

## Conflicts of Interest

### 1. Introduction

GSCS International Ltd. assures independent and impartial performance of auditing/inspection/certification work. Private certification involves several immanent conflicts of interest. The key point is certain contradiction between the relationship "controller to controlled operator", on one side, and the relationship "service provider to client" on the other. This conflict cannot be completely overcome, but awareness of the problem and clear rules for all staff must minimize the risk of unfair decisions.

This procedure shall address to the all employees, including the auditor, other staffs, board members, IC members.

### 2. Normative framework

GSCS shall follow ISO 19011 instruction as procedure belongs to the conflict of interest. GSCS auditors/inspector shall confirm the following Principles of auditing:

- a) Integrity:
- b) Fair presentation:
- c) Due professional care:
- d) Confidentiality:
- e) Independence:
- f) Evidence-based approach:

### 3. Procedure

#### 3.1 General

For a general statement on impartiality, refer to **PCOP-01 Impartiality Procedure**.

#### 3.2 Exclusion

**Consultancy:** Consultancy is not allowed for the all GSCS auditors and staffs.

**Pre-Inspection/ pre-audit:** It is not allowed to use a so-called pre-audit for giving the operator technical advice, or helping to set up management systems.

**Training, Seminars:** It is not allowed to offer training to particular clients or potential clients only.

GSCS auditors and staffs shall not perform inspection or make or influence the certification decisions or be involved in complaint handling in case of operators:

- i. Who are their relatives or personal friends
- ii. Who are or have been their employees or employers or for whom they have worked during the previous three years or still work as external consultants.
- iii. Who are or have been during the previous three years, their business partners or competitors in any field not directly related to audit/ certification issues.

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- iv. With whom they have or have had, during the previous three years, any kind of personal or business conflict, not directly related to audit/certification issues.
- v. Against or in favour of whom they are or have been advocating or campaigning. This includes not only individual companies, but also entire industries, projects etc.
- vi. An auditor must not perform audit in the same operation for more than three consecutive years.
- vii. In case that GSCS representatives who neither participate in audit nor in certification decisions are involved in production, consultancy, or trade in the same branch for which certification services are offered, then:
  - GSCS shall communicate the potential conflict of interest openly to clients
  - Any confidential information related to clients (e.g. management plans, audit reports, documents required for transaction certificates, etc.) shall be handled directly between the auditor and the GSCS office without involving the respective representative.

### **3.3 Prevent corruption**

GSCS auditor may not accept:

- Direct payment of inspection and certification services, in cash or to their private bank account
- Any gifts with a value
- Invitations to inappropriately luxurious hotels, restaurants, etc.
- Invitations to locations or events which might compromise the inspector's and/or certification body's reputation.

### **3.4 Prices, payment, acquisition**

- We work only on a flat fee base, or with daily fees, depending on the situation.
- Wherever possible, acquisition of new clients (marketing of our service) and audit should be separated.

### **3.5 Avoiding "company blindness"**

GSCS Auditor and staffs are encouraged to exchange information, criteria, and experiences regularly with colleagues from other certification bodies, both at a day-to-day basis, and at a formalized level. This will help to challenge company specific points of view and make criteria and decisions more objective.

### **3.6 Intimidation**

Auditors and other staff are encouraged to inform the GSCS general management immediately of any cases of intimidation by clients. The client may be sanctioned in such cases to the point of revocation of certificates or reports.

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### 3.7 Annual renewal of conflict of interest statement

Any person involved in application review, audit (including technical experts and translator), certification or evaluation must submit to GSCS a signed "conflict of interest" statement where the companies with whom a conflict of interest might exist are listed.

Conflict of Interest of each Impartiality Member shall be renewed for each year in their due course of association with GSCS as Impartiality Committee member through PCF07 – Declaration of Conflict of Interest.

### 3.8 Verification of Conflict of Interest

GSCS shall verify the conflict of interest of each personnel on regular basis, before assigning them to any particular auditing and certification activities, through GSCSF61 – Conflict of Interest Verification form, where all Conflict of Interests of each personnel with potential clients shall be recorded.

### 3.9 Sanctions

Auditors, Inspectors or other staff, who have been proven to

- Accept gifts that may lead to corruption
- Suppress consciously, significant non-compliance or otherwise alter important data in their inspection reports
- Help operators to hide significant non-compliance
- Consciously not inform **GSCS** about an exclusive relationship with a client

The Auditor / inspector shall be dismissed immediately. If a conflict of interest between certification personnel and an operator is found after assessment has occurred, GSCS shall follow the unannounced audit immediately by another approved unbiased lead auditor/ scheme manager.

#### **Reference document (s):**

PCOP02- Product Certification procedure  
PCOP07- Appeals & Compliant Procedure  
PCOP06- Fee Structure Procedure  
PCF20- Code of Ethics  
PCF07- Conflict of Interest Declaration  
PCF02- Complaint List  
PCWI03- OSP Financial Agreement  
PCF07- Declaration of Conflicts of Interest  
PCF21- Integrity Questionnaire  
PCF23- CoC & Confidentiality Agreement