

Certispec Compliance Code



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Introduction

Certispec provides verification and certification services for our customers', or third parties', products, services or systems.

As such, we recognise that the value that we provide to our customers is trust. For this reason, Certispec has chosen to adopt and implement a Compliance Code that enshrines the substance of the integrity that IFIA membership stands for.

The Compliance Principles address technical and business professional conduct and ethics in relation to the following areas: -

- Integrity
- Conflicts of interest
- Confidentiality
- Anti-bribery
- Fair marketing.

IFIA Overview

The International Federation of Inspection Agencies (IFIA) is a non-profit making organisation. Its objectives are to review and, where possible, to improve the methods, standards, safety procedures and rules and regulations used and observed by Members for the benefit of Members and their Customers.

IFIA was founded in 1982 and Members and Associate Members include the leading international inspection companies from around the world. They cover every field of inspection and make IFIA's work and views truly representative of the profession.

IFIA promotes cooperation between inspection agencies, laboratories and allied businesses throughout the world in order to: -

- Develop and coordinate technical and professional standards, methods of inspection and testing, and codes of practice
- Improve efficiency and establish standard job descriptions and procedures
- Develop methods of technical education and training
- Represent the profession among Government Authorities and Trade Association
- Promote uniform interpretation of international conventions on safety and cooperate in their implementation.

As part of our commitment to our customers and also as a condition of IFIA membership we shall implement and abide by the Compliance Code and ensure that: -

- We receive approval of our implementation by IFIA
- We implement the Compliance Program throughout our organisation
- Our policies and procedures are in accordance with the Code
- Our staff are properly trained in the meaning and requirements of the code, and
- We conduct regular monitoring of our compliance with the Code.

To ensure the effectiveness of their implementation, we are required to submit our Compliance Program to an annual independent examination whose results are reported to IFIA.

The result is a sound and verified basis for trust.

Code Objective

The objective of The Certispec Compliance Code ("Code") is to ensure that we abide by high standards of professional conduct throughout our Organisation, to assure ethical behavior by each and every-one of our employees and the integrity of our services.

Code Definitions

Any words and expressions that are defined in the IFIA Articles of Association shall have the same meaning in this Code unless otherwise defined herein.

Code Documentation

This Code is based on the following documentation -

(i) **IFIA Compliance Principles:** as contained in the current edition of the IFIA Compliance Code.

I. Certispec Compliance Principles

1. Integrity

Certispec is committed to operating in a professional, independent and impartial manner in all its activities.

Certispec and its employees shall carry out its work honestly and shall not tolerate any deviation from its approved methods and procedures. Where approved test methods make provision for tolerances in results, we shall ensure that such tolerances are not abused to alter the actual test finding.

Certispec shall report data, test results and other material facts in good faith and shall not improperly change them, and shall only issue reports and certificates that correctly present the actual findings, professional opinions or results obtained.

2. Conflicts of interest

Certispec shall strive to avoid conflicts of interest with any related entity in which it has a financial or commercial interest and to which it is required to provide services.

We shall avoid conflicts of interest between our own companies and/or divisions engaged in different activities but which may be providing services to either the same customer or each other.

We shall ensure that our employees avoid conflicts of interest with any activities carried out on our behalf.

3. Confidentiality

Certispec shall treat all information received in the course of the provision of its services as business confidential to the extent that such information is not already published, generally available to third parties or otherwise in the public domain.

4. Anti-bribery

Certispec shall prohibit the offer or acceptance of a bribe in any form, including kickbacks on any portion of a contract payment.

We shall prohibit the use of any routes or channels for provision of improper benefits to, or receipt of improper benefits from, customers, agents, contractors, suppliers, or employees of any such party, or government officials.

5. Fair marketing

Certispec shall only present itself and conduct marketing, including any comparisons with or references to competitors or their services, in a manner that is truthful and not deceptive or misleading or likely to mislead.

II. Certispec Compliance Rules

1. Implementation

Certispec has implemented a Compliance Program, based on the IFIA Compliance Code, throughout our Organisation and has integrated its requirements into our Quality Management System.

