



**RESPONSIBLE
SOURCING
SERVICES**



ABOUT UL'S RESPONSIBLE SOURCING GROUP

Drawing from extensive industry knowledge and best practices, UL delivers innovative, customized responsible sourcing solutions.

UL's Responsible Sourcing group provides auditing and advisory services in six areas of expertise: Social Responsibility and Accountability, Risk Identification and Management, Environmental Responsibility, Brand Protection and Supply Chain Security, Extractives and Raw Materials Sourcing, and Capacity-Building and Continuous Improvement.

UL's Responsible Sourcing group endeavors to be the global leader in advancing sustainable business practices within supply chains, worldwide. We execute our mission through:

- Delivering auditing and advisory services that meet the evolving needs of the marketplace,
- Being a trusted advisor and thought-leader to clients and other stakeholders, and;
- Advancing UL's mission of "working hard for a safer world".

As the first social monitoring company of its kind, when it was founded as CSCC, UL's Responsible Sourcing group has to date provided auditing and advisory services to more than 500 retailers, brands, and suppliers.

Our employees represent over 30 nationalities and languages.

We can quickly deploy resources to offer service in newly emerging markets.



30+

Nationalities and languages represented by our staff



120+

Countries covered by our global auditing footprint



20,000+

Assessments conducted each year



INDUSTRY EXPERIENCE & ACCREDITATIONS

UL's Responsible Sourcing group's mission is to be the global leader in advancing sustainable business practices within supply chains, worldwide.

UL's Responsible Sourcing group is an accredited monitor for Social Accountability International (SAI), Fair Labor Association (FLA), Worldwide Responsible Accredited Production (WRAP), International Council of Toy Industries (ICTI), and the Responsible Jewellery Council (RJC).

In addition, UL's Responsible Sourcing group is one of three approved auditors for the Electronic Industry Citizenship Coalition (EICC) Conflict Free Smelter (CFS) Program. UL was the first accredited monitor for the Responsible Jewellery Council (RJC) Certification and is a member of the RJC Consultative Panel on Chain of Custody Standard.

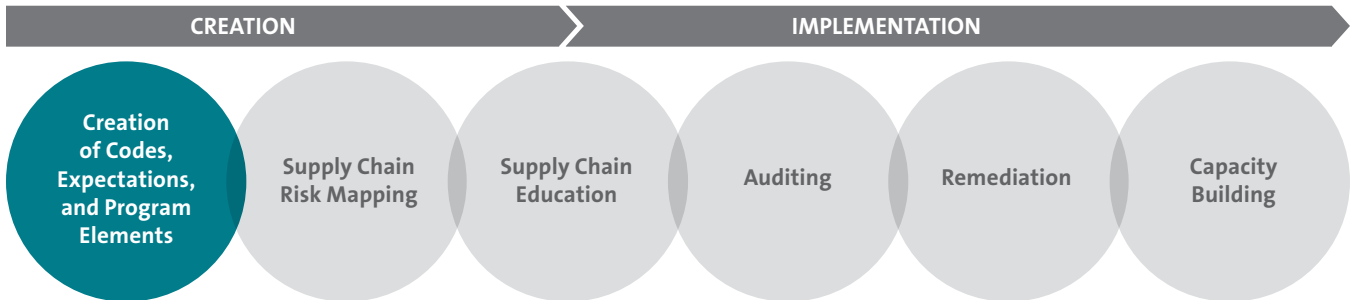
We are active in a broad range of monitoring initiatives like the Business Social Compliance Initiative (BSCI), Electronics Industry Citizenship Coalition (EICC), and the Initiative Clause Sociale (ICS). UL's Responsible Sourcing group played a leading role in the consultation process for the Global Social Compliance Programme (GSCP) reference audit tools; having provided both the second draft of the auditor tool, as well as test assessments for clients based in Europe and the United States.

IN AN EFFORT TO CONTINUALLY ALIGN WITH SOCIAL COMPLIANCE INDUSTRY BEST PRACTICES, UL'S RESPONSIBLE SOURCING GROUP IS A MEMBER OF THE:

1. International Federation of Inspection Agencies (IFIA),
2. Footwear Distributors and Retailers of America (FDRA),
3. Automotive Industry Action Group (AIAG),
4. American Apparel and Footwear Association (AAFA), and
5. Fashion Jewelry and Accessories Trade Association (FJATA).

