audit with trust

PROGRAM INTEGRITY POLICY
At ICTI Ethical Toy Program, we believe only through the culture we create, and the value system that we live by and continuously improve, will a greater ICTI Ethical Toy Program emerge – a program that brings together people to drive unprecedented value and solution for our buyer members, our factories, our stakeholders, our entire industry, and ourselves.

Our shared core values of Trust and Transparency, Impartiality and Independence, Leadership by Example, and Coherence underpin everything we do to strive against corruption, unethical behavior, and improper influence. These core values are the foundation of our Integrity and Sustainability Program and are embodied in this Program Integrity Policy. They are more than just words on a page, but manifestation of the philosophy we have nurtured.
The **VALUES** we uphold

**TRUST AND TRANSPARENCY**
To be sincere, honest and open in what constitutes the matter (regardless of the right or wrong) and how the matter is resolved and concluded. To shape a belief in speaking up without fear.

**IMPARTIALITY AND INDEPENDENCE**
To be objective and operate separately from daily business of the audit process, and thereby earn trust and respect.

**LEADERSHIP BY EXAMPLE**
To set high standards in our program and be an exemplar for the industry and ourselves.

**COHERENCE**
To strive relentlessly, constantly improve, and share what we believe and adhere to across the entire industry to create a joint force.
With this vision of transformation, it comes along with great responsibilities for all of us.

There is no greater priority than empowerment of all factories and audit parties to be responsible for upholding an open, fair and honest audit environment to exemplify the values in the work we do every day. It is vital that, whether you are part of this program as a factory or an audit representative, to review the important principles outlined in this Policy and equip you with knowledge and guidance to prevent corruption, unethical behavior or improper influence. Only with the joint effort from every one of you will we continue making this ethical supply chain program thriving and successful.

We should all keep in mind that any violation of the Program Integrity Policy is a serious matter which could have damaging consequence and adversely affect the reputation of ICTI Ethical Toy Program and your company. Each factory and audit representative, therefore, must:

- Take the time to read carefully, learn and implement the Program Integrity Policy in the audit process of ICTI Ethical Toy Program.

- Seek immediate assistance and advice from the Integrity and Sustainability Team of ICTI Ethical Toy Program when any concern or question arises about the application of the Program Integrity Policy.
Introduction

ABOUT THE POLICY

ICTI Ethical Toy Program opposes to all forms of unethical behavior arising from any process of the program. It is therefore essential that a set of robust procedures are put in place to prevent risks. The Program Integrity Policy (the “Policy”) addresses the commitment of ICTI Ethical Toy Program to the highest standards of ethics in audit activities, and serves as the guide of what is expected in all audit activities. Whatever the circumstances, factories and audit representatives are expected to act in full compliance with this Policy at all times.

The Policy is approved by the Board of Directors of ICTI Ethical Toy Program; and executed by Integrity and Sustainability Team (the “Team”) of ICTI Ethical Toy Program with an effective system of independent. The Team is established to implement the culture of integrity and seek proactive role in the prevention of bribery among the Program.

The Team reports directly to the CEO & President of ICTI Ethical Toy Program, and is independent and autonomous in fields of actions.

SCOPE OF THE POLICY

The Policy related to all forms of unethical behavior defined in Section 4 of this document. All aspects of the Policy must be adhered to by anyone who participates in the Program, including but not limited to Applicants, Seal Holders, Audit Representatives and Employees of ICTI Ethical Toy Program.
CONSEQUENCE of non-compliance

Failure to comply with the Policy is viewed as a serious matter that must be addressed. If a breach of the Policy has occurred, sanctions should apply.

It is incumbent upon any party who participates and involves in the Program to know the consequences of and read, understand, and abide by all of the rules and guidelines contained in this Policy.
Factory

The improper influence of audit in the form of bribery or bribery attempt by Factory is classified as Zero Tolerance violations\(^1\). Factory could be terminated from the ICTI Ethical Toy Program for 12 months and is then not permitted to re-apply before the end of termination period.

Third Party Auditor

Auditor who works for accredited audit party of ICTI Ethical Toy Program is appointed as Audit Representative for the Program. An Audit Representative who violates the policy would be disqualified and removed from the ICTI Ethical Toy Program immediately\(^2\).

Employee of ICTI Ethical Toy Program

Any employee appointed to conduct audit of ICTI Ethical Toy Program and/or related audit activity is also an Audit Representative, who must perform in professional, independent and impartial manner, honestly and in full compliance with approved methods, practices and policies of ICTI Ethical Toy Program. Any Audit Representative in breach of the Policy will be subject to disciplinary action, including termination of employment\(^3\).

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\(^1\) Please refer to Probation and Termination Policy for more information.

\(^2\) Please refer to Auditor Handbook for more information.

\(^3\) Please refer to Employee Handbook of ICTI Ethical Toy Program for more information.
UNETHICAL BEHAVIOR & IMPROPER ADVANTAGE in the audit process

Unethical Behavior & Improper Advantage

The Factory should not engage in unethical behavior of any form, in any of the country where it operates. Employee, or anyone acting on behalf of the Factory, must not pay, offer or promise to pay, or authorize payment of financial or other advantages, or anything else of value, in any amount, to any Audit Representative, whether directly or indirectly, with the aim of influencing the Audit Representative’s decision, or encourage the Audit Representative to secure an improper advantage for the Factory.