2. Compliance Principles and Rules

- 2.1 Our President has confirmed our commitment to implementing the requirements of the IFIA Code by publishing our own Principles that reflect the IFIA Compliance Principles.
- 2.2 Our President has confirmed our commitment to implementing the requirements of the IFIA Code by adopting these Rules that reflect the IFIA Compliance Rules
- 2.3 The Certispec Compliance Officer shall send, within one month of publication, a copy of the Certispec Compliance Principles and Rules which apply throughout our Organisation, and any subsequent updates thereof, to the Director General of IFIA for verification of compliance with the IFIA Code.
- 2.4 In the event that the IFIA Director General decides that further clarification or revision of the Certispec Code is required, the Certispec Compliance Officer shall review and amend the Code, as required, and resubmit to the IFIA Director General within one month of receiving the request for revision / clarification.

3. Certispec Compliance Officer

The Senior Vice President has been designated as the **Certispec Compliance Officer**. The Certispec Compliance Officer has the responsibility and authority for the co-ordination of the implementation of the Compliance Program throughout Certispec. Branch/Regional Managers have responsibility for implementation of the Compliance Program in their area of responsibility.

4. Compliance Committee

The Corporate Quality Steering Team (CQST) is the **Certispec Compliance Committee**. As such they will carry out periodic reviews of the progress of the Certispec Program and provide policy guidance.

5. Human Resources

5.1 Recruitment

Prior to job offer, prospective employees of Certispec shall be informed of our Compliance Program and its Principals as outlined in Part 1 of this Code.

5.2 Employee commitment

Branch/Regional Managers shall ensure that: -

- (a) Each employee shall be provided with a copy of the Certispec Compliance Principles and Rules and will be requested to sign a declaration that it has been received, read and understood. A record shall be kept in the file of the Employee.

(b) Each Branch/Regional Manager shall be required to sign an annual declaration that the Certispec Program has been implemented in his/her area of responsibility.

(c) Each employee shall be required to sign, as a condition of employment, a **Non-Disclosure Agreement** prohibiting the disclosure to other parties of any confidential business information obtained during the course of his or her employment.

Employees will not suffer demotion, penalty or any other adverse consequences arising from strict implementation of the Program even if it may result in a loss of business.

5.3 Training

All employees, including Managers, are required to undergo a Compliance Training Course. A Record of course completion shall be kept in the file of each employee.

5.4 Consultation on Code development

All Certispec employees have the opportunity to provide input on the development of the Program during performance evaluations, staff training sessions or review meetings, or directly to the Compliance Officer.

5.5 Employee performance evaluation

Certispec ensures that each Employee has an on-going understanding of the Certispec Compliance Program during employee performance evaluations.

5.6 Employee "Help Lines"

Certispec makes provision for "help lines" (telephone, e-mail directly to the Compliance Officer) where our employees may obtain guidance on any question or matter of concern relating to the implementation or interpretation of the Program. At the employee's request, any such question shall be dealt with confidentially and the anonymity of the employee shall be protected to the extent reasonably practicable.

6. Security Measures

Certispec has implemented security measures in its organisation's premises containing confidential business information to ensure that: -

1. Access is restricted to authorised personnel only and
2. Documents/data are stored in designated secure areas and disposed of in a secure manner.

7. External Communications

Certispec ensures effective external communications by: -

7.1 Publicly disclosing our Compliance Principles by distribution to customers and via our Internet website (www.certispec.com).

7.2 Providing an Internet based collection point on our web site (www.certispec.com), to receive enquiries, complaints or feedback from relevant interested parties.

8. Reporting of Violations

8.1 Certispec employees are encouraged to report details of violations or suspected violations to either (a) the Certispec Compliance Officer or his/her nominated delegate(s) or (b) the employee's superior or member of senior management or internal auditor who shall, in turn, inform the Compliance Officer or Company President. The reporting employee shall be fully protected against any form of reprisal unless she/he acted maliciously or in bad faith. If requested, the employee's anonymity shall be protected to the extent reasonably practicable.

8.2 Certispec employees are required to report any solicitation for, or offer of, an improper payment or advantage coming to their knowledge in the same manner as provided for under section 8.1.

9. Investigations and Sanctions

9.1 Certispec Compliance Officer or his/her nominated delegate(s) shall initiate, where appropriate, an investigation into any violation of the Program reported to him/her or coming to his/her knowledge.

