

## RISK ASSESSMENT & IMPARTIALITY ANALYSIS - LETRINA S.A.

Probability Points (P.P.)	
high	10
medium	5
low	1

= risk has occurred over the past year  
 = risk has not occurred over the past year  
 = risk has never occurred

Impacts	
no impact	0
noticeable impact	1
medium impact	2
major impact	3

= single correction is efficient  
 = up to 10,000 euros loss, or restricted bad reputation  
 = 10,000-100,000 euros loss, or bad reputation in mass media  
 = more than 100,000 euros loss, or legal action

Threat Category (TC)	
minor	0<=TC<5
medium	5<=TC<15
major	15<=TC

= P.P. x Impact  
 = no further actions are necessary  
 = monitoring of existing control measures  
 = control measures must be established that justifiably lead to reduced residual TC

Threat Descriptions	Description of Existing Procedures + Changes Over the Past Year	P.P.	Impact	Previous Residual TC	Documentation of New Measures	New P.P.	New Impact	Current Residual TC	P.A. #		
<b>Company's activities</b>											
General	All LETRINA's activities are undertaken with strict adherence to the company's Code of Business Practices, in particular with regards to integrity and impartiality.	1	3	3	minor threat	No change from previous update - No Elimination Measures necessary.	1	3	3	minor threat	-
Income risks - Inspection Division	e.g. Risk that client does not pay. Most (~80%) of LETRINA's clients in inspection activities are well-supported, foreign or domestic, petroleum trading companies. All of these companies pay on time, or in the worst case, at the time of first notice from LETRINA's accounting department. See also "Financial threats" below.	1	2	2	minor threat	No change from previous update - No Elimination Measures necessary.	1	2	2	minor threat	-
Income risks - Certification Division	e.g. Risk that client does not pay or threatens to not pay unless he receives certification. While that risk may be relatively common, LETRINA's certification activities are significantly outweighed (in financial terms) by LETRINA's inspection activities. In other words, no one client of LETRINA's certification division is significant enough to pose a serious income risk to the company. See also "Financial threats" below.  Monitoring of financial relation between "inspection" and "certification" divisions. For fiscal year 2019, the income ratio was approximately 70-30 (inspection to certification).	5	1	5	medium threat	For fiscal year 2020, the income ratio between the two divisions remained at 70-30 (inspection to certification), practically the same as in 2019.  No change from previous update - No Elimination Measures necessary.	5	1	5	medium threat	-
Operational performance risks	Risk of operational errors, including errors in the review of client application, the assignment and maintenance of technical competence, audit reporting, audit review. Monitoring and reviewing of the implementation of ISO 17020, ISO 17021 and ISO 17065. Investigation and resolution of all Non-Conformances that arise in a manner that protects the interests of the company's stakeholders (see Code of Business Practices).  Monitoring of the existing control measures is established through a range of procedures including, but not limited to, Internal Audits, Management Review, Accreditation Audits, Corrective and Preventive Actions, etc. See latest Management Review for details.	5	2	10	medium threat	No change from previous update - No Elimination Measures necessary.	5	2	10	medium threat	-
Reputation risks	e.g. Risk or malicious rumours, including risk of mis-representation by company's employees and/or collaborators. The company maintains close and regular contact with its clients, both foreign and domestic, as a means to gain feedback both on the quality of its services, as well as on the performance of its personnel and collaborators. Any reputation risks that may arise are treated as Non-Conformances.	1	3	3	minor threat	No change from previous update - No Elimination Measures necessary.	1	3	3	minor threat	-
GDPR	Risks relating to the inadvertent dissemination of confidential/private information.  A privacy policy was developed in 2019 in accordance to Regulation 679/2016, which was then disclosed to all interested parties, incorporating individual policies on information retention, subject rights, personal data definition, website cookies, etc. LETRINA's website is encrypted with the SSL/TLS protocol to secure transmitted data.	1	10	10	medium threat	No change from previous update - No Elimination Measures necessary.	1	10	10	medium threat	-
<b>Company's relationships</b>											
Ownership, governance & management threats	No companies where company's shareholders have vested interests have ever applied for inspection or certification services to LETRINA. This is maintained through the Order Receipt / Review & Job Assignment Sheet (E-208.1) for inspection services, as well as the Review of Request (E-108.1) for certification services.	1	3	3	minor threat	No change from previous update - No Elimination Measures necessary.	1	3	3	minor threat	-
Legal entities under company's organizational control	The company, as well as any and all legal entities under its organization control, does not design, manufacture/implement, install/operate/provide, distribute or maintain any of the certified products/processes/services. The company does not provide consultancy or internal auditing to its clients.	1	3	3	minor threat	No change from previous update - No Elimination Measures necessary.	1	3	3	minor threat	-
Personnel threats	LETRINA is a family-owned company, and as such some upper or top management positions are filled by members of the direct family of its founder, Mr. Costas Bertsatos. For all other positions, the corresponding hiring procedures are strictly followed.  Monitoring of hiring procedures by accounting department. Several new hires in 2019 (inspection division) and the end of 2020 (certification division).	5	1	5	medium threat	All hires followed established procedures.  No worsening from previous update - No Elimination Measures necessary.	5	1	5	medium threat	-
Shared resources threats	LETRINA may occasionally share some resources with affiliated companies. These cases are clearly documented and the resource is "leased" in such a manner so as not to undermine the impartiality of neither LETRINA nor its affiliate.	1	2	2	minor threat	No change from previous update - No Elimination Measures necessary.	1	2	2	minor threat	-
Financial threats	The company maintains financial independence, as demonstrated by its latest balance sheet, which is publicly available. The prolonged economic crisis in Greece has not had a significant effect on the company's finances due to LETRINA's strategic dependence on inspection activities that present significantly lower income risk (see above).  Monitoring of financial relation between "inspection" and "certification" divisions (see "Income risks - Certification Division" above).	1	2	2	minor threat	Improvement of financial results for 2020 when compared to 2019, in both company divisions.  No worsening from previous update - No Elimination Measures necessary.	1	2	2	minor threat	-
Referral inducement threats	LETRINA seeks to be referred based on the merit of its performance and quality of service.  No monetary or other inducements are given, as detailed in our Code of Business Practices.	1	2	2	minor threat	Monitored by accounting department - no payments of monetary or other inducements.  No change from previous update - No	1	2	2	minor threat	-

