

# IMPARTIALITY ANALYSIS - LETRINA S.A.

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

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

| Threat Category (TC) = P.P. x Impact |          |
|--------------------------------------|----------|
| minor                                | 0<=TC<5  |
| medium                               | 5<=TC<15 |
| major                                | 15<=TC   |

Relevant Non-Conformance Report #s are given for all major threats

| Threat Descriptions                                   | P.P. | Impact | TC |               | Threat Discription & Elimination  | N.C.R. # |
|---|------|--------|----|---------------|---|----------|
| <b>Company's activities</b>                           | 1    | 3      | 3  | minor threat  | All LETRINA's activities are undertaken with strick adherence to the company's Code of Business Practices, in particular with regards to integrity and impartiality.  | -        |
| <b>Company's relationships</b>                        |      |        |    |               |   |          |
| Ownership, governance & management threats            | 1    | 3      | 3  | minor threat  | 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.               | -        |
| Legal entities under company's organizational control | 1    | 3      | 3  | minor threat  | 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.                                  | -        |
| Personnel threats                                     | 5    | 1      | 5  | medium threat | 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 Bertatos. For all other positions, the corresponding hiring procedures are strictly followed.   | -        |
| Shared resources threats                              | 1    | 2      | 2  | minor threat  | 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.   | -        |
| Financial threats                                     | 1    | 2      | 2  | minor threat  | The company maintains financial independence, as demonstrated by its latest balance sheet, which is publicly available.   | -        |
| Referral inducement threats                           | 1    | 3      | 3  | minor threat  | LETRINA seeks to be referred based on the merrit of its performance and quality of service. No monetary or other inducements are given, as detailed in our Code of Business Practices.  | -        |
| Contract threats - Inspection Division                | 3    | 2      | 6  | medium threat | While the size of business related to fixed client contracts has shrunk compared to 2014, it is still relatively high (~20%). The company still maintains enough diversification of business to ensure its impartiality is not compromised in any manner: no single fixed client contract accounts for more than 20% of total gross income. | -        |
| Contract threats - Certification Division             | 1    | 2      | 2  | minor threat  | All clients sign an individual agreement for certification. There are no contracts signed that relate to numerous customers for certification.  | -        |
| <b>Relationships of company's personnel</b>           |      |        |    |               |   |          |
| Self interest and/or familiarity threats              | 5    | 2      | 10 | medium threat | No LETRINA employees, external operators, subcontractors or collaborators work on comission basis. Relations between company's personnel and potential clients are noted and impartiality is maintained via the Confidentiality Agreement (E-201.4 - 6), as well as the Impartiality Analysis of personnel for the Certification Division.  | -        |
| Self review threats - Inspection Division             | 1    | 3      | 3  | minor threat  | 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.  | -        |
| Self review threats - Certification Division          | 1    | 3      | 3  | minor threat  | Final decision for issuance of any Certificate is taken by a Lead Auditor of the specific standard. The Lead Auditor, who sits in the corresponding Council of Certification, is always selected among those who have not participated in the audit of the company (P-109).   | -        |
| Intimidation threats                                  | 1    | 3      | 3  | minor threat  | 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.   | -        |

last update: 8/9/15

next update: at Management Review for 2015