9.2 Certispec maintains a documented procedure for the handling of investigations and sanctions which includes requirements for: -

- (a) The maintenance of records of all reported violations and subsequent actions taken.
- (b) The alleged perpetrator of such violation to have the right to be heard.
- (c) The Compliance Committee to decide on the appropriate corrective and disciplinary measures to be implemented if a violation has been established. These measures may include a reprimand, demotion, suspension or dismissal.
- (d) The Compliance Officer to receive progress reports from his/her nominated delegates and/or the management in the locations concerned and prepare periodic summary reports for the Compliance Committee on investigations, violations established and the implementation of corrective actions and disciplinary measures.

10. Effectiveness of the Program Implementation

10.1 Management declarations

Certispec requires its Branch/Regional Managers throughout its Organisation to prepare and sign, on an annual basis, a Compliance Declaration. The Compliance Declarations are received, in respect of all applicable locations and/or activities, by the Compliance Officer who shall submit an annual summary report to the Compliance Committee.

10.2 Internal audits

Certispec require its Quality Coordinator, as part of his/her internal audit plan, to verify that our Compliance Principles and Rules have been implemented within the Organisation and that the Management Declarations, as per section 10.1, (a) have been completed and (b) reflect compliance with the Principles and Rules and (c) in respect of those locations selected for site audits, correctly reflect the actual situation. Such site audits shall review the processes in place and include testing, on a sampling basis, to ensure the effective application and implementation of the Program.

The IFIA Guidance Check List for Members' Internal Compliance Audits shall be used for guidance or reference as appropriate. The compliance findings resulting from such audits shall be reported to the Compliance Officer who shall submit a summary report to the Compliance Committee. The Compliance Officer and/or Compliance Committee shall take follow-up actions where appropriate.

10.3 External examinations

10.3.1 Frequency

The appointed independent external audit firm shall examine the effectiveness of the implementation of the Program at least annually.

10.3.2 Independent external audit firm

The independent external audit firm appointed to carryout this examination: -

- a. Shall be the firm engaged for the audit of the Certispec (consolidated) financial statements or another external audit firm entrusted with auditing the Certispec Program and, in either case, (ii) a member of a recognised national professional accountancy organisation or approved by the IFIA Council as being appropriately qualified for the verification of the Compliance Program.

10.3.3 Use of complementary external audit firms

- a. If there are countries of the Certispec operation where the audit firm does not have offices and it is necessary to use different external audit firms (which shall comply with section 10.3.2(a)), or correspondent audit firms which do not apply a uniform approach and methods, Certispec will report to the Director General of IFIA on the arrangements made to ensure that a consistent examination of the Program implementation is achieved in respect of all locations. In such cases, Certispec's external audit firm shall act as the coordinator of the other external audit firms and prepare one consolidated Assurance Report.
- b. Certispec's audit firm may, by agreement with Certispec, utilise the services and reports of independent management system certification or accreditation bodies¹ that have performed audits of the Certispec's management systems based on international standards². However, such certification and accreditation bodies or their reports shall not be used for the verification of financial and related aspects, included in the specific Anti-Bribery requirements and section 11, without the prior approval of the IFIA Council.

10.3.4 Notification to IFIA of Member's appointed external audit firm(s)

Prior to the appointment of the external audit firm(s), or any subsequent proposed changes thereof, Certispec shall submit details to the Director General of IFIA for conformation of compliance with IFIA requirements.

¹ Certification Bodies shall be accredited by a member of the International Accreditation Forum Multilateral Arrangement. Accreditation Bodies shall be signatories to the IAF or ILAC (International Laboratory Accreditation Cooperation) Multilateral Arrangement.

² For example, ISO 9001, ISO/IEC 17020 or ISO/IEC 17025

10.3.5 Scope of examination

For the purposes of demonstrating that Certispec Services is in conformance with the IFIA Compliance Code, Certispec requires the external audit firm to:-

