



# **CODE OF ETHICS AND COMPLIANCE**

**CUGNIER CERTIFICADORA**



## **CODE OF ETHICS AND COMPLIANCE - CUGNIER CERTIFICADORA**

### **1 – Introduction:**

#### **1.1 – Code of Ethics and Compliance Objective:**

**1.1.1** – The objective of the Cugnier Certificadora Code of Ethics and Conformity is to explain Cugnier’s approach in relation to compliance within our Organization. This approach complies with the IFIA – International Federation of Inspection Agencies Compliance Code, which seeks to improve the status of the profession by ensuring that every IFIA member follows high standards of professional conduct within their Organizations, in order to ensure their ethical behavior and the integrity of their services.

**1.1.2** – A selection of the main components of this Code are summarized in the statement which all employees must sign upon joining the company. The Code of Ethics and Statement are available on the website [www.cugnier.com](http://www.cugnier.com).

#### **1.2. – Code Definitions:**

**1.2.1** – Any word or expression which is defined in the IFIA Articles of Association shall have the same meaning in this Code, with the exception of those defined herein.

#### **1.3 – Code Documentation:**

**1.3.1** – This code is composed of two parts, as described below:

- **Cugnier Compliance Principles:** Established the fundamental Compliance principles in relation to Integrity, Conflicts of Interest, Confidentiality, Anti-bribery and Fair Trade.



- **Cugnier Compliance Rules:** Supplies the requirements for implementation of the Cugnier Compliance Principles.

## **2 - Cugnier Compliance Principles:**

### **2.1 - Integrity:**

**2.1.1** – Cugnier operates in a professional, independent and impartial manner in all its activities.

**2.1.2** – Cugnier carries out its activities honestly and does not tolerate any deviation from approved methods and procedures. When approved testing methods make provisions for tolerances in results, Cugnier shall ensure that such tolerances are not abused to alter current test results.

**2.1.3** – Cugnier reports data, test results and other material facts in good faith and does not inappropriately adulterate these, and only issues reports and certificates which contain accurate, current results, professional opinions or results obtained.

### **2.2 - Conflicts of Interest:**

**2.2.1** – Cugnier avoids conflicts of interest with any entity in which it has a financial or commercial interest and to which it is required to provide services.

**2.2.2** – Cugnier avoids conflicts of interest or undue influence between its companies and/or divisions engaged in different activities but which may be providing services to either the same client or each other.

**2.2.3** – Cugnier ensures that its employees avoid conflicts of interest with Cugnier's activities.



## **2.3 – Confidentiality:**

**2.3.1** – Cugnier treats all information obtained during the course of providing commercial services as confidential and ensure that such information is not published, generally available to third parties or within the public domain.

## **2.4 – Anti-bribery:**

**2.4.1** - Cugnier prohibits the offer of payment or acceptance of bribes or any nature, including fees in any installment of payment of the agreement.

**2.4.2** – Cugnier prohibits the use of any route or channel which allows provision of undue benefits to, or receipt of undue benefits from: clients, agents, contractors, suppliers, or employees from anywhere, including government officials.

## **2.5 – Fair Marketing:**

**2.5.1** – Cugnier only presents and conducts Marketing, including any comparisons or references to competitors or their services, in a manner which is true and unambiguous, or susceptible to be misleading.

## **3 - Cugnier Compliance Rules:**

### **3.1 – Implementation:**

**3.1.1** – Cugnier implemented a program based on this Code within its Organization which is centrally coordinated by the operational manager.



### **3.2 - Compliance Principles and Rules:**

**3.2.1** – Through the publication of this Code, Cugnier’s Compliance Committee commits to implement the IFIA Compliance Code.

**3.2.2** – Cugnier sent a copy of this Code to the IFIA Director-General for verification of its compliance and approval in accordance with the IFIA Code, and undertakes to send any subsequent amendments.

### **4 – Compliance Officer:**

**4.1** - The Compliance Committee holds final responsibility for compliance with the Compliance Program. The Operational Manager is appointed as the Compliance Officer who, irrespective of any other responsibilities, has the responsibility and authority to coordinate the implementation of the Program across the whole of Cugnier’s Organization.

### **5 – Compliance Committee:**

**5.1** – The Committee meets monthly (except in cases of unforeseen circumstances, in which case the meeting shall take place as soon as possible).

**5.2** – The Compliance Committee’s responsibilities include revision of program progress and supply of policy guidance.

**5.3** – The Committee carried out reviews of the Cugnier Code, including audit and compliance reports, complaints and other relevant information.

**5.4** – The Compliance Committee is composed of the Board of Directors, Superintendencies, Managers and heads of departments at Cugnier, who receive reports from the Compliance Officer.



