

# QUALITY MANUAL RICERT AB

V 1.16 AUGUSTI 2024

## Change history

Version	Author/Reviser	Date approved	Changes
v. 1.0	Erik Spernaes	181203	First version created
v. 1.1	Erik Spernaes	190130	According to SWEDAC reported non-conformities
V. 1.2	Erik Spernaes	190931	7.1.2.1, 7.1.2.2
V. 1.3	Erik Spernaes	200306	7.1.2.1, Pre-audit meeting
v. 1.4	Erik Spernaes	200701	Appendix 1: Impartiality committee members changed
v. 1.5	Erik Spernaes	210201	Appendix 1 removed (new document "RICERT Register of positions and names")
V. 1.6	Erik Spernaes	210315	Follow-up Process
V. 1.7	Lars Gäfvert	210818	7.6 (STAFS 2020:1), 7.1.3.1,
v. 1.8	Lars Gäfvert	211020	7.2.2.1 Verification Audit, 7.1.3.5 & 7.2.1.1.5 Certification decision
v. 1.9	Lars Gäfvert	220701	7.1.3 Predefine questions, 7.1.3.4 Interaction between auditors
v.1.10	Lars Gäfvert	220923	7.1.2.1, 7.1.3, 7.2.1.1 Decision A2, 7.2.3 feedback on process, 7.1.1.1 pre-audit risk assessment
v. 1.11	Lars Gäfvert	230131	5.7 Role 'Other staff', 6.1.7 Competence and knowledge 'Other staff'. 6.4 Clarification of introduction trainings, Responsible for introduction and training, 7.2.1.1 Follow-up audit
v. 1.12	Lars Gäfvert	230421	6.4.2 Detailing of 'First audit training'
v. 1.13	Lars Gäfvert	230613	3.1 Quality policy, 5.3 Swedac's right to monitor auditing, 6.1.8 Interim Staffing Solutions, 6.4.4 Competence development, 7.1.1.2 Confidentiality I contract with client, 7.2.2.1 & 7.1.3.5 Timeline and responsibility for verification audits after an Initial Audit or a Follow-up Audit, 7.2.2.3 Expansion Audit; definition and types, 8.4 Internal Audit, 8.5 Corrective and proactive actions, 8.7.1 Impartiality Risks, 9. Updated STAFS
v. 1.14	Lars Gäfvert	230818	6.3 Review of personnel performance, 7.3 Allocation of auditors
v.1.15	Lars Gäfvert	231208	6.1.9 Checklist for onboarding, 6.2.1 Risk handling when hiring new personnel
v.,1.16	Lars Gäfvert	240820	7.1 Certification agreement, 8.9 Adaptation to changed regulations

# 1 Table of Contents

2	Overview of this document .....	3
3	Introduction to RICERT .....	4
3.1	Quality policy .....	4
4	Organisation .....	4
4.1	Legal status and business area.....	4
4.2	Funding .....	4
4.3	Organizational structure and roles .....	4
5	Governance .....	5
5.1	Board of directors .....	5
5.2	CEO.....	6
5.3	Auditors .....	6
5.4	Impartiality committee .....	6
5.5	Grievance committee .....	7
5.6	Internal auditor .....	7
5.7	Other staff.....	7
6	Personnel and other roles .....	7
6.1	Competence criteria .....	7
6.1.1	Board of directors.....	8
6.1.2	CEO .....	8
6.1.3	Auditor.....	9
6.1.4	Impartiality committee .....	9
6.1.5	Grievance committee .....	10
6.1.6	Internal auditor .....	10
6.1.7	Other staff .....	10
6.1.8	Interim staffing solutions .....	11
6.1.9	Checklist for onboarding of new personnel .....	11
6.2	Selection of personnel.....	12
6.2.1	Risk handling when hiring new personnel.....	12
6.3	Review of personnel performance.....	12
6.3.1	CEO .....	12
6.3.2	Staff.....	13
6.4	Training, competence retainment and development .....	13
6.4.1	Formal training .....	14
6.4.2	First audit training (supervision).....	14
6.4.3	Competence retainment.....	14
6.4.4	Competence development .....	14
6.4.5	Responsibility for training and development .....	15
6.5	Instructions for the CEO .....	15
6.5.1	Right to represent the company .....	15
6.5.2	Right to make decisions .....	15
6.5.3	Impartiality and risk .....	15
6.5.4	Reporting obligations to the board of directors .....	15
7	Operations .....	16