- a. Perform, as a minimum, the following assurance Review Procedures based on ISA³ as adapted for the IFIA Compliance Code:-
 - i. Verify that Certispec's current Compliance Principles and Rules remain identical to those submitted to, and approved by, IFIA.
 - ii. Verify that Certispec has established a Program incorporating the requirements of the Code.
 - iii. Observe the existence of internal management systems, processes and controls in respect of (a) alleged violations (b) Compliance Committee records⁴ and (c) compliance training.
 - iv. Review the following consolidated management statements: -
 - Political Contributions
 - Charitable Contributions and Sponsorships
 - Intermediaries' remuneration
 - Extraordinary expenditures relating to gifts, hospitality and expenses
 and verify whether these statements: -
 - Reconcile with the accounting records and supporting documentation
 - Have been approved by the Compliance Committee where applicable.
 - v. Verify that all Management Declarations have been received and test⁵ the follow-up systems employed for ensuring that all matters of concern or reports have been addressed or acted upon by the Compliance Officer or, where applicable, his/her nominated delegate(s).
 - vi. Any other areas and audit procedures as considered appropriate by the external audit firm and agreed with Certispec Services.
- b. Perform the assurance Review Procedures, as per section 10.3.5(a), by audit sampling in respect of both Certispec Service's locations and the systems and documentation applicable to those locations. The audit sampling shall be agreed between the auditor and Certispec, based upon a compliance risk assessment and taking into account Certispec's Organisation and peculiarities.
- c. Maximise the use of the services of Certispec's Corporate Internal Audit function and/or Internal Quality Auditors to avoid duplication of efforts and minimise additional costs.

³ "ISA" is the International Standard on Auditing.

⁴ "Records" shall include Minutes of meetings, decisions and approvals

⁵ "Test" shall mean verification by sampling which, in respect of systems, shall include examination of specific records to confirm that the actions taken are in conformance with Member's Program

10.3.6 External audit firm's "Assurance Report"

- a. Certispec requires the external audit firm to issue an Assurance Report based on the Assurance Report, contained in Annex B, and may be adjusted as considered appropriate by the external audit firm and/or as may be required by professional standards.
- b. Certispec shall instruct its external audit firm to send a copy of the Assurance Report to the Director General of IFIA within 6 months of Certispec's financial year-end closing date.

10.3.7 Reportable Conditions⁶

Reportable Conditions which are detected by the external audit firm during performance of the Assurance Review Procedures shall be reported in the Assurance Report regardless of whether or not Certispec has already taken corrective action. The external audit firm shall not be required to include in its Assurance Report any minor non-conformities detected. These shall be communicated separately to Certispec's Compliance Officer / Branch Managers for corrective action within the time frame stipulated by the auditor.

10.3.8 IFIA follow-up of Assurance Reports

- a. The Director General of IFIA shall submit to the IFIA Council summary reports of the Assurance Reports received.
- b. In the event that an Assurance Report contains Reportable Conditions, the Director General of IFIA shall follow these up, where applicable, in conformance with the IFIA Complaints and Disciplinary Procedures.

11. Application of Certispec's Principles and Rules in Business Relationships

To ensure that Certispec's Compliance Principles and Rules are applied, to the extent appropriate, in our business relations with parties external to our Organisation such as intermediaries, joint venture partners, agents and subcontractors, contractors and suppliers, Certispec Services shall: -

11.1 Intermediaries⁷

Provide all Intermediaries with a copy of The Certispec Compliance Principles to ensure (a) each Intermediary's compliance with these Compliance Principles and (b) avoid improper payments being channeled through Intermediaries and: -

11.1.1 Prior to appointing an Intermediary, or renewing or substantially revising the terms of the appointment of an Intermediary appointed prior to the entry into force of this Code, conduct due diligence which shall include: -

- i. A risk analysis
- ii. An interview with the Intermediary
- iii. Confirmation that, in the event of his/her/its appointment, or re-appointment, he/she/it accepts that his/her/its contract with Certispec shall require his/her/its full compliance with the Certispec Principles and allow that Certispec may periodically verify this.

⁶ **"Reportable Conditions"** means: - Significant deficiencies in the design or implementation of the Certispec Program that adversely affect our ability to ensure conformity with the Certispec Compliance Code.

⁷ **"Intermediary"** is any entity or individual external to the Member, that/who is required, as part or all of its/his/her responsibilities, to promote the services of the Member. This shall include consultants and advisors.

- iv. An investigation of the Intermediary's background, which, for Intermediaries required to deal with government officials, shall be performed by an independent investigator and the findings, reviewed and approved by the Certispec's Compliance Committee.
- v. A verification that the remuneration paid to each Intermediary is appropriate and justifiable for legitimate services rendered, and does not facilitate improper payments by an Intermediary, through: -
 - a. A remuneration analysis. This may include, where appropriate, consideration of: -
 - i. The remuneration of other Intermediaries already used by Certispec for performing a similar function
 - ii. Quotations from other prospective Intermediaries
 - iii. Local market information on rates paid to Intermediaries
 - iv. Justification for the rate proposed for the prospective Intermediary, and
 - b. A review of the remuneration analysis and, for Intermediaries required to deal with government officials, an approval by the Certispec Compliance Committee prior to appointment of the prospective Intermediaries.

