
Conflict of Interest and Impartiality

Introduction

Policies and procedures for Management System Certification ("Non-financial assurance or Certification Services") are described in our Business Management System Manual.

Policies and procedures on any other activities our organisation is engaged in are described on the PwC Australia Intranet.

In addition to the policies and procedures described below, PwC's Compliance Services has also established an External Advisory Committee (EAC) to ensure that significantly concerned external stakeholders are provided with the opportunity to provide input to policies and principles regarding the content and the functioning of our Certification Services. The objective of the EAC is to ensure the Certification system is proper and impartial. The role of the EAC is discussed in BMS Section 214.6

Independence Policy for Certification Practice

PwC's Compliance Services has conducted a Risk Assessment to identify risks to its impartiality on an ongoing basis. This assessment includes those risks that arise from activities, relationships, or from the relationships of PwC personnel. The assessment is completed as per BSC 71103_SOP Risk Assessment and will include controls for minimising or eliminating identified risks. This information is reviewed annually by the EAC.

PwC has established a separate entity 'PwC's Compliance Services Pty Limited'. The group will operate subject to the independence policies of PwC's Compliance Services, as specified in the Business Management System (BMS) Section 113 relating to Independence, Conflict of Interest, and Impartiality, and the Risk Management policies and procedures posted on the PwC Australia Intranet.

PwC's Compliance Services is guided by the following policies with regards to its operation as an independent, impartial certification body. Conflicts of interest and sensitive client

situations are established in PwC Risk & Quality guidance, Matrisk section 19.

PwC's Compliance Services will not use staff, management, or contractors to conduct certification activities if they have been involved in any consulting (including internal audits) related to the organisation's management system certification, service and product certification, inspection or verification process, or those activities in any company related to that organisation, within two years following the end of the consultancy. Relative to ISO17065 this includes supplying or design of a product, provision or development of a service and operation or development of a process.

PwC's Compliance Services shall require personnel, internal and external, to reveal any situation known to them that can present them or PwC's Compliance Services with a conflict of interest. PwC's Compliance Services shall record and use this information as input to identifying threats to impartiality raised by the activities of such personnel or by the organisations that employ them, and shall not use such personnel, internal or external, unless they can demonstrate that there is no conflict of interest.

PwC's Compliance Services staff conducting 'Critical Certification Functions' (File Reviewers) are required to complete an Independence Declaration prior to conducting the task, records of this declaration are maintained on the scheme relevant Audit Pack File Review Form.

Auditors will be required to acknowledge Independence when accepting the Statement of Works. The following statement will be included in the SoW and CGR:

The Contractor acknowledges that:

- no known conflict of interest exists that would prevent the Contractor from undertaking the Services, i.e. the Contractor has not acted as a consultant to the client in the last 2 years and has no commercial interests in the client. This requirement also covers the supply or

design of a product, provision or development of a service, and operation or development of a process.

- all information gathered or sighted during the performance of the Services will be treated as confidential, and unless required by Law or by written consent with the client, the Contractor or shall not disclose any information to a third party.

Additionally we conduct an annual review of potential sources of conflict of interest and require all partners and staff to confirm in an annual independence declaration that they have acted independently throughout the year.

In the event that PwC's Compliance Service identifies an actual or potential conflict of interest, it will be discussed with relevant parties.

Conflict of Interest & Impartiality

PwC's Compliance Services are subject to the same conflict of interest policies, including:

- PwC's Compliance Services will not offer or provide services that it certifies others to perform.
- PwC's Compliance Services will not offer or provide consulting services to obtain or maintain Certification Services to those organisations that PwC's Compliance Services has certified.
- PwC's Compliance Services will not offer or provide services to design, implement, or maintain management systems, inspection, or verification processes to those organisations that PwC's Compliance Services has certified. (Relative to ISO17065, this statement also covers manufacture, installation, operation and distribution of a certified product, scheme, process or service).
- PwC's Compliance Services, together with its senior management staff, shall be free from any commercial, financial, and other pressures which might influence the results of the certification process.

- PwC's Compliance Services will not certify another certification or verification body for their management system, inspection, or verification activities.
- PwC's Compliance Services will take action to respond to any threats to its impartiality in accordance with the firm's policy for potential conflicts of interest.
- All PwC's Compliance Services auditors working in the Certification Services sign independence declarations prior to charging work on client assignments.
- All external contract auditors, verifiers, subject matter experts, and technical experts working in the certification practice sign independence declarations as part of their contract prior to starting work on client assignments to confirm their impartiality.
- PwC's Compliance Services will not certify an organisation who has received consultancy or internal auditing assistance, and the relationship between PwC's Compliance Services and those who provided the consultancy services poses an unacceptable threat to the impartiality of PwC's Compliance Services, for a minimum of two years following the end of consultancy.
- PwC's Compliance Services will not outsource audits to an organisation whose primary business is providing management system consultancy services. This does not apply to individuals contracted as auditors as they will sign independence declarations as discussed above.
- PwC's Compliance Services will not state or imply that certification would be simpler, easier, faster, or less expensive if a specified consultancy organisation were used. We will not market or link our Certification Services with an organisation that provides management system consultancy services. In addition, we will take corrective action to correct any organisation that provides management system consultancy services if we become aware that they



are stating or implying that certification would be simpler, easier, faster, or less expensive if PwC's Compliance Services was used.

As a further safeguard of conflict of interest and impartiality, an Authorisation for Service (AFS) is an internal process that requires the Sales Managers or Certification Managers to obtain approvals before providing services to any client that is also a financial audit client of any PwC firm globally. The approval is granted by the PwC financial audit partner, who may or may not need approval from the client's financial audit committee before approval for the Certification Services can be granted. An AFS is required annually for those audit clients. An AFS approval is only valid for a maximum period of one year.

Annual Review of Potential Sources of Conflicts of Interest
Annual Review of Impartiality of Services

A review of the impartiality of the services provided by PwC's Compliance Services will be completed as part of the annual internal audit of the certification activities. This will also be discussed annually with the External Advisory Committee, within the scope of its mandate.