DESCRIPTION OF SERVICES

UL's Responsible Sourcing group recognizes that a global supply chain presents a unique set of challenges in assessing sustainable practices across different regions and products. The composition of multi-tier supply chains adds an additional layer of complexity to monitoring efforts. UL offers clients a full portfolio of responsible sourcing services to address the evolving needs of the marketplace.



1. Creation of Codes, Expectations, and Program Elements

Code of Conduct Services

A Code of Conduct serves as the foundation of an effective social compliance program as it embodies a company's core values and vision for social and environmental responsibility. UL's Responsible Sourcing group offers an array of Code of Conduct (CoC) Services to help companies effectively establish and communicate their CSR program standards. UL's subject matter experts work closely with the client's staff to assess the company's needs and expectations and to clarify their vision of their code. Clients may request alignment of their code with current and forthcoming social chain compliance regulations, industry best practices, international standards, and peer or customer standards. Our solutions are designed to meet individualized client needs and maximize program results, thus we offer a range of options that meet clients' needs—including benchmarking, comparing, developing, and enhancing CoCs.

CoC Benchmarking

The CoC benchmarking service helps evaluate a client company's CoC against its peers, customers, competitors, or industry initiatives across a number of UL-developed criteria. Benchmarking reports include a visual gap assessment through a comparison chart, a detailed narrative analysis, and a summary of recommendations to enhance the client's CoC.

CoC Comparison

The CoC comparison service is a study of a client's peers, customers, competitors, initiatives or best practice CoCs to reveal common standards and language. This service helps the client identify target code standards. The comparison can serve as a basis for the development of a client's CoC.



CoC Development

The CoC development service includes an assessment of the company's needs and expectations through dialogue with the company's staff as well as documentation review. The final CoC establishes the foundation of a client's CSR program by setting standards and communicating applicability, scope, and implementation.

CoC Enhancement

The CoC enhancement service can help clients analyze and improve an existing code within the context in which the company operates. UL's subject matter experts identify gaps and offer recommendations to better set and communicate standards. CoC enhancement can be applied after execution of a CoC benchmarking.

CSR Manual Development

UL's Responsible Sourcing group offers CSR Manual consultation services to help clients design a practical tool for the implementation of their CSR programs throughout their supply chain.

UL also offers CSR Vendor/ Supplier Manual Development Services, which include the creation of an external-facing manual for the use of vendors and suppliers and is based on material created during the CSR Manual project phase.

Additionally, UL can customize the scope of the CSR Vendor/Supplier Manual to include complimentary resources on specific industry risks and provide references to related laws, industry reports, initiatives and best practice guidelines.

A Code of Conduct serves as the foundation of an effective social compliance program as it embodies a company's core values and vision for social and environmental responsibility.

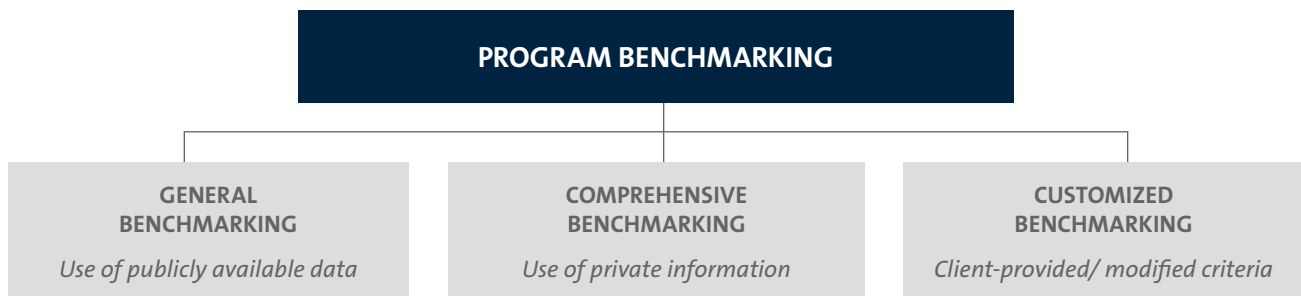


Benchmarking

Creation of codes, expectations and program components requires a well-informed approach that takes into account industry trends and efforts. While corporate social responsibility (CSR) programs fall on a continuum, from minimum to leading practice, all companies seek to evaluate the progress they have made within their industry and identify opportunities for enhancement. For clients looking to develop or enhance their CSR programs, UL's Responsible Sourcing group offers two complementary services: program benchmarking and program element benchmarking.