## **6 – Human Resources:**

### **6.1 – Recruitment:**

**6.1.1** – Prior to recruitment, prospective Cugnier employees are notified of the Compliance Program.

**6.1.2** – Program is defined as the system used by Cugnier to guarantee the Compliance Program is followed, including amongst others, principles and Rules, legislation, software, processes and internal procedures.

### **6.2 – Employee Commitment:**

**6.2.1** – Cugnier guarantees that:

**a)** Each employee is provided with a copy of the Code of Ethics and Compliance and is required to sign a declaration confirming that it has been received, read and understood. A record is kept in the employee's file.

**b)** Each Manager is required to sign an annual declaration confirming that the Cugnier Program has been implemented in their area of responsibility and that any violations of the Code have been reported to the Compliance Officer.

**c)** Employees shall not be demoted, penalized or suffer any other adverse consequences arising from the strict implementation of the Program, even if it may result in loss of business.

### **6.3 – Training:**

**6.3.1** – All Cugnier employees and Managers undergo Compliance Training. A training completion record is kept in each employee's file.



#### **6.4 – Code Development Consultation:**

**6.4.1** – All Cugnier employees have the opportunity to provide input (provide their opinion) on the development of the compliance Program during performance evaluations, personal training sessions, program revision meetings, directly through their superiors or staff representatives, or directly to the Compliance Officer.

#### **6.5 – Employee Help lines:**

**6.5.1** - Cugnier has made the email address [etica@cugnier.com](mailto:etica@cugnier.com) available as a help line for Cugnier employees who wish to make complaints, obtain guidance on any issue or concern relating to the implementation and/or interpretation of the Compliance Program.

**6.5.2** – At the employee’s request, any such issue shall be dealt with confidentially and the anonymity of the employee shall be protected as far as reasonably practicable.

**6.5.3** – A member of the Compliance Committee shall be responsible for dealing with each request.

#### **7 – Security Measures:**

**7.1** – Security measures are taken on Cugnier premises (including hardware and software) containing confidential company information in order to ensure that:

- a)** access is restricted to authorized personnel only; and
- b)** documents and data are stored in secure designated areas and disposed of securely.



## **8 – External Communications:**

**8.1** – Efficient external communication is ensured by Cugnier through:

**8.1.1** – Publically disclosing the Cugnier Code of Ethics and Compliance and related information.

**8.1.2** – Supply facilities and tools for receipt and processing of enquiries, complaints, feedback or clarifications from interested parties. The hotline function on the Cugnier website may be used for such communication.

## **9 – Reporting Violations:**

**9.1** – Cugnier employees are encouraged to report incidents of violations or suspected violations either directly to the Compliance Officer, or to the employee's superior, who in turn should report the situation to the Compliance Officer for investigation.

**9.2** – The reporting employee shall be fully protected from any reprisals, unless they have acted maliciously or in bad faith.

**9.3** – If requested, the employee's anonymity shall be protected as far as reasonably practicable.

**9.4** – Employees are required to report any solicitation or offer of improper payment or advantage which they come to be aware of, as set forth in item 9.1.

## **10 – Investigations and Sanctions:**

**10.1** – Cugnier's Compliance Officer shall initiate, where appropriate, an investigation into any program violation reported to them or which they come to be aware of.

**10.3** – Cugnier maintains a documented procedure for the handling of investigations and sanctions, and includes requirements for:





- a) Maintenance of records for all violations reported and subsequent actions taken.
- b) The alleged perpetrator of the violation shall have the right to be heard.
- c) The management to decide on the appropriate corrective and disciplinary measures to be taken if a violation has been established. These measures may include reprimand, suspension or dismissal of the employee.

## **11 – Efficiency of Program Implementation:**

### **11.1 – Employee Declarations:**

**11.1.1** – On an annual basis, all employees should confirm their understanding and agreement with Cugnier’s Code of Ethics and Compliance during their yearly evaluation.

### **12 – Management Declarations:**

**12.1** - As described in 6.2 (b), Managers must prepare and sign an annual Declaration of Cugnier's Code of Ethics and Compliance as per template contained in Annex A at the end of this Code.

**12.2** – These Compliance Declarations should be sent to the Compliance Officer, who should compile and submit these to Cugnier’s Compliance Committee. The statements are kept in each Manager's file.

### **13 – Internal Audits:**

**13.1** – Internal auditors (which may include internal quality auditors), as part of their internal auditing plan, should verify that the Code has been implemented at Cugnier and that Management Declarations are:



- a) As per Item 12, have been completed;
- b) Reflect compliance with the Code; and
- c) In respect of those locations selected for audits, that they accurately reflect the actual situation.

**13.2** – Internal audits should review processes at the locations in place and include testing, on a sampling basis, to ensure the efficient application and implementation of the Program.