Travel and Accommodation

The Audit Representative should arrange his/her own transportation and accommodation to and from the audit location. The Factory should not provide, and the Audit Representative should not accept, transportation or accommodation associated with the audits of ICTI Ethical Toy Program.

Meal

The Audit Representative should arrange his/her own meals. The Factory should not provide, and the Audit Representative should not accept any meal arrangements, unless alternative meal is not readily available. In such case, upon the Audit Representative’s request, the Factory may arrange meal for the Audit
Representative. The Audit Representative should pay back the Factory all meal expenses at or before the Closing Meeting.

Where a payment has been made under Section 3.3, TWO (2) copies of the Expense Declaration Form\textsuperscript{4} should be completed and signed by both the Factory and the participated Audit Representatives. A copy of the forms should be given to the Factory; the other should be retained by the Audit Representative. The Expense Declaration Form is intended to confirm the payment, and avoid any misunderstanding or misrepresentation raised from the arrangement.

## Gifts and Entertainment

The Factory or the Audit Representative shall not offer, provide, attempt to offer or provide, solicit, accept, or attempt to solicit or accept, any gift or entertainment including but not limited to:

- Any gift, cash or cash equivalent, goods including the Factory’s own product, favor, benefit, discount, forbearance, or other tangible or intangible item having monetary value.

- Any entertainment, social event, hospitality event, concert, charitable event, meal, leisure activity, and conference, marketing event or an event of like nature.

## Local Custom

ICTI Ethical Toy Program respects local custom and institution. However, local custom should not be used as an excuse to violate the Policy. Gift in any forms presented in common custom are categorized as illegitimate Gift and Entertainment under Section 3.4.

\textsuperscript{4} Per Annex X attached
Raise a CONCERN

The Integrity and Sustainability Team of ICTI Ethical Toy Program has procedures for reporting, assessing, and responding to reported violation against the Policy. Any party aware of a violation or suspected breach of the Policy should always immediately report to the Integrity and Sustainability Team of ICTI Ethical Toy Program.

Integrity Declaration Form

The Integrity Declaration (the “Declaration”) underlines ICTI Ethical Toy Program’s policy on integrity. TWO (2) copies of Declaration should be completed, signed and stamped by the senior factory representative and each of the Audit Representatives at the opening meeting on the date of audit. One of these signed copies will be kept
by the Factory; the other should be retained by the Audit Representatives.

The intent of this Declaration is to have Factory and Audit Representatives confirm the understanding and commitment on ICTI Ethical Toy Program’s policy of integrity.

**Integrity Reporting Form**

Factory and Audit Representative could report an integrity issue by submitting the *Integrity Reporting Form* to the Head of Integrity and Sustainability via integrity@ethicaltoyprogram.org. Any information required in the form must be provided. Insufficient or incomplete information may restrain the Integrity and Sustainability Team from making proper assessment.

All provided information will be remained strictly confidential and will only be accessible by the Head of Integrity and Sustainability.

**Connect Platform – Online Auditor Assessment**

The Connect Platform is an online platform that enables Factory to evaluate and give feedback to the on-site performance of Audit Representatives. It is intended to serve as an additional instant channel for Factory to report any bribery issues occurred at the latest on-site audit the Factory undertakes. Any report submitted through this online platform is remained strictly confidential and will only be accessible by the Head of Integrity and Sustainability.
Upon receiving a compliant, the Head of Integrity and Sustainability will evaluate the case and assembled the investigation team if a full assessment is necessary.

The subject being assessed should respond and complete the Integrity Response Form within a reasonable time. If the assessed subject fails to respond within the designated timeframe, the assessment shall, nevertheless, proceed according to the only information available.

Any party who wishes to make a complaint must be represented by the senior management (Technical Manager, General Manager, Director or above); otherwise, the Integrity and Sustainability Team reserves the right to cease further assessment.

The Factory and the Audit Representatives of a reported integrity case shall receive a Closure Report summarizing the process undertaken to corroborate allegation and the result concluded in the assessment. Recommendation will be made to the Program Monitoring and Development Team of ICTI Ethical Toy Program to process final decision.
Confidentiality

Confidentiality is required for effective assessment and other appropriate action in the case of reported wrongdoing. ICTI Ethical Toy Program endeavors to protect the identity in the interest of assessment participants and the assessed subject. Information including but not limited to, the content of complaint, the identity of assessment participants, the actions taken for assessment, and the process of review will only be accessible by the Integrity and Sustainability Team; and if necessary, the CEO & President of ICTI Ethical Toy Program.

The Closure Report is considered strictly confidential. Any further dissemination of closure reports would only be made at the discretion of ICTI Ethical Toy Program.

Interpretation

If anyone has doubt about the interpretation of anything within this Policy, he/she should seek clarification from the Integrity and Sustainability Team. ICTI Ethical Toy Program reserves the right to make changes without prior notice.
ANNEX 1: INTEGRITY DECLARATION FORM

ANNEX 2: INTEGRITY REPORTING FORM (FACTORIES)

ANNEX 3: SOP OF FACTORIES REPORTING INTEGRITY ISSUES

ANNEX 3: EXPENSE DECLARATION FORM

(To be added)
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