EMPOWERING TRUST IN THE UL MARK

GLOBAL SECURITY & BRAND PROTECTION

2017 YEAR IN REVIEW
UL has built its brand on a foundation of trust. As sentinels of that trust, UL's Global Security & Brand Protection team worked diligently in 2017 to protect the UL Mark from misuse by counterfeiters, and to guard our digital and physical assets from any potential threats or breaches.

In 2017, our global team conducted 834 customs investigations, 325 anti-counterfeiting investigations and took down over 6,000 online listings for products bearing counterfeit UL Marks. Through our successful partnerships with global customs and law enforcement organizations, 2.2 million products bearing counterfeit UL Marks were seized and prevented from entering the stream of commerce.

**UL GLOBAL SECURITY & BRAND PROTECTION 2017**

I'm sure when Edison invented the light bulb in 1879, he would have never imagined that it would be one of the most counterfeited products. In 2017, 300,000 counterfeit lighting products were seized by global law enforcement. These frequently used products, when counterfeited, pose a significant safety threat to unsuspecting consumers and our team will continue to focus our efforts on removing them and other dangerous counterfeit products from the supply chain.

A highlight of the year was the 11th Annual International IP Crime Conference held at the United Nations headquarters in New York City. The speakers and attendees were engaging and inspiring, and the venue proved to be a perfect backdrop for global stakeholders to discuss new approaches to combating intellectual property (IP) crime. We are proud to say that it was the largest conference to date with 600 delegates from more than 60 countries in attendance.

In closing, I'd like to thank all of our customers and partners for their commitment and support throughout the year as we work to empower trust in the UL Mark.

Sincerely,

**Brian Monks**

Vice President & Chief Security Officer
Global Security & Brand Protection
Our team works to secure the integrity of the UL Mark and UL’s digital and physical assets. Our program continues to grow and adapt to effectively combat counterfeiting activities. In 2017, our team grew to include a new location in Europe: Dublin. We also continued to focus our attention on investigating false online claims and the misuse of UL’s Mark in the digital marketplace.
Our Brand Protection team utilizes a priority-focused, intelligence-led, project-based and integrated approach for undertaking successful anti-counterfeiting actions.
The Global Security & Brand Protection (GSBP) team is committed to worldwide partnerships to combat the illicit trade of counterfeit products. In 2017, there was an influx of counterfeited lighting products entering the marketplace. Through successful partnerships, supported by education and enforcement, the GSBP team was able to prevent these dangerous lighting products from entering the homes and workspaces of consumers all over the world.

**NUMBER OF LIGHTING CASES:** 195

**NUMBER OF PRODUCTS SEIZED:** 340,100

**TOP COUNTERFEIT PRODUCT:** LIGHTING
COUNTERFEIT PORTABLE AND INCANDESCENT LUMINAIRES SEIZED WORTH $375,000

In 2017, the GSBP team worked alongside U.S. Customs & Border Protection, on a transnational operation that uncovered the unauthorized distribution of portable and incandescent luminaires bearing a counterfeit UL Mark at the Port of Savannah, Ga. These efforts led to the seizure of roughly 5,000 luminaires with an estimated value of $375,000 USD.

LIGHTING ROAD SHOW: UL LIGHTING STAKEHOLDER FORUMS

During 2017, the GSBP team participated in the UL Lighting Stakeholder Forums hosted in New York, Los Angeles and Chicago. The show provided an opportunity for the Brand Protection team to present UL’s anti-counterfeiting solutions to UL customers. Topics included: new safety requirements for horticultural lighting, LED drivers, luminaires and other lighting equipment as well as identifying cybersecurity best practices for lighting systems.

TOP FOUR COUNTERFEIT LIGHTING PRODUCTS SEIZED

<table>
<thead>
<tr>
<th>Product Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decorative Lighting-Inflatables</td>
<td>36%</td>
</tr>
<tr>
<td>LED Surface-Mounted Luminaires</td>
<td>16%</td>
</tr>
<tr>
<td>LED Lamps</td>
<td>23%</td>
</tr>
<tr>
<td>Himalayan Salt Lamps</td>
<td>6%</td>
</tr>
</tbody>
</table>

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REGIONS PRODUCTS WERE SEIZED

- **North America:** 92%
- **Asia:** 6%
- **Latin America:** 2%
UL ANTI-COUNTERFEITING YEAR END REPORT 2017

NUMBER OF COUNTERFEIT CASES REPORTED PER GEOGRAPHIC REGION

- **North America**: 746
- **Latin America**: 178
- **Europe, Middle East, and Africa (EMEA)**: 50
- **Rest of Asia**: 62
- **China**: 312
CASE NUMBERS BREAKDOWN