**13.3** - The findings resulting from the audits should be reported to the Compliance Officer, who should submit a summary report to Cugnier's Compliance Committee. The Compliance Officer and/or Committee shall take follow-up actions where appropriate.

#### **14 – External Examinations:**

##### **14.1 – Frequency:**

**14.1.1** – The effectiveness of the Program implementation shall be examined at least annually by an independent external audit firm appointed by Cugnier.

##### **14.2 – Independent External Audit Firm:**

**14.2.1** - An independent external audit firm is appointed by Cugnier to carry out the examination.

**14.2.2** – The external audit firm will normally be the firm engaged (committed) for the audit of Cugnier's (consolidated) financial statements. It should be a member of a national professional accountancy organization.

**14.2.3** – For Members with international operations, it should be an international audit firm with offices in most countries and regions where the Member operates and employing a uniform international audit approach and methods.

**NOTES:**

**a)** If Cugnier operation include countries where the international audit firm do not have offices and it is necessary to use different external audit firm, Cugnier and its international external audit firm should report to the Director General of IFIA on arrangements made to ensure that a consistent examination of the Program implementation is achieved at all locations. In such cases, Cugnier's international external audit firm should act as coordinator of the other external audit firm and should prepare a consolidated Assurance Report.

**b)** The external audit firm appointed by Cugnier may utilize the services and reports from the independent management system certification or accreditation bodies which have performed audits on Cugnier's management system based on international standards. However, neither the certification and accreditation bodies nor their reports should be used for verification of financial aspects relating to Business (commercial) Relationships and Anti-bribery Business Principles, without prior approval from the IFIA Director General.

**14.3 – IFIA Notification for External Audit Firm Appointed by Cugnier:**

**14.3.1** - Prior to appointing the external audit firm, or any subsequent changes, details should be submitted to the Director-General for confirmation of compliance with IFIA requirements.

**14.4 – Examination Scope:**

**14.4.1** – For the purposes of demonstrating Cugnier's compliance with the IFIA Compliance Code, Cugnier nominates an external audit firm which has been previously approved by the IFIA to analyze, evaluate and provide information on Cugnier's procedures and records, as per the requirements set forth in Annex C available at the end of this Code.



**14.4.2** – The external audit firm should send a copy of their report to the IFIA Director General within 6 months from the beginning of Cugnier’s financial year.

## **15 – Application of Business Relationships Code:**

**15.1** – Cugnier ensures that its Compliance Program is applied to the appropriate extent in its business relationships with external parties such as intermediaries, agents and subcontractors, contractors, suppliers and clients, and that improper payments are not channeled through these, and that the following provisions shall be applied.

### **15.2 – Intermediaries:**

**15.2.1** – Cugnier ensures that the Code of Ethics and Compliance is followed by each intermediary.

**15.2.2** – All intermediaries should receive a copy of Cugnier’s Code of Ethics and Compliance.

**15.2.3** – Prior to appointment of an intermediary, or renovation, or substantial revision of the appointment terms of an intermediary, Cugnier's due diligence shall include:

**a)** A risk analysis;

**b)** An interview with the party;

**c)** Disclosure of Cugnier’s Compliance Principles to the party, with the aim of ensuring that the party agrees with the Principles and that they shall respect the principles and that they shall abide by these whilst carry out activities in the name of Cugnier; furthermore, the party is also contractually bound to comply with the Compliance Principles and to allow Cugnier verify this compliance periodically or whenever necessary.

**d)** An investigation into the background (or experience) of the intermediaries, which should be revised and approved by Cugnier's Compliance Committee.



e) Verification by Cugnier's Compliance Committee that the remuneration paid to each intermediary is appropriate and justifiable for legitimate services provided, and does not facilitate improper payments through an intermediary, through:

**I)** A remuneration analysis. This may include, if appropriate, consideration of:

- Remuneration of other intermediaries already used by Cugnier to carry out a similar role;
- Quotes from other potential intermediaries;
- Information on the local market rates paid to intermediaries;
- Justification for the rate proposed for the Intermediary.

**NOTE:** Intermediary is defined as any external entity or individual required to promote Cugnier services to Government employees or companies as part of their responsibilities. This includes consultants and advisers for business acquisition or used in commercial negotiations.

**II)** Revision of the remuneration of intermediaries needed to deal with government employees and approval from the Compliance Committee prior to any payments being made to prospective Intermediaries.

**15.2.4** – Continuously monitor compliance by the intermediary through Cugnier's Compliance Principles and, in case of violation, take corrective measure which may, in cases of serious violations, result in the termination of the agreement. All agreements with intermediaries should allow Cugnier to terminate its association with the Intermediary upon any violation of Cugnier's Compliance Principles.

