

CRSB CONFLICT OF INTEREST POLICY AND GUIDELINES

Conflicts of Interest

Reasonable measures shall be put in place to maintain impartiality in the entire certification and audit process, to mitigate real or perceived bias or conflict of interest. For example, a conflict of interest may arise if an Auditor or Certification Body has a current close relationship or other direct connection to a Client or related entity (e.g. Client parent company or subsidiary), or has had such a relationship or connection within the previous two-year period, including without limitation:

- i. Direct or indirect ownership or other financial interest in the Client or related entity;
- ii. Commercial relationship (e.g. supplier or purchaser) or immediate expectation for future business related to the outcomes of the audit (e.g. supplier or purchaser) with the Client or related entity;
- iii. Immediate or closely-connected family relationship or close personal connection with the ownership or management of the Client or related entity; or employee or owner of a competitor company to the Client.

For example, an Auditor who is also a representative of, or sales agent for, a company that currently sells direct products or services to the Client (i.e. auditee) may have a conflict of interest.

Individuals cannot audit clients with which they have a commercial relationship. However, commercial clients of professional individuals can be audited by other employees of the same commercial establishment (i.e. Certification Body).

Auditor Responsibilities

Any person carrying out CRSB certification activities is responsible for ensuring that they are not in a conflict of interest, either real or perceived. If an Auditor is, or may potentially be, in a conflict situation, they must immediately report this situation to the Certification Body employing them, failing which they must report directly to CRSB. The Auditor must disclose sufficient information to the Certification Body and/or CRSB to enable the Certification Body or CRSB to determine whether or how to proceed with the Client's audit.

Auditors must:

- Notify the Certification Body of any potential or perceived conflict of interest or the possibility of compromised impartiality with respect to a Client prior to conducting the audit;
- Notify the Certification Body if they have coached, advised, or consulted with a Client, either formally or informally, regarding the CRSB standard that they are being requested to audit;
- Not conduct an audit for a Client where the Auditor:
 - has direct or indirect ownership;
 - will be directly financially impacted by the outcome of the audit, or
 - has an immediate family relationship with the Client's ownership or management;
- Not provide advice to individual Clients on how to attain certification or higher scores on indicators;
- Adhere to the requirements of the CRSB framework;
- Carry out audits without bias; and
- Not take certification decisions.

Certification Body Responsibilities

Certification Bodies shall have a documented procedure for identifying, assessing and mitigating real or perceived conflicts of interest between the Certification Body, its employees and its Auditors, and any Client, and are ultimately responsible for mitigating conflicts of interest.

Potential conflicts of interest shall be identified and assessed as soon as an Auditor is assigned to a Client or as soon as an individual or company becomes a Client, and the recommended resolution, if any, shall be in place before the audit commences. If the Certification Body cannot resolve a potential conflict of interest situation, it must notify the CRSB immediately, and the case will be presented to the CRSB Verification Framework Committee for a resolution.

The Certification Body shall keep records of any conflict of interest assessments and resolutions. All conflict of interest assessments and resolutions shall be reported to the CRSB as part of the bi-annual reporting. This is a subject considered as part of the annual review by the Oversight Body.

Certification Bodies must also have a process through which Clients are given the option to identify a potential conflict of interest with the assigned Auditor through communication with the Certification Body prior to the audit.

In addition to the above, Certification Bodies must:

- Have a documented commitment to impartiality in all aspects of its certification services activities;
- Not stand to gain or lose financially, or otherwise benefit either directly or indirectly in any way, as a result of evaluating, monitoring, and/or assigning Auditors;
- Not stand to gain or lose financially, or otherwise benefit either directly or indirectly in any way, as a result of a certification decision;
- Be able to make certification decisions impartially and without bias;
- Assign Auditors to ensure, to the greatest extent possible, that a conflict of interest situation does not arise;
- Not provide consulting advice, directly or indirectly, related to achieving certification to the applicable standard(s), to Clients before, during or after the audit. This does not include general training that Certification Bodies may provide;
- Confirm with Clients prior to the audit that there is no real or perceived conflict of interest with the Auditor being sent to conduct the audit;
- Take reasonable steps to assess a Client's concern around a real or perceived conflict of interest with the Auditor before the audit, address the concern and make the Client aware of the resolution; and
- Rotate Auditors assigned to individual Clients on a regular basis, taking into consideration relevant considerations such as pool of auditors and frequency of audits (e.g. no more than two consecutive audits conducted by the same Auditor on the same Client, unless the pool of auditors is limited).

All Certification Body employees and Auditors involved in CRSB certification services must sign an acknowledgement of having read and understood this Conflict of Interest Policy and Guidelines, or equivalent approved by the CRSB, to be kept on file by the Certification Body. Internal audits and annual reviews by the Oversight Body will be evaluated for their adherence to the Conflict of Interest Policy and Guidelines.

Oversight Body Responsibilities

The Oversight Body shall report all real or perceived conflicts of interest in their work to the CRSB for review.