189 ONLINE INVESTIGATIONS + 325 ANTI-COUNTERFEITING INVESTIGATIONS + 834 CUSTOMS INVESTIGATIONS = 1,348 TOTAL INVESTIGATIONS FOR YEAR

TOTAL NUMBER OF UL COUNTERFEIT PRODUCTS SEIZED / 2,205,623

TOTAL NUMBER OF ONLINE LISTING TAKE DOWNS / 6,000

TOP FOUR COUNTERFEITED PRODUCTS

<table>
<thead>
<tr>
<th>Product</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power Supplies</td>
<td>22%</td>
</tr>
<tr>
<td>Batteries</td>
<td>7%</td>
</tr>
<tr>
<td>Surface-Mounted Luminaires</td>
<td>6%</td>
</tr>
<tr>
<td>Cord Sets</td>
<td>3%</td>
</tr>
</tbody>
</table>

UL MARK AUTHENTICATION TRAINING SESSIONS CONDUCTED

Americas 26  Asia Pacific 23  Europe, Middle East and Africa 2  Total Number of Officers Trained 2,280
Our global enforcement team is led by former law enforcement officers with specialized experience in conducting intellectual property crime investigations. Some of our most significant cases in 2017 involved household items such as fans, power adapters and recreational equipment, e.g., hoverboards. Working together with global law enforcement led to the removal of hundreds of thousands of these potentially lethal counterfeit products.
In September 2017, the Los Angeles County Sheriff’s Department’s Counterfeit and Piracy Enforcement Team (LASD CAPE), in partnership with the GSBP team, executed a search warrant at a warehouse in Santa Fe Springs, Calif. A total of 2,510 hoverboards with counterfeit UL holographic labels were seized. The GSBP team also recovered 2,325 counterfeit UL holographic labels. The total seizure amount for the hoverboards and the holographic labels were estimated at $1.5 million.

In January 2017, the GSBP team assisted Panama customs officials with a seizure at a warehouse operating in the Colón Free Trade Zone. Approximately 6,000 fans were seized displaying counterfeit UL Marks on the packaging and labels affixed to fan motors.

In March 2017, Panamanian customs authorities, assisted by investigators from the GSBP team, conducted another seizure at a warehouse operating within the Colón Free Trade Zone.

As a result of the seizure, over 42,000 fans were seized that displayed counterfeit UL Marks on the packaging.

In February 2017, the GSBP team assisted the United States Homeland Security Office with a search warrant in San Francisco. This case resulted from a two-year investigation into an online distributor. Based on the information provided by UL, the United States Homeland Security Office seized approximately 3,227 counterfeit UL labels with an estimated manufacturer’s suggested retail price (MSRP) value of $217,705.

In addition, there were approximately 279 adapters found in the warehouse bearing UL counterfeit labels. The estimated MSRP value of the adapters totaled $18,135. The total value for all seized counterfeit items was estimated at $235,840.

In September 2017, the GSBP team worked with a UL customer to uncover sprinklers bearing counterfeit UL Marks at a construction site in the World Trade Tower (WTT), Noida, India. Information gathered showed that some of the counterfeit sprinklers were installed at the site and the remainder of them were waiting to be installed.

As a result of the intelligence gathered by the GSBP team, the Indian police raided the warehouse ensuring the seizure of 5,143 pendant sprinklers bearing counterfeit UL Marks. Authorities required WTT to uninstall the counterfeit sprinklers and replace them with genuine sprinklers.
UL’s Global Customs and Border Protection Program partnered with global customs agencies in Hong Kong, China, Panama, Mexico, Trinidad and Tobago, and the U.S. to strengthen our anti-counterfeiting efforts around the world. As in years past, the majority of mark verification requests originated in the United States allowing for the highest volume of products bearing counterfeit UL Marks to be seized along U.S. borders.
CHINA CUSTOMS SEIZED 1,940 SMARTPHONES WORTH $120,000

In March 2017, the Global Security & Brand Protection team worked in partnership with Kunming customs, China, and seized a shipment of 1,940 smart phones bearing counterfeit UL Marks with an estimated value of $120,000. This is the first time UL has assisted in the seizure of smartphones bearing counterfeit UL Marks.

PARTICIPATION IN INTELLECTUAL PROPERTY RIGHTS TRAINING EVENT

In October 2017, UL’s Global Customs team participated in an intellectual property rights training event sponsored by the U.S. Customs and Border Protection (CBP), Office of Field Operations in Savannah, Ga. and Charleston, S.C. Approximately 65 personnel participated in the training. The GSBP Global Customs team conducted several sessions with topics that included an introduction to UL, the importance of certification marks, product verification techniques and counterfeit trends.