7.1	Certification agreement .....	16
7.2	Audit structure and activities .....	17
7.2.1	Process application .....	17
7.2.2	Schedule and plan for audit .....	18
7.2.3	Execute Initial audit .....	18
7.2.4	Documentation of audit .....	20
7.3	Other main activities .....	20
7.3.1	Recurring audits .....	20
7.3.2	Ad hoc audits .....	22
7.3.3	Audit process improvement.....	24
7.3.4	Handle grievances .....	24
7.3.5	Communication on changes.....	28
7.4	Allocation of auditors .....	28
7.5	Checklists for auditors .....	28
7.6	Termination of certificate .....	29
7.7	Use of information and communication technology during audits .....	29
8	Management and quality system .....	29
8.1	Control of documents .....	29
8.2	Control of records .....	30
8.3	Management review .....	30
8.4	Internal audit.....	31
8.4.1	Time plan for Internal Audit .....	34
8.5	Corrective and preventive actions .....	34
8.5.1	Feedback .....	34
8.5.2	Prioritization .....	35
8.5.3	Analysis and mitigation efforts .....	35
8.6	Non-discriminatory conditions .....	35
8.7	Impartiality .....	35
8.7.1	Impartiality process .....	36
8.8	Outsourced operations .....	39
8.9	Adaptation to changed regulations .....	39
9	Accreditation.....	40
9.1	Report changes to the accreditation body .....	40
9.2	Reference to accreditation .....	40
10	Revision of scheme.....	40
11	Publicly available information.....	41

## 2 Overview of this document

This document describes how RICERT is structured and operates in order to ensure quality and consistency in its business. The ultimate goal is to provide high quality and standardised services to RICERT's customers.

The document gives an introduction to RICERT, followed by a description of its organisation (chapter 4) and governance structure (chapter 0). The subsequent chapters describe the personnel (chapter 6), operations (chapter 7), the management and quality system (chapter 8), accreditation (chapter 9), revision of scheme (chapter 10) and the document ends with information about and publicly available information (chapter 11).

The requirements of ISO17065 are addressed in our processes and requirements throughout this document. The management of RICERT has good knowledge of the certification process and the internal routines and overall knowledge about the schemes RICERT operates under. The management is committed and responsible for establishing and implementing policies, procedures and controls, including those for impartiality, for fulfilment of ISO17065 at all levels in RICERT. This document is reviewed regularly during the management review.

### **3 Introduction to RICERT**

---

RICERT is a certification body that offers certification of schemes within asset management and responsible investments. It performs audits and makes certification decisions according to the requirements and rules of the scheme(s) it operates under. (See each specific scheme for more details on the responsibilities given to RICERT.)

It is an independent body and operates impartially from all scheme owners it operates under and other stakeholders that may in any aspect have interest to influence the operations and certification decisions taken by RICERT. RICERT has a structure, operations and personnel that shall ensure that audits and certifications decisions are conducted in a reliable, independent, impartial, confidential and competent way.

#### **3.1 Quality policy**

RICERT is committed to deliver services with high quality, complete impartiality and continually improve the performance of RICERT.

This is achieved by:

- Always putting impartiality and integrity first in all relevant processes
- Complying with applicable standards and regulations
- Being transparent to customers, stakeholders and society
- Ensuring confidentiality and fairness
- Continually analysing and reviewing our management system and operations
- Ensuring the highest competence and commitment among personnel

### **4 Organisation**

---

#### **4.1 Legal status and business area**

RICERT AB is a limited company registered in Sweden, registration number 559106-4729. It has its office in Stockholm, Sweden. The company shall conduct certification within asset management and associated operations of ISO17065 approved schemes.

RICERT is owned by Bantorget Förvaltning AB. The owners are independent and free from conflicting interests with RICERT's operations, see further current version of RICERT Impartiality risk analysis.

RICERT is currently operating under the ESG4Real Scheme and has signed a contract with the scheme owner Responsible Investors Alliance International.

#### **4.2 Funding**

RICERT is funded mainly by the fees that is charged for our services to customers. Fees are standardised and determined by RICERT's management without any influence from auditors, which safeguards the impartiality of the auditors in relation to customers.

If necessary for securing ongoing concern, the owners will unconditionally fund RICERT in accordance to the companies act (Aktiebolagslagen).

#### **4.3 Organizational structure and roles**

RICERT shall consist of a board of directors, CEO and staff. It is supported by an Impartiality committee and a Grievance committee that provides input in specific questions. The internal audits review internal processes.

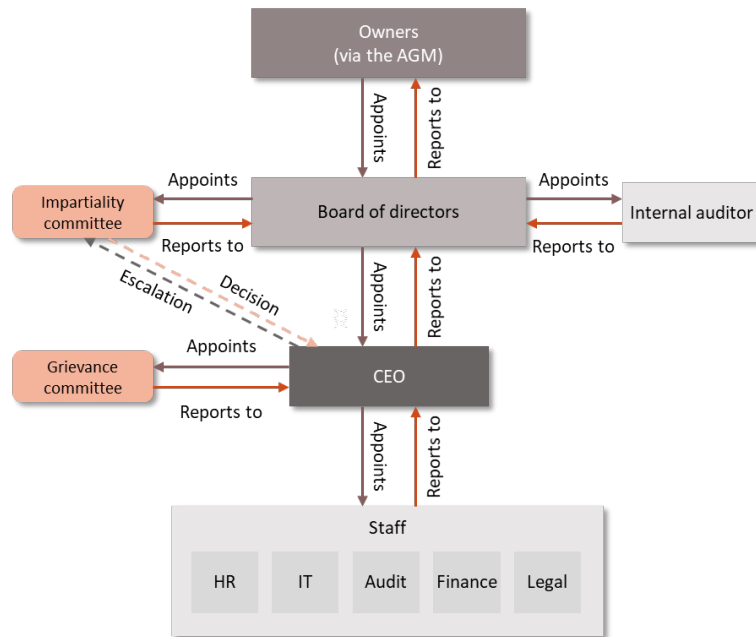


Figure 1. Organizational structure

The board is appointed by the owners of RICERT at the annual meeting and sets the long-term goals, approves major policies and oversees the operations of RICERT. The board reports to the owners.

The CEO of RICERT is appointed by the board. The CEO operates and makes management and operational decisions according to the board's directives. She or he is responsible for all parts of the business, including finance, legal, HR, operations and business development and management and quality system. The CEO answers to the board.

The Impartiality committee is appointed by the board and provides input in specific questions regarding impartiality. The Grievance committee is appointed by the CEO and handles incoming grievances according to the grievance mechanism. The staff of RICERT consist of mainly auditors that conduct audits and make certification decisions. For further role descriptions, see chapter 6.1 and job specifications.

NOTE: In this initial state of RICERT's operations when customers are few and there is a limited number of hired FTEs available, board members will take on interim roles in the Grievance committee.

RICERT will use contracted consultants for audits and certifications, which will fall under remit of the terms for ordinary employees, including competence requirements, confidentiality clauses, etc

## 5 Governance

### 5.1 Board of directors

The board of directors is the highest decision-making body and shall supervise and give strategic directions to the CEO. The board meets at least four times per year and reviews the performance of the company. Decisions are taken through "one member, one vote" and require >50% of votes to be valid. The chair of the board has one additional casting vote. Decisions are taken based on written proposal and prior analysis.

Members are independent actors, with knowledge in the field associated with asset management and responsible investments. They also have experience in the management and supervision of organisations. The board's composition shall reflect a balance of expertise

and interests needed. Members shall act in the overall interest of RICERT, not the specific stakeholder group which they may be part of. For current Board of Directors and the interests they represent, see RICERT Impartiality Risk Analysis, sheet “Legal structure”. The board makes decisions about e.g.:

- Strategy
- Work plan and budget
- Annual report
- Substantive change to the governance structure, procedure, policies and regulations
- Performance appraisal of CEO/management team
- Extraordinary investments
- Change name of organisation
- Enter into money loan and credits, as creditor and debtor
- Participate in other enterprises, companies, legal entities and joint ventures and breaking off or termination of these
- Change and approval of Management and quality system

## **5.2 CEO**

The CEO leads the operational and commercial activities and develops the business. She or he is appointed by the board following a thorough recruitment process, ensuring needed competence is attained.

The CEO is accountable to the board for the organisation’s performance and activities and reports to the board.

The CEO makes decisions about e.g.:

- Marketing and sales of services
- Development of new services (including certification activities)
- Hiring, managing and allocating staff
- Financial decisions within the approved annual budget
- Changes to fees
- External communication, on e.g. website and in media
- Delegation of authority to committees or personnel
- Contractual arrangements
- Execution of the Management and quality system
- Responses to complaints and appeals via Grievance committee
- Responsible for ensuring impartiality in operations
- Escalation of risks to Impartiality committee

NOTE: CEO may be supported by a management team as RICERT grows. When that happens, the CEO will be the chair of the management team.