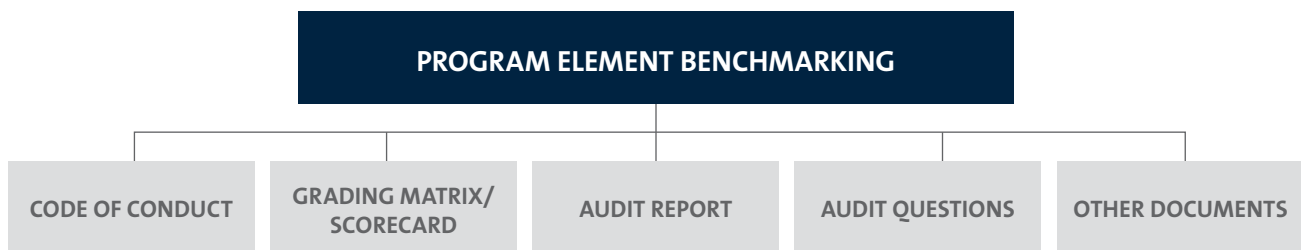
Program Benchmarking

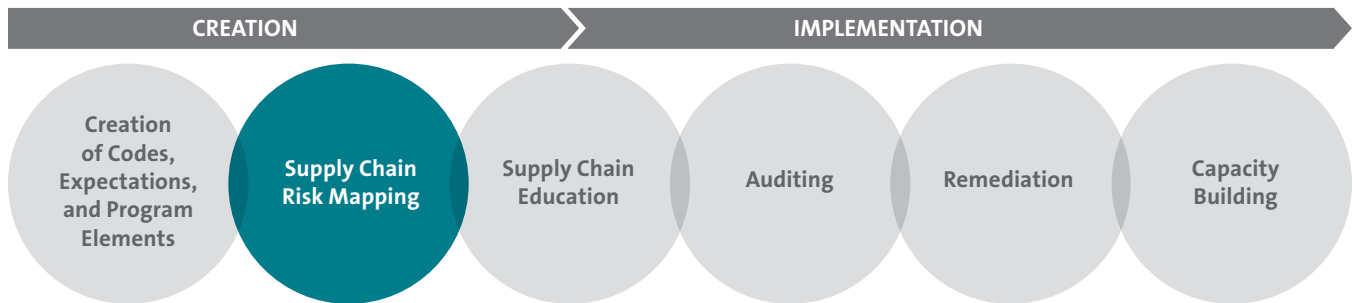
UL's program benchmarking services help analyze supply chain corporate responsibility efforts and social compliance programs through comparisons with peers, competitors or best in class corporations. Benchmarking evaluates the client's company practices against industry norms and leading practice across a number of UL-established criteria. Depending on the type of benchmarking, UL uses two types of data: publicly available information and private information.



Program Element Benchmarking

UL's program element benchmarking services help evaluate the client's CSR program documents through comparisons with peers, competitors, best in class corporations or initiatives. Examples of documents that UL has benchmarked include codes of conduct, grading matrices and scorecards, audit reports, and audit question sets. Depending on the client's choice of comparative entities, UL may refer to publicly available or private information.





2. Supply Chain Risk Mapping

Supply chain risk is determined by factors ranging from macro-level country conditions to individual supplier performance. An understanding of these elements allows companies to make well-informed sourcing decisions. UL offers supply chain risk mapping services through three major lenses: global and regional, product-specific, and supplier-specific.

Global and Regional

Global Risk Index (GRI)

UL's annual publication of the Responsible Sourcing Global Risk Index evaluates risk by aggregating social, economic, and political indicators into a single, easy-to-read comprehensive report. The GRI is a quantitative composite of four internationally recognized indices and two UL indices, and generally accounts for 180 countries, depending on availability of data. The GRI also includes a heat map depicting countries' risk levels, color coded to risk scores.