PRODUCTS BEARING COUNTERFEIT UL MARKS SEIZED BY CUSTOMS AND BORDER PROTECTION AGENCIES AROUND THE WORLD

1.5 Million

INCREASE IN INQUIRIES

Towards the end of the year, UL received a suspicious merchandise inquiry from ports every 3.5 days, which is a 156% increase over 2016.

POPULAR AND NEW DESTINATIONS FOR PRODUCTS BEARING COUNTERFEIT UL MARKS

- ALBANIA
- AUSTRALIA
- CANADA
- CHINA
- CZECH REPUBLIC
- DOMINICAN REPUBLIC
- FRANCE
- GERMANY
- GREECE
- HONG KONG
- INDIA
- INDONESIA
- IRAN
- ISRAEL
- ITALY
- MEXICO
- MOROCCO
- MOZAMBIQUE
- PAKISTAN
- PERU
- PHILIPPINES
- QATAR
- RUSSIA
- SAUDI ARABIA
- SINGAPORE
- SLOVENIA
- SOUTH KOREA
- TAIWAN
- THAILAND
- TURKEY
- UAE
- UKRAINE
- UNITED KINGDOM
- USA
- VIETNAM
UL's Brand Protection team initiated project Centurion at the close of 2017 with the aim of identifying and removing potentially hazardous counterfeit consumer products from the stream of commerce. The six-week operation took place over the 2017 holiday season and spanned three regions: the Americas, Europe, the Middle East and Africa (EMEA), and the Asia-Pacific region (APAC). During the operation, our UL Brand Protection investigators used strategic intelligence to focus their investigations on entities that were manufacturing, selling and distributing potentially counterfeit products. The operation also included the online marketplace, which offers consumers numerous sites where counterfeiters can distribute their products without any required safety measures. Project Centurion successfully removed thousands of products and took down hundreds of online listings from the marketplace.
501 TOTAL TAKEDOWNS OF ONLINE LISTINGS

AMERICAS
- PRODUCT TYPES SEIZED
  - USB Travel Adaptors
  - Lighting Products
  - Hoverboards
  - Sound-Activated Devices
  - Solar Panels
- ESTIMATED RETAIL VALUE SEIZED
  - $1,189,095

EUROPE, MIDDLE EAST AND AFRICA
- PRODUCT TYPES SEIZED
  - Power Adapters
  - Lithium-Ion Batteries
  - Travel Adaptors
- ESTIMATED RETAIL VALUE SEIZED
  - $4,160,310

ASIA PACIFIC
- PRODUCT TYPES SEIZED
  - Power Adapters
  - Lithium-Ion Batteries
  - Travel Adaptors
- ESTIMATED RETAIL VALUE SEIZED
  - $7,320,000
In 2017, UL’s Education and Partnership team led multiple initiatives designed to strengthen the bonds and communication between the public and private sectors with the goal of increasing their effectiveness when combating counterfeiting and piracy crimes. UL is proud to support the various international forums where law enforcement, the private sector and government agencies can engage in meaningful discussions on IP crime and share ideas about strategies and policies.
UL partnered with INTERPOL, U.S. Immigration and Customs Enforcement (ICE), the U.S. National Intellectual Property Rights Coordination Center (IPR Center), and the International AntiCounterfeiting Coalition (IACC) to co-host the 11th Annual International Law Enforcement Intellectual Property Crime Conference. The event was held on August 28-29, at the United Nations headquarters in New York City.

Themed “Uniting Nations for the Next Decade,” the event focused on how established networks, knowledge and resources can be leveraged to fight Intellectual Property (IP) crime in the years to come. Approximately 600 delegates from more than 60 countries joined the conference’s speakers and panelists to focus on evolving crime trends in areas such as illicit trafficking on the internet, as well as protecting the public from potentially harmful products. This year’s conference also drove discussions about technologies and other solutions that may help diminish product counterfeiting.

The IP crime conference is a perfect example of one of the many tools that have been developed to stem the flow of illegal counterfeit products. The event has developed into a vital platform for law enforcement professionals and public and private organizations to share best practices, develop new tools and create stronger partnerships to combat transnational organized IP crime and promote safety worldwide. The conference underscores UL’s role in the global brand protection and anti-counterfeiting arena as a worldwide strategic leader in operations, partnerships and training programs.

As a company that has long been a leader in advancing safety, UL will continue to work closely with our international partners and dedicate our thought leadership and resources to deliver innovative and leading edge solutions to support global efforts in defeating global IP crime.

The Europol Intellectual Property Crime Conference on Innovative Strategies for Effective Enforcement took place in Antwerp, Belgium, on September 19-20, 2017, at the Hilton Antwerp Old Town. The event was co-organized with the Belgian Customs Authority, UL (Underwriters Laboratories) and the International AntiCounterfeiting Coalition (IACC).