11.1.2 Monitor the Intermediary's continual compliance with Certispec's Principles and, in the event of breach, take remedial action which could, for serious breaches, result in termination of the contract.

11.1.3 Where appropriate, undertake to provide training and support to the Intermediary.

11.1.4 Maintain records of fulfillment of the above-mentioned requirements, including a copy of the contract with the Intermediary, consistent with the Certispec's Compliance Principles.

11.1.5 Account for the intermediaries' remuneration in a separate general ledger account in Certispec's accounting records. Certispec shall consolidate all such payments made by any of its operations forming part of its Organisation.

11.1.6 Prepare annually a consolidated management statement of Intermediaries' remuneration.

11.1.7 Not deal with Intermediaries which it knows to be involved in bribery.

11.2 Joint venture partners

11.2.1 Certispec shall conduct due diligence of prospective joint venture partner(s), as outlined in section 11.1.1.

11.2.2. Certispec shall not deal with any joint venture partner(s) which it knows to be involved in bribery.

11.2.3 Certispec shall monitor the joint venture partner's compliance with our Principles through monitoring of its conduct and, as appropriate, periodic verification.

11.3 Agents⁸ and subcontractors⁹

11.3.1 Certispec shall undertake due diligence of prospective agents and subcontractors, as outlined in section 11.1.1.

11.3.2 Certispec shall, where appropriate, provide training for agents and subcontractors.

11.3.3 Certispec shall not deal with agents and subcontractors which it knows to be involved in bribery.

11.3.4 Certispec shall monitor the agent's or subcontractor's compliance with the our Principles through monitoring of his/her/its conduct and, as appropriate, periodic verification

11.4 Contractors and suppliers

11.4.1 Certispec shall conduct its procurement practices in a fair and transparent manner.¹⁰

11.4.2 Certispec shall undertake due diligence in evaluating major prospective contractors and suppliers. Certispec's Compliance Committee shall provide guidance to employees on the definition of "major prospective contractors and suppliers" and the scope of due diligence.

11.4.3 Certispec shall make known its Compliance Principles to major contractors and suppliers.

11.4.4 Certispec shall avoid dealing with contractors and suppliers which it knows to be involved in bribery.

12 Complaints and Disciplinary Procedures

12.1 Complaints concerning alleged non-compliance with this Code by other IFIA Members shall be lodged with IFIA in accordance with the IFIA Complaints and Disciplinary Procedures. Members shall refrain from submitting such complaints to other parties unless it is necessary to do so to protect the Member's reputation.

12.2 Breaches of this Code may lead to sanctions imposed by the IFIA Council subject to the rules, including rights of appeal, set out in the IFIA Complaints and Disciplinary Procedures.

13 Specific Applications of the Certispec's Compliance Principles

13.1 Integrity

13.1.1 Certispec shall provide guidance to its employees for dealing with customers who expect them to abuse tolerances to obtain acceptable results.

⁸ "**Agent**" shall mean any entity external to the Member that is required as part or all of its responsibilities to provide operational services, within the definition of Profession (see footnote 1), on behalf of the Member.

⁹ "**Subcontractors**" shall mean entities or persons performing out-sourced activities within the definition of the Profession (see footnote 1).

¹⁰ "**Fair and transparent manner**" shall mean that the Member's purchasing and procurement processes ensure level and equal terms of competition and should set out and publicise how bids and quotations are invited and assessed. This will include the criteria and specifications against which decisions are made and confirm that competitive bids are obtained for all larger contracts and full information is provided on the decision process.

13.1.2 In respect of those business sectors in which Certispec is active, we shall comply with any sector specific Integrity Rules published by the applicable IFIA Committee.

13.2 Conflicts of interest

13.2.1 In order to avoid conflicts of interest, or the appearance of conflicts of interest, in Certispec's business transactions and services, we maintain a policy regarding conflicts of interest.

13.2.2 Certispec's policy provides guidelines to employees in order to avoid conflicts of interests between

- i. Certispec and related entities in which we have a financial or commercial interest and to which we are required to provide services, and
- ii. Certispec's companies and/ or divisions engaged in different activities but which may be providing services to either the same customer or each other.