Country Risk Profiles

UL's Country Risk Profile is a narrative report that summarizes labor trends in a particular country. It also provides a snapshot of the most common violations encountered in the country of interest, along with possible regulatory or social factors that may help explain the latest trends. Finally, the Country Risk Profile includes a regional risk heat map, color coded to GRI risk scores.

Product-Specific Risk Assessments

Since product-specific risks are highly contingent on the countries from which they are sourced, UL offers quantitative and qualitative tools to evaluate social, economic, and labor risk at the country-commodity level. These assessments often include detailed MS Excel sheets incorporating desktop research and quantitative scoring, as well as a narrative report analyzing key findings.



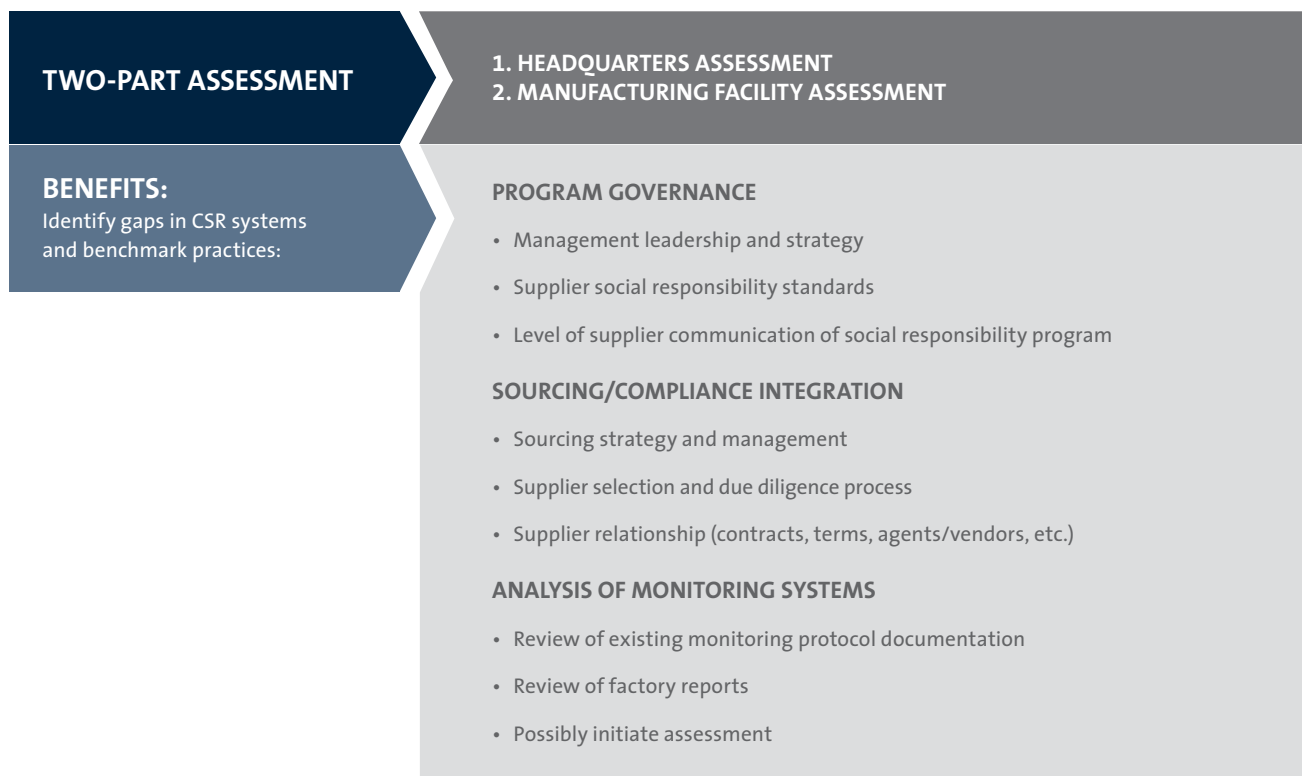
Supplier-Specific Risk Assessments

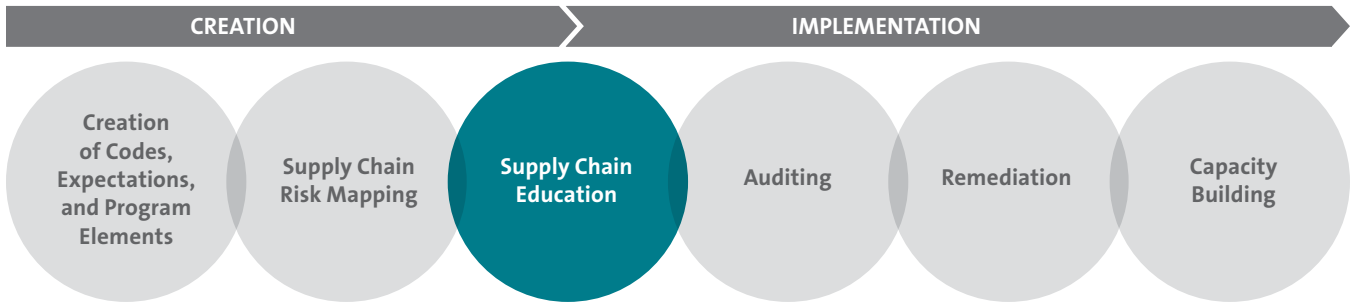
UL offers the following desktop-based risk assessments to evaluate supplier-level risk:

- Analysis of Previous On-Site Assessments: Automated tool that uses risk evaluation criteria to analyze assessment reports from the Client and other peer companies.