**15.2.5** – Provide training and support to the Intermediary whenever necessary.

**15.2.6** – Maintain records of compliance with the requirements mentioned above, including a copy of the agreement with the Intermediary, in accordance with Cugnier's Compliance Principles.

**15.2.7** – Hold an account for intermediary remuneration in a separate general ledger account in its accounting records. All payments should be consolidated.

**15.2.8** – Prepare an annual consolidated management statement for Intermediary remuneration.

**15.2.9** – Not deal with intermediaries who Cugnier knows to be involved in bribery.



### **15.3 – Agents and Subcontractors:**

**15.3.1** – The conducting of due diligence of potential agents and subcontractors shall be determined by the risk analysis and may include some or all of the components described in item 15.2.

**15.3.2** – Cugnier shall provide training for agents and subcontractors whenever necessary.

**15.3.3** – Cugnier should not conduct business with agents and subcontractors which it knows to be involved in corruption.

**15.3.4** – Compliance with Cugnier’s Compliance Principles by agents and subcontractors should be monitored through observation of their behavior and through periodic verification, when appropriate.

**15.3.5** - All agreements with agents and subcontractors should contain a clause allowing Cugnier to terminate the agreement upon violation of Cugnier's Compliance Principles.

#### **NOTES:**

**a)** Agent is defined as an external entity that provides operational services in the name of Cugnier as part of its responsibilities.

**b)** Subcontractors are defined as entities or persons who carry out outsourced activities in the name of Cugnier.

### **15.4 – Suppliers:**

**15.4.1** – Purchase practices should be carried out in a fair and transparent manner.

**15.4.2** – Prior due diligence should occur when evaluating potential large suppliers. The reach of the due diligence shall be determined by the risk assessment and may include some or all of the components described in section 15.2.

**15.4.3** – Cugnier’s Compliance Principles shall be disclosed to the main suppliers.

**15.4.4** – Cugnier should not conduct business with suppliers which it knows to be involved in bribery.



**15.4.5** – Whenever possible, agreements with suppliers should allow Cugnier to terminate the agreement with suppliers in violation of Cugnier's Compliance Principles.

#### **15.5 – Clients:**

**15.5.1** – Client relations shall occur in a fair and honest manner.

**15.5.2** – Due diligence shall be considered in the evaluation of potential large clients. The reach of the due diligence shall be determined by the risk assessment and may include some or all of the components described in section 15.2.

**15.5.3** – Cugnier's Compliance Principles should be available to all clients.

**15.5.4** – Cugnier should avoid dealing with clients which it knows to be involved in corruption.

**15.5.5** – Whenever possible, agreements with clients should allow Cugnier to terminate the agreement with clients in violation of Cugnier's Compliance Principles.

#### **16 – Complaints and Disciplinary Procedures:**

**16.1** – Complaints concerning alleged non-compliance with this Code by other Members should be lodged with the IFIA in accordance with IFIA Complaints and Disciplinary Procedures.

**16.2** – Any complaint by Cugnier concerning other IFIA Members should be made through the Compliance Officer.

**16.3** – Cugnier should refrain from submitting such complaints to other parties unless it is necessary to do so to protect their reputation.



## **17 – Specific Applications of Cugnier’s Compliance Principles:**

### **17.1 - Integrity:**

**17.1.1** – Employees should politely refuse any requests from clients to violate any of Cugnier’s Compliance Principles and should immediately report the details of the request to their immediate superiors. The immediate superiors should report the incident to their Management, who in turn shall notify the Compliance Officer. When approved testing methods allow for tolerance in results, such tolerances should not be taken advantage of by employees to alter the conclusions of real tests.

**17.1.2** – In respect of those business sectors in which Cugnier is active, Cugnier should comply with any sector specific Integrity Rules published by the IFIA Committee.

### **17.2 - Conflicts of Interest:**

**17.2.1** – In order to avoid conflicts of interest, or the appearance of conflicts of interest, in business transactions and services, Cugnier maintains the following policy for providing guidelines to employees in order to avoid conflicts of interest between:

- a)** Cugnier and related entities in which Cugnier has a financial or commercial interest and to which it is required to provide services, and
- b)** Cugnier’s companies and/or divisions engaged in different activities but which may be providing services to the same client or each other.

### **17.2.2 – Cugnier’s Policy provides, as a minimum, that employees should not:**

- a)** Directly or through relatives, friends or intermediaries, acquire an interest in a supplier, client or competitor of Cugnier, except for the acquisition of shares of a client, 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 client, supplier or competitor and which does not make the employee unduly dependent on its financial fortunes;

- b)** hold any position with a competitor or client;
- c)** Conduct any company business with any member of their family or with an individual or organization with which they or their family is associated;
- d)** Employ a member of their family without approval of Cugnier's management.