13.2.3 Certispec's policy provides, as a minimum, that Certispec's Employees shall not : -

- a. directly or through relatives, friends or intermediaries, acquire an interest in a supplier, a customer or a competitor of the Certispec, except for the acquisition of shares of a customer, supplier or competitor on a public stock exchange, and then only to an extent which does not grant significant influence over the affairs of the customer, supplier or competitor and which does not make the employee unduly dependent on its financial fortunes;
- b. Hold any position with a competitor or customer;
- c. Conduct any company business with any member of their family or with an individual or organisation with which they or their family is associated;
- d. Employ a member of their family without approval of the Certispec's management.

13.3 Confidentiality

13.3.1 Certispec requires each employee to sign a **Non-Disclosure Agreement** which prohibits the disclosure of any confidential business information, obtained during the course of his/her employment, to other parties.

13.3.2 Certispec ensures that all intermediaries, joint venture partners, agents, subcontractors, contractors and suppliers are made aware of the confidential nature of business information that they may handle through their dealings with Certispec, and that they should not disclose confidential information to other parties.

13.4 Anti-bribery

13.4.1 Compliance with laws

- a. Certispec ensures that the Principles and Rules of its Program meet the requirements of the IFIA Compliance Code and local laws relevant to countering bribery in all the jurisdictions in which it operates.

- b. In the event that the local laws specify additional or different requirements, which are not covered by our Program, Certispec shall modify our Program for the country / countries concerned. Records shall be kept of countries where our Program has been modified.

13.4.2 Analysis of risks

Certispec's Compliance Committee and/or the senior executive, or his delegate, in each country of operation shall organise periodic reviews to assess bribery risks and determine appropriate control measures. Such reviews shall be systematically conducted: -

- i. Prior to the commencement of a new service or the start up of operations in a new country and
- ii. Whenever a significant breach of the Certispec Principles and Rules which warrants a review of the existing control measures occurs.

13.4.3 Political contributions¹¹

In order to ensure that Certispec, its employees, agents or intermediaries shall not make direct or indirect contributions to political parties, organisations or individuals engaged in politics, as a way of obtaining advantage in business transactions, Certispec has implemented the following: -

- i. Certispec maintains a Policy and criteria for political contributions.
- ii. Proposed political contributions shall be subject to prior review and approval by the Certispec's Compliance Committee and shall take into account the applicable laws in the countries concerned.
- iii. All political contributions made by Certispec shall be accounted for in a separate general ledger account in the Certispec's accounting records. Certispec shall consolidate all such payments made by any of its operations forming part of its Organisation.
- iv. Certispec shall prepare annually a consolidated management statement of all political contributions made including those made on its behalf by its employees, agents and intermediaries.

13.4.4 Charitable contributions and sponsorships¹²

To ensure that charitable contributions and sponsorships are not being used as a subterfuge for bribery: -

- i. Certispec maintains a Policy and criteria for charitable contributions and sponsorships.
- ii. Certispec's Compliance Committee shall stipulate designated levels of approval of charitable contributions and sponsorships

¹¹ "**Political contributions**" include any contribution, made in cash or kind, to support a political cause. Contributions in kind can include gifts of property or services, advertising or promotional activities endorsing a political party, the purchase of tickets to fund raising events and contributions to research organisations with close associations with a political party.

¹² "**Charitable contributions**" in the context of anti-bribery shall mean payments in excess of € 10,000 (ten thousand Euros) made for the benefit of society for charitable, education, social welfare and similar causes. The payments are made without demand or expectation of business return.

"**Sponsorship**" in the context of anti-bribery shall mean a transaction in excess of Can\$ 10,000 (ten thousand Canadian Dollars) where the enterprise makes a payment, in cash or in kind, to associate its name with an activity or other organisation and receives in consideration for the sponsorship fee, benefits such as advertising credits in media, events and publications, use of facilities and opportunities to promote its name, products and services. It is a business transaction and part of promotion and advertising.