- Risk Calculator: Automated tool that integrates available risk data and self-assessment answers to provide a supplier-level risk rating.
- Self-Assessment Questionnaire (SAQ): A tool used to pre-screen suppliers and their capacity and willingness to abide to the Client's Ethical Standards.

CSR Management Systems Assessments

A management system assessment gives the client a full overview of their supplier by evaluating the level of maturity and effectiveness of a supplier's program for managing social, labor, ethical and environmental compliance through its supply chain. This assessment includes (see graphic below):






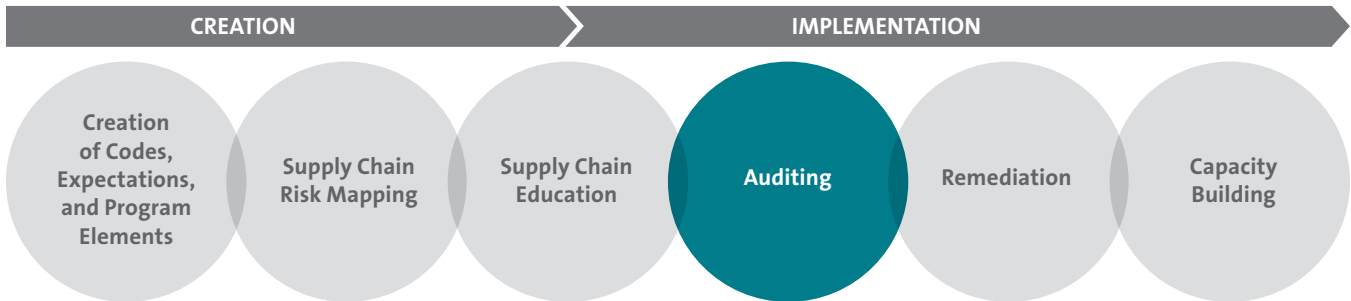


3. Supply Chain Education

UL's Responsible Sourcing group offers a spectrum of supply chain education services for all steps in the supply chain.

Our experts across the globe have the capacity to design and deliver trainings in multiple languages. Training duration is adjusted according to the content to be delivered and the needs of the client's target audience. Trainings are interactive with case studies and exercises where possible.

