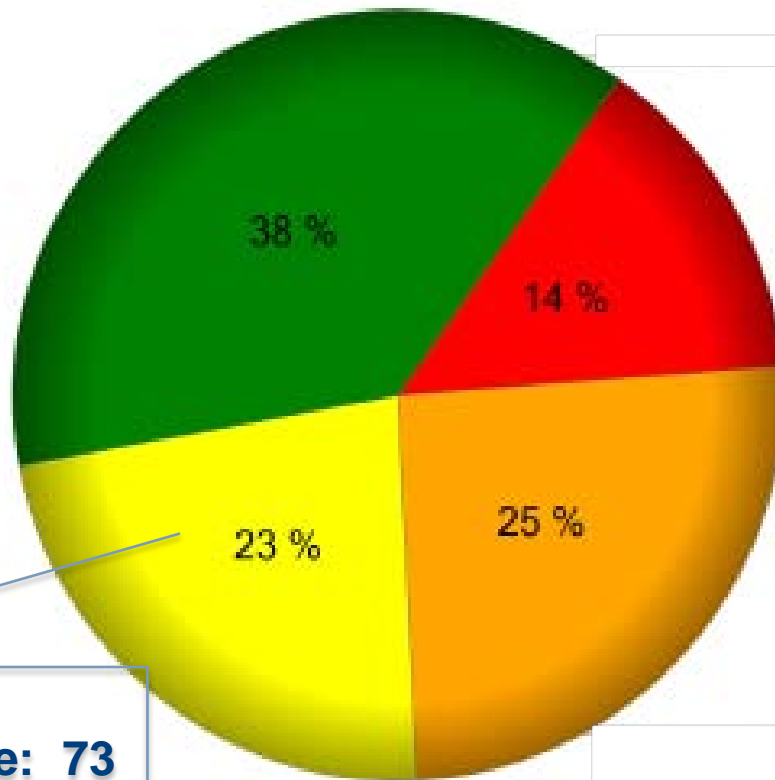


Workplace Conditions Assessment (WCA)



- ***A supplier performance measurement improvement and rating program***
- Supplier performance classified –very low, low, medium, high - based on weighted and scored data collection methodology

Overall Results by Performance Level



High Performance (85 – 100)
Meet Expectations.