### **17.3 – Confidentiality:**

**17.3.1** - Each Member should require each employee to sign a non-disclosure agreement which prohibits the disclosure of any confidential business information, obtained during the course of their employment, to other parties.

**17.3.2** - 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 Cugnier, and that they should not disclose confidential information to other parties.

### **17.4 – Anti-bribery:**

#### **17.4.1 – Compliance with Laws:**

- a)** Cugnier's policy is never to accept, offer or pay bribes, directly or through third parties, and also to comply with all relevant legislation.
- b)** If any Cugnier employee becomes aware of any bribe having been offered, this fact should be reported to the Compliance Officer.



**c)** Cugnier's Code of Ethics and Compliance should comply with the all the requirements from the IFIA Code of ethics and all relevant legislation in order to combat bribery in all jurisdictions in which Cugnier operates.

**d)** In the event that the local laws specify additional or different requirements, which are not covered by the Program, Cugnier should modify its Program for the country(ies) concerned. Records should be kept of countries where their Program has been modified.

#### **17.4.2 – Risk Analysis:**

**17.4.2.1** – The Executive Director or their delegate, in each country of operation should organize periodic reviews to assess bribery risks and determine appropriate control measures. Such reviews should be systematically conducted:

- a)** Prior to the commencement of a new service or the start-up of operations in a new country, and
- b)** Whenever a significant breach of the code which warrants a review of the existing control measures occurs.

#### **17.4.3 – Political Contributions:**

**17.4.3.1** – Neither Cugnier, nor its employees or agents should not make direct or indirect contributions to political parties organizations or individuals engaged in politics.

#### **17.4.4 - Charitable Contributions and Sponsorships:**

**17.4.4.1** – In order to guarantee that ensure that charitable contributions and sponsorships are not being used as a subterfuge for bribery, the authorization limits applicable are of R\$ 10,000.00 (US\$ 5,793.74).

**NOTE:**

**a)** Political contributions include any contribution, whether in cash or kind, to support a political cause. Contributions in kind may include gifts, property or advertising services, promotion or endorsement of a political party, purchase of tickets to fundraising events and contributions to organizations with links to a political party.

**b)** Charity contributions, in the context of anti-bribery, mean payments made for the benefit of society to charity, education, social care and similar causes. Payments are made without demand or expectation of business advantage.

**c)** Sponsorships, in the context of anti-bribery, is understood to mean an operation which the company makes a payment, in cash or in kind, to associate their name with an activity or another organization and receives in return from the sponsorship fee, benefits such as advertising credits through means of communication, events and publications, or the use of facilities and opportunities to promote their name, products and services.

**d)** All charitable contributions or sponsorships should be evaluated by the Compliance Committee for risk analysis. This evaluation shall determine whether any diligence is necessary and, if this is the case, the reach of this diligence. All charitable contributions or sponsorships over R\$ 10,000.00 (US\$ 5,793.74) shall be subject to due diligence. The scope of this diligence should ensure:

- The organization receiving the contribution or sponsorship is respectable, unquestionably acting in the public interest, with the necessary financial and staff resources to achieve their objective. Care should be taken to guarantee that the organization is not a "front" for another purpose. Donations to individuals should be avoided unless approved and monitored by the Compliance Committee.
- Sponsorship agreements should be made in writing and indicate the account into which Cugnier is offering payments, specifying in detail how the resources will be used. An opportunity to verify the use of these resources should also exist.
- Records should be held at the location where all charitable contributions and sponsorships take place, and their progress should be monitored in order to guarantee that they have been used for the intended purpose.



e) All charitable contributions and sponsorships carried out by Cugnier should be contained in a separate ledger. All payments should be consolidated.

f) A consolidated management statement for all charitable contributions and sponsorships made by Cugnier or in their name should be prepared annually.

#### **17.4.5 – Facilitation Payments:**

**17.4.5.1** – Cugnier, its employees, subcontractors, agents or intermediaries should not make facilitation payments.

**17.4.5.2** - The Member should prohibit the offer or receipt of gifts, hospitality or expenses whenever such arrangements could affect the outcome of business transactions and are not reasonable and bona fide expenditures.

**NOTE I:** In order to guarantee that the offer or receipt of gifts, hospitality or expenses does not:

- a) Influence, or been perceived to influence, a contractual or material transaction, or
- b) Serve, or be perceived to serve, as an incentive to act in violation of duty, the following policy applies:

**NOTE II:** Gifts, hospitality and expenses should be:

- a) Should occur for the right reasons and without obligation: The gift or entertainment should be given as a clear act of appreciation or bona fide business intention, and the gift of entertainment or expense does not imply any obligation for the recipient.
- b) No expectations: Expectations are not created by the donator or donator associate, nor is great importance attributed to it by the donator.
- c) Done openly: If carried out in secret, could raise suspicions.
- d) According to the perception of the interested parties: the transaction would not been seen unfavorably by the main interested parties if it occurred with their knowledge.
- e) Recorded: Any expenses should be recorded and reported to Cugnier.