 <p>Audience</p> <p>Brands and retailers (supply chain CSR practitioners, internal auditors, buyers)</p> <p>Vendors, agents, suppliers</p> <p>Factories</p>	 <p>Topics</p> <ul style="list-style-type: none"> • Supply chain Corporate Social Responsibility <ul style="list-style-type: none"> ▪ History and background of supply-chain monitoring ▪ CSR program components ▪ Human trafficking ▪ Standards, Codes of Conduct, and prevailing initiatives • Audit-related trainings <ul style="list-style-type: none"> ▪ Auditor training ▪ Specialized audit training ▪ Country-specific requirements ▪ In-house audit team calibration • Capacity building <ul style="list-style-type: none"> ▪ Building effective corrective action plans ▪ Root cause analysis ▪ Prioritization of findings
 <p>Formats</p> <p>Classroom</p> <p>Online</p> <p>Onsite</p>	<p><small>NOTE: Above list of topics for client reference; content can be customized to meet client needs.</small></p>



4. Auditing

With over 20 years of experience in the social auditing industry and over 200,000 audits conducted, UL's Responsible Sourcing group leverages its institutional knowledge and on-the-ground insight to help clients obtain valuable information on workplace conditions within their supply chain.

Responsible Sourcing Workplace Assessment

UL's Responsible Sourcing Workplace Assessment (RSWA) provides the platform for uniform audit execution across countries and industries. Standardized protocols, assessment procedures, and reporting tools allow our global network of auditors to swiftly and effectively execute assessments, without the need for additional auditor training and program set-up. Auditor guidance ensures clarity regarding the interpretation of questions that make up the audit tool. All audit reports are subject to a thorough review process to ensure consistent report quality worldwide. The areas evaluated as part of the audit (scope) and the protocols followed in the field (methodology) of the RSWA are benchmarked against key industry frameworks such as: Global Social Compliance Programme [GSCP], Sedex Members Ethical Trade Audit [SMETA], Electronic Industry Citizenship Coalition [EICC], ILO conventions and recommendations, and the auditing guidelines set by the International Federation of Inspection Agencies [IFIA].



UL'S RESPONSIBLE SOURCING WORKPLACE ASSESSMENT SCOPE



Labor Practices

- Abuse, Coercion, Harassment, Disciplinary Action
- Benefits
- Child Labor, Young Workers, Apprentices/ Trainees
- Discrimination
- Forced, Bonded, Indentured, Slave, Prison Labor
- Freedom of Association and Collective Bargaining
- Hiring and Termination
- Remuneration
- Working Hours



Health and Safety:

- Accidents
- Chemicals and Hazardous Materials
- Electrical
- Emergency
- Equipment Safety
- First Aid
- Personal Protective Equipment (PPE)



Environmental Responsibility:

- Air Emissions
- Noise Pollution
- Waste
- Water and Wastewater

Also included:

FACILITY SUPPLY CHAIN PROFILE, ETHICS AND BUSINESS INTEGRITY, AND MANAGEMENT SYSTEMS

Responsible Sourcing Fire Safety Audit

UL's Responsible Sourcing Fire safety audits enable brands and retailers to gain valuable insight into potential fire and life safety concerns across a uniform assessment standard. The Fire Safety Audits are non-structural fire protection, life safety elements, and social compliance measures as they relate to fire safety in existing buildings. The audit focuses on key life safety components around:

- Fire Prevention
- Fire Protection
- Emergency Egress
- Fire Management Systems

The areas evaluated as part of the audit (scope) and the protocols followed in the field (methodology) for the Fire Safety Audit are benchmarked against key industry frameworks such as: International Federation of Inspection Agencies (IFIA), International Labor Organization (ILO), Business Social Compliance Initiative (BSCI), Worldwide Responsible Accredited Production (WRAP), Electronic Industry Citizenship Coalition (EICC), Global Social Compliance Programme (GSCP), Social Accountability International (SAI), International Fire Code (IFC), National Fire Protection Association (NFPA), and key brand specific frameworks.

The Alliance for Bangladesh Worker Safety (Alliance) and the Bangladesh Fire and Building Safety Accord (Accord) were also used to inform the development of the audit tool. However, because these initiatives are specific to Bangladesh and includes elements of building inspections that are beyond the competencies of a social auditor, the UL RS Fire Safety Audit does not fulfill select requirements within the Alliance and Accord. Auditor guidance ensures clarity regarding the interpretation of questions that make up the audit tool. All audit reports are subject to a thorough review process to ensure consistent report quality worldwide.



Wastewater Assessment Services

UL Responsible Sourcing's Wastewater Assessment services includes onsite wastewater assessment, wastewater sampling, and wastewater testing.