Approximately 400 senior law enforcement officials, security and industry experts, from 42 countries attended this two-day conference. Participants reviewed emerging crime trends as well as outlined enforcement strategies and best practices via operational case studies and industry perspectives.
UL Outstanding Brand Protection Partner of the Year Award

To honor our business partner’s commitment to public safety and support of UL’s anti-counterfeiting initiatives, UL presented Sanjiv Sarwate, senior legal director at Dell Inc., with the 2017 Outstanding Brand Protection Partner Award at the 2017 IP Crime Conference in New York City. Dell was a steadfast partner in the 2017 joint investigation that yielded an estimated $1,000,000 in counterfeit laptop batteries and adapters — one of UL’s largest intellectual property seizures to date.

With an increasing number of counterfeit lithium-ion batteries in the marketplace, brand partners like Dell prove to be vital allies in the fight against counterfeiting. Counterfeiting is a direct threat to business, the economy and public safety. Dell’s commitment to this problem helps create safer living and working environments for all.
IIPCIC Outstanding Public and Private Sector Partnership Awards

In 2017, the International IP Crime Investigators College (IIPCIC) recognized two public sector organizations for their commitment in the fight against IP crime with the 2017 Outstanding Public and Private Sector Partnership Award. Marjorie Ottenville from U.S. Customs and Border Protection received the award for her valuable support in the fight against IP crime through her dedication to global education and awareness. The Austin Police Department’s Criminal Conspiracy team also received the 2017 Outstanding Public and Private Sector Partnership Award for its success in targeting and identifying counterfeit products throughout the Americas and preventing them from entering into the stream of commerce.

The recipients received their awards during the 2017 Annual International Law Enforcement IP Crime Conference which was held from August 28-29, 2017, at the United Nations headquarters in New York.

On behalf of IIPCIC, we thank all of the 2017 award recipients for their efforts in increasing educational opportunities, awareness and communication between the public and private sectors. IIPCIC believes their commitment serves as a powerful example of the vital role of public/private sector partnerships in the fight against transnational IP crime.
INTERNATIONAL IP CRIME INVESTIGATORS COLLEGE (IIPCIC)
Since 2010, the International IP Crime Investigators College (IIPCIC), a joint initiative between INTERPOL and UL, has been the leader in IP crime education for global law enforcement. The core curriculum consists of 14 in-depth IP protection courses that provide the critical knowledge needed to combat current and emerging threats from IP criminals.

IIPCIC also empowers companies by educating over 14,000 global law enforcement professionals on how to detect product counterfeits, which have the potential to injure consumers and damage a brand’s image.

To learn more please visit IIPCIC.org
NEW COURSES LAUNCHED IN 2017

Intellectual Property Rights (IPR) Enforcement for Customs Officers

This IIPCIC online training series, developed by a team of transnational subject matter experts, provides customs officers from around the world with the knowledge they need to confidently approach the detection and interdiction of illicit goods crossing international borders. This series covers important and timely topics like the sharing of customs best practices, international supply chain management, government agency cooperation, private sector partnerships, risk management, and legal proceedings in IPR cases. These topics and others serve to inform customs officers and promote proven strategies for interdicting IP crime on an international stage.

Understanding and Addressing the Illicit Trade of Medical Products

This IIPCIC online course was developed in partnership with the International Institute of Research Against Counterfeit Medicines (IRACM) and trains law enforcement officials on the illicit trade of medical products, how to define substandard and falsified medical products, how to walk through the scope and scale of this illicit trade, and outlines the tragic impact on individuals and society.

Law enforcement officials review the role they play in preventing and interdicting this illicit trade. They also focus on several multinational and international operations and are presented real-world scenarios to help them understand the steps involved in cases that originate from customs and from operations targeting the online sale of medical products.

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4.7 TOTAL COURSE SATISFACTION rating (out of 5)
LOOKING AHEAD

NETWORKING

JUNE 26-27
2ND EUROPOL INTELLECTUAL PROPERTY CRIME CONFERENCE
BUDAPEST, HUNGARY

SEPTEMBER 24
IIPCIC ONLINE INVESTIGATIVE TECHNIQUES WORKSHOP
AT THE 12TH INTERNATIONAL LAW ENFORCEMENT
IP CRIME CONFERENCE
DUBAI, UAE

SEPTEMBER 25-26
12TH INTERNATIONAL LAW ENFORCEMENT IP CRIME CONFERENCE
DUBAI, UAE

OCTOBER 17-19
LATIN AMERICA SUMMIT
ORLANDO, FLA.
For more information on our global brand protection and anti-counterfeiting activities please visit UL.com/Anti-counterfeiting.