- iii. Prior to approval of each proposed charitable contribution or sponsorship in excess of CAN\$ 10,000, a due diligence review shall be conducted to ensure that: -
 - a. The organisation receiving the contribution or sponsorship is reputable following a purpose unequivocally in the public interest and having the financial and personnel resources required to reach its purpose. Care shall be taken to ensure that the organisation is not a "front" for some other purpose. Donations to individuals shall be avoided unless approved and monitored by Certispec's Compliance Committee.
 - b. There are no conflicts of interest¹³.
- iv. Sponsoring agreements shall be in writing and state the consideration being offered by Certispec: if funds are offered, the use of these funds shall be specified in detail and an opportunity to check on their use must exist.
- v. Records shall be maintained locally of all charitable contributions and sponsorships and progress monitored to ensure that they have been used for the intended purpose.
- vi. All charitable contributions and sponsorships made by Certispec shall be accounted for in a separate general ledger account in Certispec's accounting records. Certispec shall consolidate all such payments made by any of its operations forming part of its Organisation.
- vii. Certispec shall prepare annually a consolidated management statement of all charitable contributions and sponsorships made by Certispec or on its behalf.

13.4.5 Facilitation payments¹⁴

- i. Facilitation payments shall be discouraged and only made when absolutely necessary.
- ii. Whenever Certispec permits facilitation payments, such payments shall be subject to compliance with the following requirements: -
 - a. There is no doubt as to the entitlement of Certispec to the action to be performed
 - b. The demander of the facilitation payment has a clear and non-discretionary obligation to perform the task
 - c. The payment is modest
 - d. The payment is appropriately accounted for.

¹³ "Conflicts of interest" could occur if an employee of a customer or public body involved in the transaction has an association with the recipient organisation and his/her judgment regarding the award of contracts, or review of tenders, could be perceived as being affected by the contribution or sponsorship. Similarly, employees or business partners of the Member may have links with the recipient organisations which could result in a conflict of interest

¹⁴ "Facilitation payment" is a small payment made to secure or expedite the performance of a routine or necessary action to which the payer of the facilitation payment has legal or other entitlement. A facilitation payment must never be made in order to retain or obtain business. In certain countries the performance of routine or necessary actions (e.g. processing of permits or visas; provision of telephone or electricity services) cannot be obtained unless a facilitation payment is made. Internationally there are differing views on the acceptability of facilitation payments although the OECD Convention on Combating Bribery and the US Foreign Corrupt Practices Act make provision for facilitation payments where necessary.

13.4.6 Gifts, hospitality and expenses

To ensure that the offer or receipt of gifts, hospitality or expenses does not: -

- a. Influence, or be perceived to influence, a contractual or material transaction or
- b. Serve, or be perceived to serve, as an inducement to act in breach of duty,

Certispec has implemented the following: -

- i. Certispec's Compliance Committee has set limits / guidelines¹⁵ on the value of gifts, hospitality or expenses that may be given without special authorisation from Certispec's Compliance Committee.
- ii. Guidelines shall be provided to employees on the circumstances under which (a) gifts, hospitality or expenses may be received and (b) gifts may be kept by Employees or should be surrendered to Certispec's management for disposal¹⁶
- iii. General criteria shall be provided to employees for compliance of gifts, hospitality and expenses with the Code. Examples of such criteria are that they should be: -
 - *Made for the right reason*: the gift or entertainment should be given clearly as an act of appreciation or genuine business intent
 - *Without obligation*: the gift, entertainment or expense does not place the recipient under any obligation
 - *Without expectations*: expectations are not created in the giver or an associate of the giver or have a higher importance attached to it by the giver than the recipient would place on such a transaction
 - *Made openly*: if made secretly then the purpose will be suspect
 - *In accordance with stakeholder perception*: the transaction would not be viewed unfavorably by key stakeholders if it were made known to them
 - *Reported*: the gift or expense should be recorded and reported to management
 - *Reasonable value*: the size of the gift is small or the value of the entertainment accords with general business practice
 - *Legal*: it conforms to the laws of the country where it is made
 - *In conformance with the recipient's rules*: the gift or entertainment meets the rules or code of conduct of the receiving organisation
 - *Infrequent*: the giving or receiving of the items is not a frequent happening between the giver and the recipient
- iv. All extraordinary expenses / proceeds, falling outside the limits / guidelines set in section 13.4.6 (i), related to gifts, hospitality and expenses, shall be accounted for in a separate general ledger account in Certispec's accounting records. Certispec shall consolidate all such payments made by any of its operations forming part of its Organisation.
- v. Certispec shall prepare annually a consolidated management statement, of all extraordinary¹⁷ expenses / proceeds.