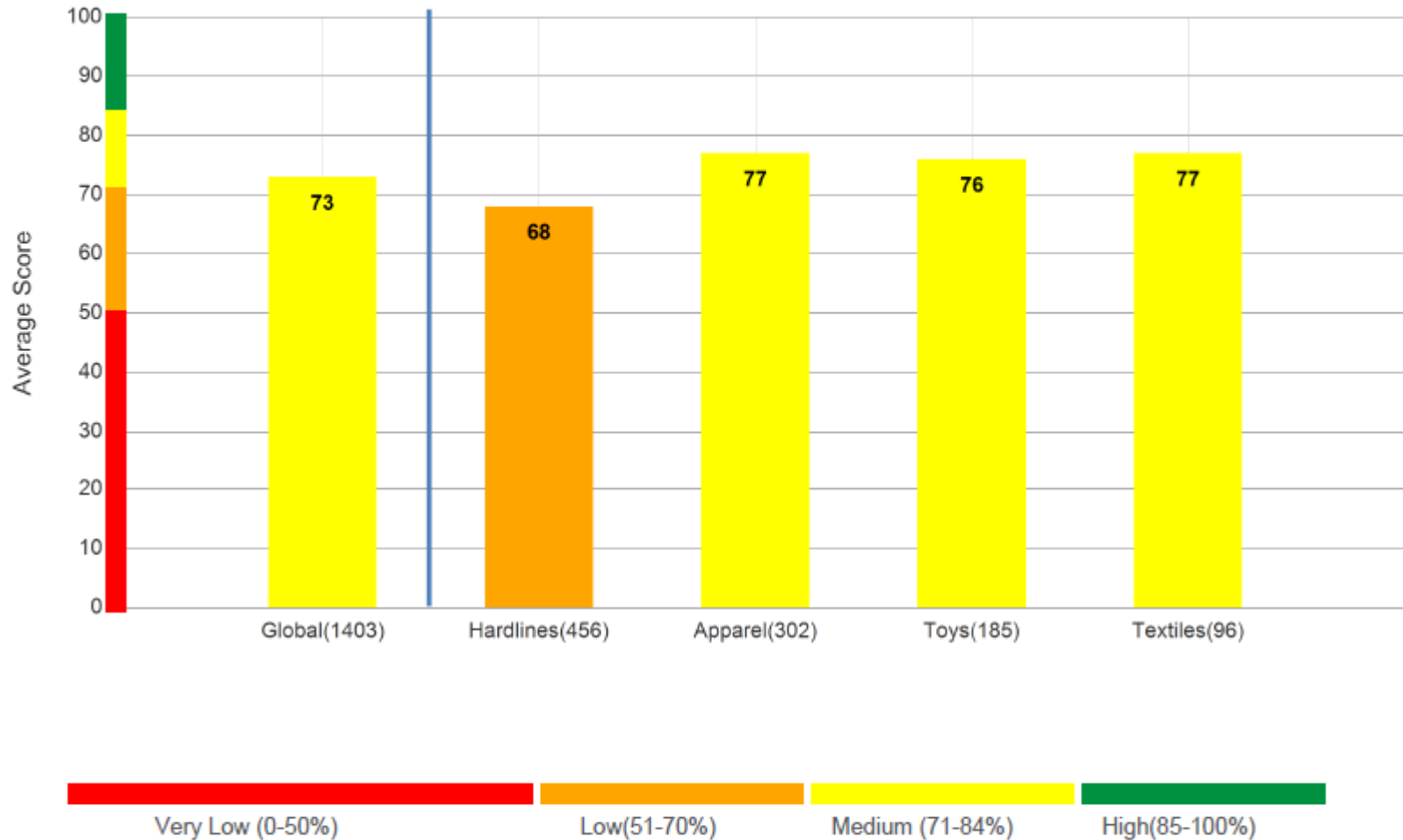
Medium Performance (71 – 84)
Further Improvement Needed.

Low Performance (51 – 70)
Significant Action Required.