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Contract threats - Inspection Division	The size of business related to fixed client contracts has increased significantly within 2020 due to the new project with HELPE (inspection division). That project alone accounts for roughly 37% of the inspection division's revenues. The company still maintains enough diversification of business and HELPE is a very stable client, with a secure financial base. In order to ensure company impartiality is not compromised in any manner, extra measures are taken for this specific contract, as detailed in the next cell.  Monitoring of ratio of large single-client contracts to total gross income by accounting department.	5	3	15	major threat	5	2	10	medium threat	-
Contract threats - Certification Division	All clients sign an individual agreement for certification. There are no contracts signed that relate to numerous customers for certification.	1	2	2	minor threat	1	2	2	minor threat	-
<b>Relationships of company's personnel</b>										
Self interest and/or familiarity threats	All LETRINA employees, external operators, subcontractors or collaborators are instructed that no work is ever undertaken on commission basis.  Monitoring of relations between company's personnel and potential clients via the <b>Impartiality and Confidentiality Agreement (E-116)</b> .	5	2	10	medium threat	5	2	10	medium threat	-
Financial reward risk	All LETRINA employees, external operators, subcontractors and collaborators have fixed and standard payment terms and no bonus or similar inducements are ever awarded, as per company policy (see Code of Business Practices).	1	3	3	minor threat	1	3	3	minor threat	-
Self review threats - Inspection Division	Final decision for issuance of any Certificate is taken by the Technical Director, who in turn does not participate into any inspection activities, other than for the monitoring and on-site evaluation of company's personnel.	1	2	2	minor threat	1	2	2	minor threat	-
Self review threats - Certification Division	Final decision for issuance of any Certificate is taken by a Lead Auditor of the specific standard. The Lead Auditor who participates in the Council of Certification is always selected among those who have not participated in the audit of the company (Appendix 4 Regulation for the operation of Certification Council).  Audits' technical review and certification decisions are conducted via T/R <b>E-109.1</b> .	5	2	10	medium threat	5	2	10	medium threat	-
Intimidation threats	All company's personnel are made aware of LETRINA's Code of Business Practices and are explicitly instructed to always notify management when any threats to honesty, integrity, fairness, independency or impartiality arise, including but not limited to intimidation.  LETRINA's <b>Code of Business Practices</b> is communicated to all company's personnel.	1	2	2	minor threat	1	2	2	minor threat	-

last update: 26/4/2021  
 previous update (see next sheet): 10/3/2020  
 next review: at next Impartiality Safeguarding Committee meeting