



EXECUTIVE SUMMARY

1. In a public statement dated 28 June 2016, the Guangdong Toy Association made a number of criticisms of ICTI CARE, including allegations of bribery involving 3rd party auditors several years ago. While there were complaints about ICTI CARE's role and the cost of the ICTI CARE Program, there was no suggestion of any impropriety within ICTI CARE.
2. ICTI CARE engaged Howse Williams Bowers (HWB) to investigate the bribery allegations. Separately, ICTI CARE made enquiries of the 3rd party audit firm in question and was informed that it had not identified any bribery in relation to the subject audit (although the relevant individuals had been terminated from their employment for issues unrelated to the ICTI CARE Program).
3. In view of the unparticularised nature of most of the allegations, the time that had elapsed and the unavailability of any witnesses with first-hand knowledge of the facts, the scope of HWB's investigation was limited to a review of the material provided by ICTI CARE in connection with specific factory audits in 2008.
4. HWB did not identify any evidence to substantiate the bribery allegations. HWB could not entirely rule out the possibility that bribes had been solicited, but the outcome of the audits in question did not appear to have been affected by any impropriety.
5. There is no record of the factory registering any complaint in relation to the 2008 audits through the ICTI CARE Complaint and Appeal Procedure.



Howse Williams Bowers

6. HWB recommended that ICTI Care review its audit process to minimise the opportunity of exposure to abuse by 3rd party auditors or factories, and to improve the existing processes and safeguards in order to enhance the integrity of the ICTI CARE Program. ICTI CARE has accepted HWB's recommendation and Control Risks was appointed to undertake that review.

7. HWB also made recommendations on the re-tendering and terms of appointment of 3rd party audit firms and auditors. These recommendations, along with Control Risks', are being implemented by ICTI CARE.

Howse Williams Bowers

23 November 2016