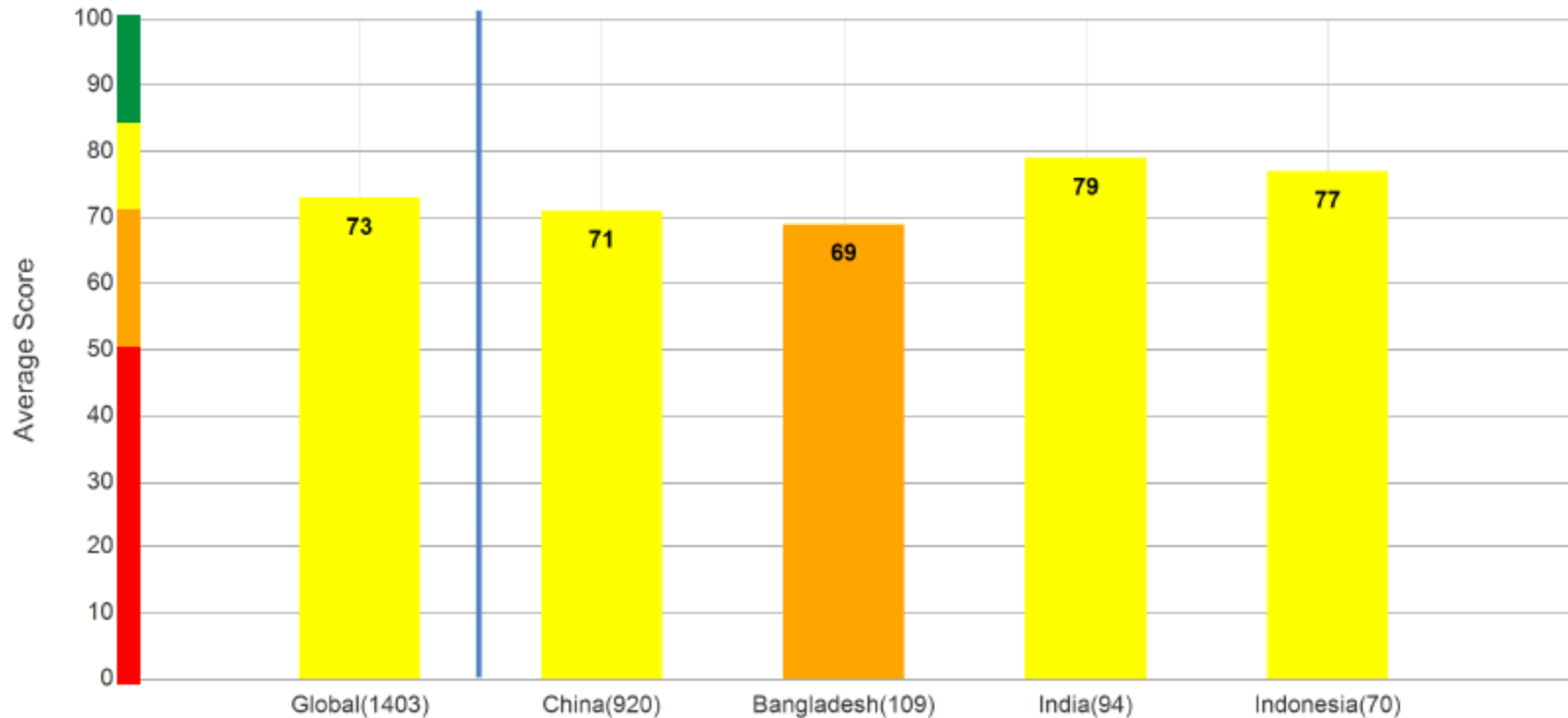
Very Low Performance (0 – 50)
Urgent Action Required.

Global Average: 73

Average Results- By Industry



Average Results- By Country



Category Comparison- By Country

| Country (Number of Audits) | Overall Average | Labor | Wages & Hours | Health & Safety | Management Systems | Environment |
|----------------------------|-----------------|-------|---------------|-----------------|--------------------|-------------|
| China(920) | 71% | 92% | 54% | 72% | 68% | 65% |
| Bangladesh(109) | 68% | 86% | 48% | 63% | 79% | 73% |
| India(94) | 78% | 88% | 72% | 81% | 71% | 78% |
| Indonesia(70) | 77% | 86% | 62% | 77% | 85% | 81% |

- *Inaccurate piece rate calculations*
- *Overtime hours over the law*
- *No one day off after 6 consecutive days*
- *Pay below minimum wage*