**f) Reasonable value:** The value of the gift is low and/or the value of the entertainment agreements are in accordance with general business practices.

**g) Legal:** conforms with the laws of the country where it is made and with all other applicable laws.

**h) Conforms with Cugnier standards:** the present or entertainment complies with Cugnier's rules of the Code of Ethics and Compliance.

**i) Infrequently:** give or receive gifts or entertainment is not a frequent occurrence between the donator and the receiver and occurs in accordance with the guidance of this Code.

**NOTE III:** Conflicts of interest may occur if an employee involved in the transaction is associated with the beneficiary organization and their judgment on the awarding of contracts, or the revision of proposals, may be perceived as having been affected by the contribution or sponsorship. Similarly, Cugnier employees or business partners may have links with beneficiary organizations which could result in conflicts of interest.

**NOTE IV:** Facilitation payments are defined as small payments 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.

**17.4.5.3** – Cugnier employees, agents or intermediaries may not normally give or receive gifts with a value over R\$ 50.00 (US\$ 28.97). The frequency of offers or receipts of gifts should not exceed twice a year by one party.

**NOTE:**

**a)** In cases where presents offered or received exceed the rules in item 17.4.5.3, this should be immediately communicated to the Compliance Officer by the employee, agent or subcontractor. The Compliance officer determines whether the gift may be offered, received or retained by the employee or whether it should be refused in accordance with the principles established in this Code. Records of extraordinary gifts should be maintained and shall be subject to internal audits.



**b)** In cases of hospitality and entertainment, employees, agents, correspondents or intermediaries should act reasonable in paying or accepting hospitality. As a policy, the value of the expenses should not go beyond what Cugnier considers generally acceptable for the employee to spend on their own subsistence.

**c)** All extraordinary expenses / income, as specified in item "a" or outside the policy of item "b", shall be accounted for in a separate general ledger account in its accounting records. All payments should be consolidated.

**d)** An annual consolidated management statement of all extraordinary expenses and receipts shall be drawn up.

#### **17.5 – Accounting:**

**17.5.1** - Accurate books and records which properly and fairly document all financial transactions shall be maintained.

**17.5.2** – Cugnier rules prohibit off-the-books transactions, in accordance with the legislation in force in the country where it is active.

#### **17.6 – Fair Trade:**

**17.6.1** – Cugnier should provide guidelines to employees, agents and intermediaries to ensure that they understand and adhere to the Principle governing fair trade.

#### **17.7 – Presentations and Publications:**

**17.7.1** - Should accurately and unambiguously reflect Cugnier's network and affiliations, resources / capabilities, experience and services provided.



**17.7.2** – Publications may include, but are not limited to, presentations, proposals, service offers, websites, promotional material, and others.



**Annex A**

**MANAGEMENT DECLARATION TEMPLATE**

*Confidential*

Cugnier's Compliance Programme Management Declaration for the year ending .....20.....

To:.....(name of Member'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 Cugnier's Compliance Programme for the year ending .....20..... 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 Programme;
- 2.** I have verified that the Compliance Programme has 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 Programme, 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 Programme.

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

Signature.....





## **Annex C**

### **Proforma Report of external audit form (Agreed Upon Procedures)**

#### **"Report on..... (name of Member)'s Compliance Programme"**

**1.** We have performed the procedures enumerated below, which were agreed to by the Member and the International Federation of Inspection Agencies ("IFIA"), solely to assist you the Member in reviewing your Compliance Programme in connection with your membership in IFIA. The Member is responsible for implementing a Compliance Programme that conforms to IFIA guidance. This engagement was conducted in accordance with (state applicable standard). The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

#### **2. We have performed the following procedures:**

##### **2.1. Compliance Programme**

**2.1.1.** Obtained from management the Member's documented Compliance Programme [Document Name] (the "Compliance Programme") dated [date].

**2.1.2.** Confirmed that the Compliance Programme addresses each of the following IFIA Compliance Principles:

**2.1.2.1.** Integrity;

**2.1.2.2.** Conflicts of interest;

**2.1.2.3.** Confidentiality;

**2.1.2.4.** Anti-bribery;

**2.1.2.5.** Fair marketing



**2.1.3.** Obtained from management a copy of the transmittal letter used to send the Member's Compliance Programme to the IFIA Director General. Confirmed that the transmittal letter was dated between [date of publication] (which was the date that the Compliance Programme was approved by the Board) and [date one month later]. Obtained a copy of IFIA's acceptance of the Compliance Programme documentation. Obtained representation from management that no changes have been made to the Compliance Programme subsequent to [date of publication].