¹⁵ Guidelines shall take into consideration compliance with local laws. Limits may have to be varied depending upon (a) the hierarchical level at which the giving or receiving takes place and (b) the country and local customs and socially acceptable practices

¹⁶ Possible means of disposal could include general distribution to all employees (e.g. through lottery) or donation to charity

¹⁷ "Extraordinary" shall mean outside the limits / guidelines set in section 13.4.6 (i)

13.4.7 Accounting and bookkeeping

Certispec shall maintain accurate books and records, which properly and fairly document all financial transactions. Off-the-books accounts shall be prohibited.

13.5 Fair marketing

13.5.1 Certispec shall provide guidelines to employees, agents and intermediaries to ensure that they understand and adhere to the Principle governing Fair marketing.

13.5.2 Certispec's presentations and publications¹⁸ shall accurately and unambiguously reflect our network and affiliations, resources / capabilities, experience and services provided.

¹⁸ **Presentations and publications** may include, but not be limited to, meeting or conference/seminar presentations, Tenders or Offers of services, web-sites, promotional material, etc.

Annex A

Management Declaration

Confidential

Certispec's Compliance Program

Management Declaration for the year ending20.....

To :(name of Certispec's Compliance Officer or nominated delegate)

Name of Manager:.....Job Title:.....

Locations and/or activities covered by this Declaration:.....
.....
.....
.....

I (Name of Manager) do hereby declare that in implementation of Certispec's Compliance Program for the year ending20..... in each of the locations and/or activities, as listed above, falling under my area of responsibility:

1. To the best of my knowledge I, and the members of staff reporting to me, have complied in all respects with the Compliance Principles and Rules;
2. I have verified that the Compliance Principles and Rules have been distributed to each Employee who had not previously received them;
3. I have fully and completely reported to the Compliance Officer any violation or suspected violation of the Principles and Rules, including any solicitation or offer of any improper payment or advantage, which has come to my knowledge;
4. I have fully and completely implemented all corrective and disciplinary actions required by the Compliance Committee in respect of any violation of the Principles and Rules.

Place..... Date.....

Signature.....

ANNEX B

Assurance Report of external audit firm

"Assurance Report on Certispec's Compliance Program"

1. Purpose of assurance review

We have performed review procedures on the management and reporting processes of the Compliance Program of *Certispec* over the year or the period to to determine whether these incorporate the requirements of the IFIA Compliance Code dated.....and whether this has been adequately implemented within Certispec's Organisation.

Certispec is responsible for the development and maintenance of the management and internal reporting processes of the Compliance Program. Our responsibility is to report on the management and reporting processes of the Compliance Program based upon our review procedures.

2. Scope of assurance review

The scope of our review procedures is as set out in the IFIA Guidelines on Verification of Code Implementation under "Scope of examination".

The scope of the review included verifying that management declarations were received from all senior managers as identified by the Member, including listing at least one in respect of each Group Member within the Member's group membership as listed or referenced in the Members Directory on the IFIA website.

We based our review primarily on management and other information provided to us by the company's management and staff. We also interviewed personnel responsible for the Compliance Program, including the Compliance Officer, Managers and other appropriate employees, both at Group level and selected countries. We also performed tests, on a sample basis, of relevant documentation including Group policies, management and reporting structures, documentation and systems in place at (*Specify country/countries visited*).

There are no generally accepted international standards for these other Assurance Engagements. In the absence of such standards, we based our approach on best practices as well as on the underlying principles of the standards of the International Federation of Accountants but adapted as necessary. We, therefore, planned and performed our procedures to obtain a reasonable basis for our conclusions. However, as we have not performed an audit, we do not express an audit opinion.

3. Results of our assurance review

During our review the following aspects were noted for follow-up action: -

.....

Based on our review procedures, with the exception of the above mentioned findings (*where applicable*) nothing has come to our attention to cause us to believe that: -

- i. The Compliance Program does not meet the requirements of the IFIA Compliance Code
- ii. The Compliance Program has not been adequately enforced and implemented
- iii. The systems for collection, analysis and aggregation of Compliance Program violations are not

functioning as designed and that

- iv. The consolidated management statements for intermediary remuneration, political contributions, charitable contributions and sponsorships, and extraordinary expenditures relating to gifts, hospitality and expenses do not properly reflect the figures as reported by the affiliates or reporting units.

4. Recommendations

From our work, we have provided the following recommendations to management which have been agreed: -

.....
.....

Name of External Audit Firm:

Date: