

NEPCon Impartiality Policy



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The purpose of this policy is to describe how NEPCon ensures independence, impartiality and transparency in all its activities. NEPCon strives to avoid situations where a risk of impartiality arises, or a potential conflict of interest could exist, or be seen to exist. A conflict of interest occurs when an individual or organisation has multiple interests, one of which could possibly corrupt the motivation for an act in another. NEPCon's structure and policies have been designed to avoid any potential or actual conflict of interest, at both individual and institutional levels.

NEPCon is a non-profit organisation which has been working since 1994 with nature conservation, sustainable development and the relationship with Nature, Economy and People. NEPCon is also a mission-driven organisation, the aims of which are to promote sustainable forest and nature management and use, in cooperation with local stakeholders such as individuals, business enterprises, NGOs and government institutions. At the same time, NEPCon owns a certification branch providing conformity assurance services including certification and verification. NEPCon's structure reflects this focus on two main types of activities, namely fee-for-service assurance work, and project implementation. The parent NEPCon entity in Denmark manages all the project activities, while the legal entity in Estonia holds the relevant accreditations for provision of assurance services. Affiliates which are defined as regional offices can conduct evaluation activities on behalf of the Estonian entity and – in exceptional cases – can hold their own accreditations if required by local rules. Such assurance activities, however, always take place under the control of NEPCon's Estonian legal entity.

NEPCon defines conflict of interest at the individual level as being when a person has a certain interest or close arrangement or affiliation with a specific organisation. In NEPCon, all such cases are disclosed by individuals and recorded in NEPCon's database. Institutional conflict of interest exists at the organisational level when the whole organisation is involved, irrespective of individual interests

The following principles are applicable to the entire NEPCon organisation to assure the impartiality and reduce the risk derived from conflict of interest:

- a) Any individual engaged with a NEPCon project or certification activities or involved in other advisory or decision-making processes, including Board members and Impartiality Committee members, shall sign a conflict of interest statement and disclose any actual or potential conflicts of interest. Such disclosures are then analysed and appropriate risk mitigation measures undertaken;
- b) NEPCon identifies, documents, analyses and mitigates risks of impartiality on an ongoing basis;
- c) External oversight of NEPCon's impartiality is provided periodically by multiple, independent, third party accreditation bodies. Furthermore, oversight of NEPCon's impartiality is through the NEPCon Impartiality Committee which

meets at least annually. The Committee's terms of reference are described in the [Impartiality Committee Work Arrangement](#).

- d) Dispute resolution is conducted by staff who are not involved in the subject of a dispute.

Below, the basic principles of impartiality and avoidance of conflict of interest are described for conformity assurance activities and project work.

1. Conformity assurance (e.g. certification and verification)

- 1.1. To avoid conflict of interest, no certification-related consultancy will be given to an organisation which will be the subject of auditing, unless consultancy is required or allowed by the certification/ verification scheme. Certification-related consultancy is defined as participation in an active, creative manner to give specific advice to the company or institution being subjected to the certification audit; with such advice relating to the development and implementation of management systems covered by the scope of the audit (e.g. forest management system, Chain of Custody system.)
- 1.2. The following are considered by NEPCon not to be certification-related consultancy activities:
 - a) planning and organising generic information meetings, workshops, courses, conferences regarding certification, natural resource management, and other issues within the scope of NEPCon activities;
 - b) providing generic tools and guidance for certified organisations and organisations preparing for certification which are not specific or targeted towards the specific company in any way;
 - c) arranging and participating as a lecturer in the above-mentioned events with presentations that are confined to the provision of generic information which is freely available in the public domain, while not providing any company-specific advice;
 - d) making available or publishing on request, information relating to the interpretation of any relevant normative requirements;
 - e) running activities prior to an audit aimed solely at determining readiness for assessment, where these activities do not result in the provision of recommendations or advice (e.g. pre-assessment, gap analyses);
 - f) adding value during assessments and surveillance visits, by identifying opportunities for improvement as they become evident during the audit;
 - g) applying for and running projects related to any topic within NEPCon's scope of activities, where these projects are confined to tasks that do not have a direct relationship to the organisation being audited or to be audited;
 - h) any other activities that are not considered as participation in an active, creative manner in giving specific advice – within the scope of the certification activities – to the company or institution that is the subject of eventual certification.

The activities mentioned above may be implemented as projects financed by clients. NEPCon may be involved as part of a consortium with the task of implementing activities as part of such projects.

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- 1.3. NEPCon conducts a review of each applicant to identify if the client was previously involved in project activities managed by NEPCon. The appropriate risk mitigation measures are undertaken once such cases are identified. In situations where NEPCon has been involved with the organisation in project activities, a case-by-case analysis is undertaken to evaluate whether a perceived or actual conflict of interest may exist. In complex cases, the advice of NEPCon's Impartiality Committee may be sought.
 - 1.4. Explanation on NEPCon's role as a Monitoring Organisation (MO) under the EU Timber Regulation (EUTR). As a MO, NEPCon is required by the EUTR to have a due diligence system (DDS) and provide this to EU Operators (on a voluntary basis); while also being obliged to verify that the organisations which formally apply the NEPCon due diligence system (the LegalSource™ system) are doing so according to the recognised system requirements. It may be perceived that NEPCon has a conflict of interest since it is a formally recognised EUTR MO and also carries out commercial activities for the timber industry. NEPCon recognises that the combination of its MO status and provision of commercial services may be perceived as a conflict of interest. However, it is NEPCon's opinion that the EU Timber Regulation includes the provisions and places obligations on the MOs for such a set-up. The EUTR obliges the MO to provide a DDS to Operators and subsequently regularly verify proper implementation. NEPCon considers that this specific issue is a direct requirement of the EUTR, and therefore not an issue that can be avoided so long as NEPCon functions as an MO. NEPCon implements a transparent certification policy for all clients, including publication of lists of certified/MO clients, as well as public summaries of certification assessment and audit reports (www.nepcon.net/LegalSource-stakeholder-info).

To meet this challenge, NEPCon has from the very outset of its role as an MO published its full due diligence system online (www.nepcon.net/DDS) for open and free-of-charge download under a [Creative Commons Attribution Share-Alike 3.0 license](https://creativecommons.org/licenses/by-sa/3.0/). Thus, within NEPCon, we consider that we are actively mitigating potential conflicts associated with functioning as a MO, by implementing our Open Source policy in practice.

- 1.5. NEPCon does not state or imply that certification would be simpler, easier, faster or less expensive if a specified consultancy organisation were used. Specifically:
 - a) NEPCon shall not have any agreements with nor engage in any financial or contractual arrangements with a consultancy organisation or consulting company ('consultants') in which (a) NEPCon remunerates the consultant if the consultant recommends a client to NEPCon; or (b) conversely, the consultant pays NEPCon for a recommendation of the consultant to the client;
 - b) In cases where NEPCon may provide names of consultants to companies preparing for certification, details of at least two consultants will be provided, with this information provided free of charge; and

- c) NEPCon shall not engage any consultants to act as sales agents for NEPCon.
- 1.6. NEPCon provides several training courses including its FSC Expert Course and LegalSource™ Expert Course. These courses are publicly announced on NEPCon's website, cover only generic information that is publicly available and do not provide company-specific solutions.
- 1.7. NEPCon provides some general templates which are made publicly available to anyone; for example, generic Chain of Custody procedures, product group schedule, etc. According to our Open Source policy, these templates are publicly available on NEPCon's website and can be voluntarily used by any company. The templates do not provide company-specific solutions and include the disclaimer that templates do not guarantee conformity with certification requirements and that conformity is the sole responsibility of the client.
- 1.8. Auditors, certification decision-makers and dispute resolution staff cannot be assigned relevant client-related tasks if they worked at or provided consultancy to the client within the previous three years. However, if there has been a past relationship, this will be evaluated on a case-by-case basis and – even if three years have passed – the person may not be assigned to these tasks if the potential still exists for conflict of interest.
- 1.9. When selecting the audit team to be appointed to a specific evaluation, the relevant task manager is responsible for ensuring that each team member is free from any interest that might cause them to act in other than an impartial and non-discriminatory manner. Where any doubt exists, NEPCon's Quality Manager shall be contacted. Prior to the evaluation, the audit team members are obliged to disclose any existing, former or envisaged link between themselves and the organisation to be evaluated. More threats to impartiality are described in the NEPCon Auditor Handbook.

2. Projects

NEPCon ensures that the activities conducted and decisions made as an organisation are free from conflicts of interest – particularly when NEPCon receives public funds for project implementation – while also holding recognition as a Monitoring Organisation under the EU Timber Regulation (995/2010) and certification body accreditations.

It is recognized that some projects implemented by NEPCon are financed from public sources. At the same time NEPCon does offer fee based assurance services. It is considered important to safeguard that Public funds shall not be used directly or indirectly to support NEPCon's fee-for-service activities. The following mitigation measure are implemented to safeguard the impartiality of our project work.

- a) NEPCon conducts a review of each potential project to identify whether or not the affected company has been certified by NEPCon. NEPCon will not provide project activities related to the development of the management system or

processes if the company is certified by NEPCon. The guidance for this review is included in the NEPCon Project Handbook. See also related clause 1.3 above.

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- b) NEPCon is structured to ensure that commercial activities will be legally and operationally separated from publicly funded project work. NEPCon has separated functions to ensure that functioning as a Monitoring Organisation, as well as our other certification and verification work, is managed by a separate legal entity in Estonia. All certification decisions are taken by the assurance arm of NEPCon, which is under the NEPCon Estonian legal entity. While project activities are managed by the parent NEPCon legal entity in Denmark. The legal and financial separation of these two activity areas in NEPCon is continuously monitored to ensure impartiality.
 - c) NEPCon as a whole operates under the principles of Open Source in terms of sharing our knowledge and systems. This means that all tools and publications that we develop will be posted online for free and are available for any interested stakeholders. Wherever possible we also seek to publish project outputs. NEPCon publishes on its website the list of projects we are engaged in, to ensure transparency and enable stakeholder oversight of the impartiality of our project work.
 - d) NEPCon, in all its activities, operates as a not-for-profit and mission-driven organisation. This means that the activities related to verification and certification of private organisations and companies is conducted according to these principles. From a financial perspective, this means that any surplus revenue generated by fee-for-service activities will be channeled back into the activities aimed at meeting the NEPCon vision and mission.