## **2.2. Compliance Committee and Compliance Officer**

**2.2.1.** Obtained Board minutes dated [date] from management. Confirmed that those Board Minutes contained the following attributes:

**2.2.1.1.** The appointment of [Name] as Compliance Officer

**2.2.1.2.** A description of the Compliance Officer's responsibility and authority for implementing and operating the Compliance Programme throughout the organization.

**2.2.2.** Obtained from management the Compliance Committee constitution dated [date] and confirmed that each of the following positions exist on the Compliance Committee:

2.2.2.1. Chief Executive Officer

2.2.2.2. Compliance Officer

2.2.2.3. A representative from the Board

**2.2.3.** Confirmed that the Compliance Committee constitution obtained in step 2.2.2 above charges the Compliance Committee with overseeing the Compliance Programme.

## **2.3. Training**

**2.3.1.** Obtained from management a list of all employees of the Member as of [date]. (We make no comment with respect to the completeness or accuracy of the list.).



**2.3.1.1.** Non-statistically selected xx employees from the list.

**2.3.1.2.** Obtained from management a second list of all employees who have completed the Compliance Programme training course between [date to date]. (We make no comment with respect to the completeness or accuracy of the list.).

**2.3.1.3.** Confirmed that each selected employee in 2.3.1.1 was included on the second list obtained in 2.3.1.2.

**2.3.2.** Obtained from management the most current Compliance Programme training course dated [date]. Confirmed by examination of the index that each of the following principles was addressed:

2.3.2.1. Integrity;

2.3.2.2. Conflicts of interest;

2.3.2.3. Confidentiality;

2.3.2.4. Anti-bribery;

2.3.2.5. Fair marketing.

**2.3.3.** Obtained from management the means by which they provide an opportunity for employees to provide input on the development of the Compliance Programme.

## **2.4. Reporting Violations**

**2.4.1.** Called the Member's "Employee Help Line" at 1 (xxx) xxx-xxxx on [date] and [time] and observed that the call was answered by an individual identifying themselves as a helpline employee of the Member.

**2.4.2.** Using the Compliance Programme obtained, confirmed that it includes a reference to the Help Line.

**2.4.3.** Using the Compliance Programme obtained, confirmed that it includes provisions for protection of confidentiality for this attribute.

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## **2.5. Public Disclosure of Compliance Principles**

**2.5.1.** Accessed the Member's web site at (name website) on [date, time] and confirmed that the Compliance Programme dated [date] was posted.

**2.5.2.** Confirmed that the Compliance Programme posted on (name website) had the same date as the Compliance Programme obtained in step 2.1.1.

**2.5.3.** Obtained a description of the steps an interested party would take to provide inquiries, complaints or feedback via the Member's website (name site).

**2.5.4.** Accessed the Member's web site (name site) on [date, time] and confirmed the existence of the method described to us in step 2.5.3. Reperformed [what they told us to do].

## **2.6. Investigations**

**2.6.1.** Using the Compliance Programme obtained, confirmed that it includes a provision where employees can report known or suspected violations to the Compliance Officer, the employee's superior, a member of senior management, or an internal auditor.

**2.6.2.** Using the Compliance Programme obtained, confirmed that the Compliance Programme requires employees to report any solicitation of, or offer of, an improper payment or advantage coming to their attention.

**2.6.3.** Obtained from management the most current [policy] document for handling investigations and sanctions. Confirmed that the [policy] document includes:

**2.6.3.1.** Requirements that all reported matters (known or suspected violations) are investigated

**2.6.3.2.** Maintenance of records of all reported violations and subsequent actions taken

**2.6.3.3.** A due diligence process that includes an interview of the alleged perpetrator

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**2.6.3.4.** Requirements for management or the Compliance Committee to decide on the appropriate corrective action/sanctions if the allegation is substantiated

**2.6.3.5.** Potential corrective action sanctions that include Reprimand, Demotion, Suspension and Dismissal

**2.6.3.6.** Protocols for providing the Compliance Officer with periodic updates regarding the status of investigations

**2.6.3.7.** Requirements for the Compliance Officer to prepare periodic reports for the Compliance Committee on investigations, violations, and the implementation of corrective actions and disciplinary measures.

## **2.7. Confidential Business Information**

**2.7.1.** Obtained from management the most current [policy] document stating that access to confidential business information is restricted to authorized personnel

**2.7.1.1.** Using the document obtained in step 2.7.1, confirmed that the [policy] document includes provisions regarding the access to, storage of, and disposal of, and access to confidential business information

## **2.8. Consolidated Management Statements**

**2.8.1.** Obtained the Member's consolidated financial statements/general ledger/trial balance, as appropriate, dated [date]. (We make no comment with respect to the completeness or accuracy of the list.).