Onsite Wastewater Assessments

UL's Onsite Wastewater Assessment, based on the Zero Discharge of Hazardous Chemicals (ZDHC) principles, provides valuable insights to clients who source goods from water intensive operations such as leather tanneries and dye operations. To minimize potential damage to surrounding ecosystems and communities, the wastewater assessment examines water use within a facility and if the management systems are in place to monitor water intake and discharge. The audit focuses on components around:

- Management Systems
- Training and Education
- Chemicals and Hazardous Substances
- Water Use
- Quality and Monitoring
- Wastewater Treatment
- Emergency Response

UL can customize the assessment to meet a client's existing guidelines and protocols.

Wastewater Sampling and Testing

This analytical service supports clients in assessing appropriate management and control of chemicals throughout the supply chain and in achieving zero discharge of hazardous chemicals by 2020.

Wastewater sampling follows the methodology recommended by the Zero Discharge for Hazardous Chemicals consortium. The wastewater samples can be taken by UL during an onsite assessment.

CHEMICAL GROUPS IN THE TESTING SCOPE INCLUDE:

1. Ortho-phthalates
2. Halogenated flame retardants
3. Azo dyes
4. Organotin compounds
5. Chlorobenzenes
6. Halogenated solvents
7. Chlorophenols
8. Short chain chlorinated paraffins
9. Heavy metals
10. Alkylphenol ethoxylates
11. Perfluorinated chemicals



Production Verification Visits

UL's Responsible Sourcing group offers the Production Verification Visit (PVV) to investigate potential instances of unauthorized subcontracting or transshipment. The assessment, which uses various methods to establish data points – including document review, management interviews, employee interviews, onsite observation, and simple production time studies – has been designed to answer the following questions:

Can the facility demonstrate that all production for the selected POs occurs onsite without the need for subcontracting?

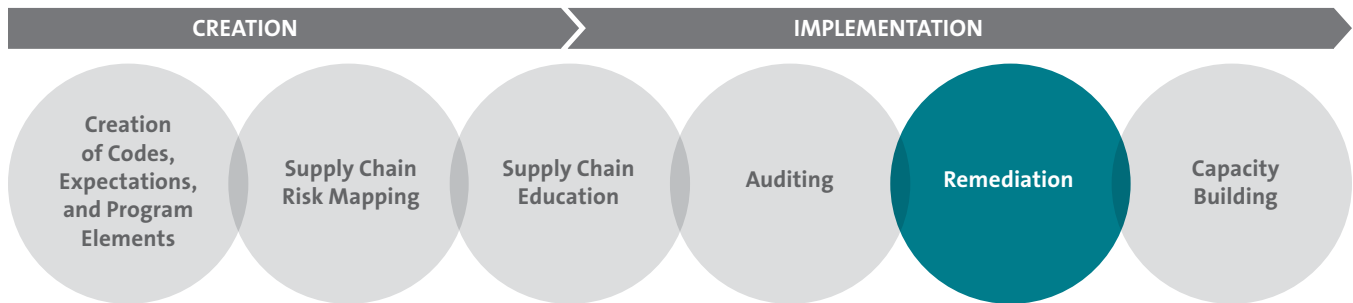
Are all necessary materials onsite in the sufficient amount to enable the facility to actually complete related processes for selected POs?

Is subcontracting reported by employees or management, or are there any other signs of subcontracting?

Are any processes completely missing in the facility? Are any bottlenecks visually observed that prevent on-time production?

Has production started for items one week from delivery?

Are there signs of transshipment or concealment of true country of origin?



5. Remediation

Corrective and Preventive Action (CAPA) Management System

In order to help manage and track management system improvements and corrective action plans, UL has developed an online CAPA System. This system manages and consolidates communication related to management system improvements, tracks and documents the closure of audit findings, and minimizes the administrative effort of managing the remediation process.