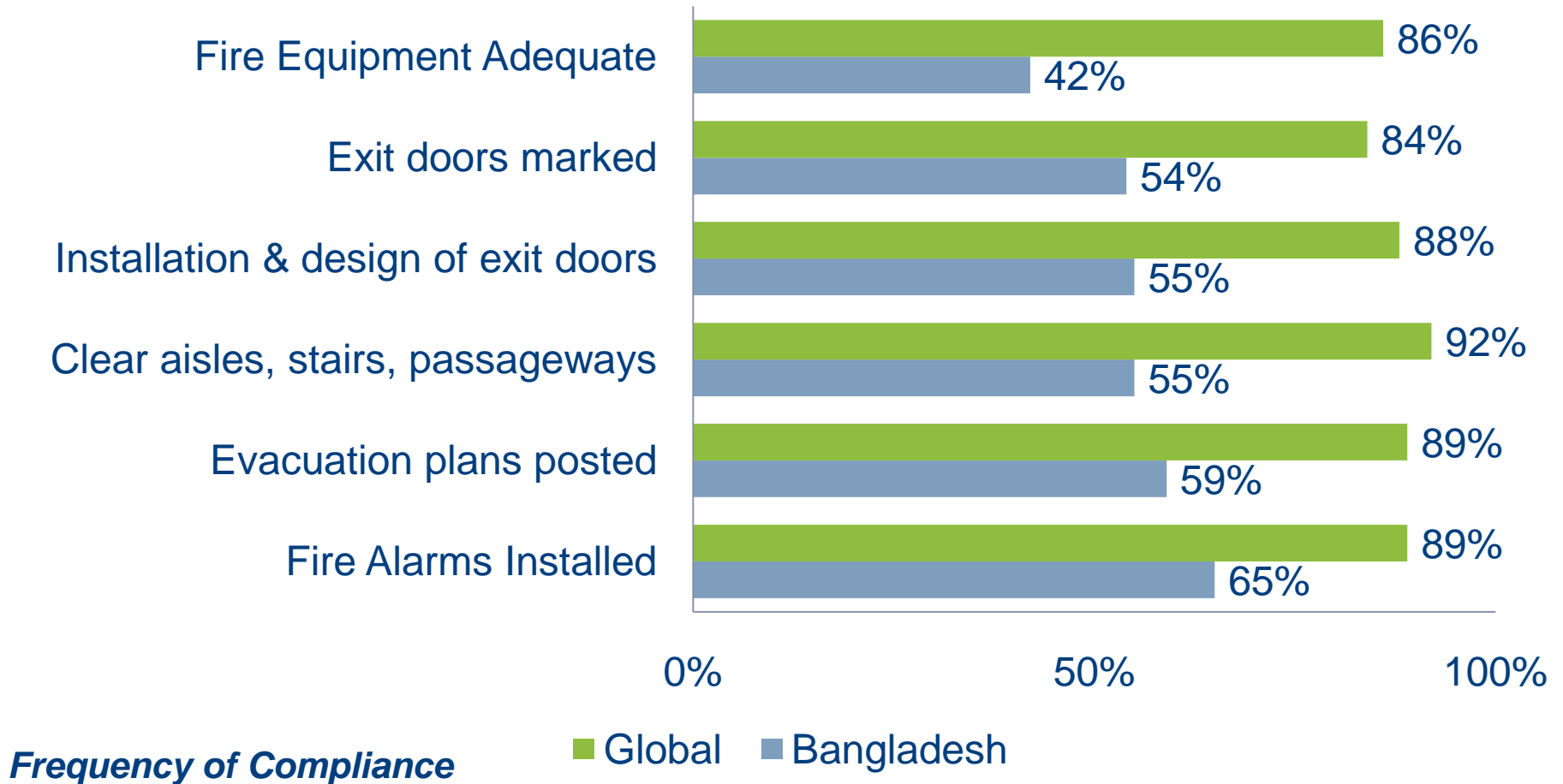


Health & Safety Category Comparison

| Country | Overall Average | China(920) | Bangladesh (109) | India(94) | Indonesia(70) |
|----------------------------------|-----------------|------------|------------------|-----------|---------------|
| Health & Safety | 74 % | 72 % | 63 % | 81 % | 77 % |
| General Work Facility | 94 % | 95 % | 89 % | 97 % | 88 % |
| Emergency Preparedness | 74 % | 74 % | 46 % | 77 % | 82 % |
| Occupational Injury | 80 % | 78 % | 86 % | 89 % | 80 % |
| Machine Safety | 81 % | 80 % | 75 % | 84 % | 82 % |
| Safety Hazards | 71 % | 66 % | 76 % | 86 % | 73 % |
| Chemical and Hazardous Materials | 75 % | 71 % | 87 % | 79 % | 79 % |



Emergency Preparation Category- Bangladesh



Part IV

The Information Gateway

A Group Discussion

Engage with Intertek

- **Start to collect your audit data using E-Tool technology**
- **Join the WCA community**
- **Customized research and analysis of the E-Tool database**



THANK YOU

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