**2.8.2.** Obtained a schedule prepared by management for each of the following expenses for the period [date to date], or confirmation that no payments in any of the categories is made:

**2.8.2.1.** Political contributions;

**2.8.2.2.** Charitable contributions and sponsorships;

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**2.8.2.3.** Expenditures relating to gifts, hospitality and expenses;

**2.8.2.4.** Intermediaries' remuneration

**2.8.3.** Confirmed, where applicable, the existence of a separate general ledger account for each of the areas identified in 2.8.2.1 - 2.8.2.4.

**2.8.4.** Confirmed, where applicable, that the general ledger account balance matched the balance on the schedule prepared by management for each of the areas identified in 2.8.2.1 - 2.8.2.4.

**2.8.5.** Confirmed that the schedule prepared by management for each of the applicable areas identified in 2.8.2.1 - 2.8.2.4 were presented to and approved by the Audit Committee.

**2.8.6.** Non-statistically selected xx transactions from each schedule prepared by management.

**2.8.6.1.** Obtained supporting documentation for each transaction selected. **2.8.6.2.** Traced the supporting documentation for each transaction selected in 2.8.6 to the transaction amount on the schedule prepared by management obtained in 2.8.2.

## **2.9. Business Relationships**

**2.9.1.** Obtained from management a listing of all business partners as defined by IFIA. (We make no comment with respect to the completeness or accuracy of the list.) If the Member stated they have no business partners no further testing was performed. Otherwise, non-statistically selected xx business partners. If there were fewer than 10 business partners, selected all.

**2.9.2.** For each business partner selected in 2.9.1, obtained representation from management whether the relationship was initiated or renewed between [date] and [date]. For each business partner where the relationship was initiated or renewed, obtained [due diligence documentation name] from management where the Member recorded the due diligence steps performed. Confirmed that the due diligence steps include the following steps:



**2.9.2.1.** Risk analysis, including procedures to evaluate whether the proposed business partner is known to be involved in bribery

**2.9.2.2.** Interview with the party

**2.9.2.3.** Investigation of the party's background, with evidence of review and approval by the Compliance Committee

**2.9.2.4.** Remuneration analysis reviewed and approved by the Compliance Committee

**2.9.3.** For each selection, obtained from management the current contract between the business partner and the Member and confirmed that (except in the case of subcontractors) the following attributes exist in the contract:

**2.9.3.1.** A requirement that the business partner comply with the Compliance Programme

**2.9.3.2.** A provision allowing the Member to verify the business partner's compliance with the Compliance Programme

**2.9.3.3.** An allowance for the Member to implement remedial action in the event the business partner breaches the Compliance Programme

**2.9.4.** Obtained from management a list of all breaches of the Compliance Programme by business partners during the review period. (We make no comment with respect to the completeness or accuracy of the list.) Obtained [specific description document] documenting the remedial action taken for each breach.

## **2.10. Annual Management Declarations**

**2.10.1.** Obtained from management a current listing of all employees identified as senior managers, including at least one in respect of each Group Member within the Member's Group membership (if any) as listed or referenced in the IFIA Members

Directory. (We make no comment with respect to the completeness or accuracy of the list.) Non-statistically selected xx individuals from the listing. Obtained each individual's signed Management Declaration for the year



**2.10.2.** Confirmed that the following attributes, from Annex A to IFIA's Compliance Code, exist on each signed Management Declaration:

**2.10.2.1.** Name

**2.10.2.2.** Job title

**2.10.2.3.** Locations and/or activities covered by the declaration

**2.10.2.4.** Declaration of implementation

**2.10.2.5.** Confirmation that the date listed next to the signature on each form is between [date and date]

## **2.11. Internal Audits**

**2.11.1.** Obtained from management the Member's internal audit plan and confirmed that

**2.11.1.1.** It includes audits to verify that the Compliance Programme has been implemented within the Member's organization

**2.11.1.2.** Whether compliance findings resulting from such audits have been reported to the Compliance Officer

**2.11.1.3.** That, where this is the case, follow-up actions have been taken

**3. Factual Findings:** Our findings with respect to the above procedures are as follows:

**4.** The procedures that we have performed do not constitute an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements and, consequently no assurance will be expressed on the adherence to IFIA's Compliance Code. Had we performed additional procedures or had we performed an audit or review, other matters might have come to our attention that would have been reported to you. This report is intended solely for the





information and use of Member and the Director General of IFIA, and is not intended to be and should not be used by anyone other than these specified parties. This report relates only to the accounts and items specified above, and does not extend to any consolidated financial statements of the Member, taken as a whole.

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Name of External Audit Firm

Date