BENEFITS OF UL'S ONLINE CAPA SYSTEM INCLUDE:

- Recordkeeping of non-compliances in a centralized, real-time portal
- Automated tracking of due dates and remediation status
- E-filing of attachments such as scanned documents and photos correlated to each specific non-compliance
- Ability to separate issues so that root cause and corrective action “owner” are properly identified
- Ability to approve individual corrective actions as part of a larger plan as they are remediated

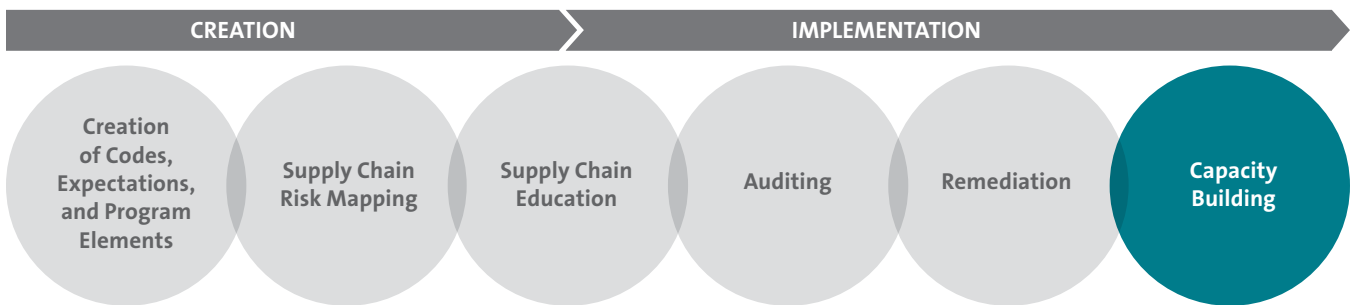


Managed CAPA

UL can also manage the corrective action process through our specialist team. We review immediate/corrective actions, root causes, and preventative action plans submitted by sites, as well as provide guidance on plan improvements and steps required to close out findings.

Clients who use the Managed CAPA service see benefits in the use of our regional staff, who are experts in local law, to drive corrective action locally, while also overcoming common difficulties that clients face in managing the close-out of issues in their supply chains due to location, with examples as follows:

- Inability to read scanned documents that are in the local language
- Lack of familiarity with local requirement and local issues (Social Insurance coverage in China, Employee Providence Fund coverage in India, employee coaching in China, multiple payrolls in Turkey to avoid the provision of benefits, illegal rooftop additions in Bangladesh), meaning that the client is not sure what is “cultural” and possibly common, and what may not be acceptable
- Lacking experience with root cause analysis
- Lacking knowledge of local laws, international standards, or industry best practices, implying that the client is not empowered to put together a clear case for why a corrective action that has been submitted is suitable or not suitable



6. Capacity Building

UL’s factory continuous improvement services help customers and facilities improve social responsibility performance through a management systems focus. These services allow for greater visibility into violations observed by determining the root causes of findings and helping to build better management systems that result in improvements to actual practices. The service components below are part of a long-term plan to help facilities identify gaps in management systems, plan improvements and implement sustainable solutions.





Systems Gap Assessments (SGA) and Implementation Planning Facilitation (IPF)

The SGA and the IPF are conducted in conjunction by Responsible Sourcing Field Specialists. The on-site engagement focuses on identifying gaps in management systems and root causes that contribute to non-compliances. UL's specialists lead factory management through a structured rubric to build a go-forward plan for sustainable correction action, identifying the specific tasks that need to be completed, identifying owners and deadlines to ensure that actions are on track.

Onsite Support Services (OSS) and Remote Support Services (RSS)

UL specialists can schedule a follow-up visit (OSS) or a telephone call (RSS) with facility management after the initial Systems Gap Assessment and Implementation Planning Facilitation. With this service, specialists look for evidence of development and implementation of new policies and procedures or other systematic improvements, and provide guidance as needed. In addition, management is asked to discuss challenges and achievements as a result of the training and implementation process. UL also engages facility management to assess internal monitoring of compliance.

For additional information on UL's Responsible Sourcing Services, contact **RSinfo@ul.com**, or visit **ul.com**

THIS DOCUMENT IS FOR GENERAL INFORMATION PURPOSES ONLY AND IS NOT INTENDED TO CONVEY LEGAL OR OTHER PROFESSIONAL ADVICE.

© 2015 UL and the UL logo are trademarks of UL LLC. All rights reserved. This brochure is provided for general information purposes only and is not intended to convey legal or other professional advice.