## **5.3 Auditors**

RICERT staff consists of auditors who conduct certification activities under the guidance of the CEO. Staff is appointed by the CEO following a thorough recruitment process, ensuring needed competence is attained. Staff is accountable for their performance and reports to the CEO. Performance reviews are held once a year. Administrative services will be contracted from third party. Contracted consultants may also be used for e.g. the auditor roles. Staff (currently auditors) makes decisions about e.g.:

- Audit activities to be performed, in line with standard audit plan, including evaluation, review and certification decisions

Auditors shall be aware of that SWEDAC always has the full right to monitor the auditors work during auditing, a relationship that should be included in the contract between RICERT and the Auditor,

## **5.4 Impartiality committee**

The Impartiality committee protects RICERT's impartiality in the certification process. It regularly reviews the impartiality process for RICERT and provides input in specific critical questions relating to impartiality risks. Members of the committee are appointed by the Board of Directors for a 5-year assignment and consists of representatives free of conflicting interests with RICERT's business and any commercial, financial or other pressures that might influence decisions (members must sign a contract including clauses for confidentiality and impartiality). The members can be representatives from a specific sector, NGOs or other relevant experts but the representation must be balanced of significantly interested parties, such that no single interest predominates. The competence criteria for members of the committee can be read in 6.1.4 Impartiality committee and the selection follows the structure under 6.1.9 Checklist for onboarding of new personnel

When onboarding new personnel, the checklist for onboarding should be consulted to ensure a proper onboarding.

Selection of personnel. See further how RICERT works to ensure impartiality under 8.7 Impartiality.

### **5.5 Grievance committee**

The Grievance committee analyses and makes decisions about any complaint put forward by any stakeholder, related to the operations of RICERT. The CEO appoints the Grievance manager for a 5-year assignment under which the Grievance manager constitutes the Grievance committee. The committee shall always have representative(s) providing knowledge about the certification process and the applicable scheme. All members shall be free from any commercial, financial and other pressures that might influence decisions. The Grievance manager involved in a grievance handling is responsible to secure that the grievance mechanism procedure is being adhered to and followed correctly. The competence criteria for members of the committee can be read in 6.1.9 Checklist for onboarding of new personnel

When onboarding new personnel, the checklist for onboarding should be consulted to ensure a proper onboarding.

Selection of personnel. See further how RICERT handles grievances under 7.3.4 Handle grievances.

### **5.6 Internal auditor**

The internal auditor evaluates, recommends, and monitors the operations, governance process, internal controls and risk management of RICERT and follows up on planned improvements. The internal auditor is appointed by the board and reports to the board.

### **5.7 Other staff**

The other staff handles documentation and accounting, prepare material for decision, help with IT-systems and set-up, as well as legal and HR issues. They get assignments and work on behalf of the CEO.

## **6 Personnel and other roles**

RICERT has established and implemented a process for management of competencies of personnel in the certification process. It includes competence criteria 6.1 (taking into account any additional requirements from the applicable schemes), formal authorization of personnel 6.1.9, reviewing performance of the personnel 6.3 and training needs 6.4.

### **6.1 Competence criteria**

The current competence criteria relate to the Board of directors, CEO, auditors, members of the Impartiality and Grievance committee and the internal auditor. When new roles or schemes



are introduced, the competence criteria are reviewed. All roles have detailed job specifications providing further information on the competence criteria and responsibilities.

### **6.1.1 Board of directors**

The board of directors shall as a unity (i.e. all directors do not individually need to possess all below listed criteria) have the following experience and competence:

- General organisational management and corporate governance (as part of top management or as a consultant working with top management)
- Legal / regulatory knowledge
- Experience from financial and risk management
- Experience from audit and certification
- Knowledge of responsible investments
- Experience from the asset management or financial sector
- Knowledge and understanding of the specific scheme(s) to be audited (Education given via RICERT, see further 6.4)
- Knowledge and understanding of the certification process (may differ with specific schemes) (Education given via RICERT, see further 6.4)
- Knowledge and understanding om the management and quality system (Education given via RICERT, see further 6.4)

Education and language skills requirements:

- University degree (BSc. or equivalent) with excellent academic records
- Fluency in English and minimum working proficiency in Swedish

Desired personal traits:

- Strategic thinking and planning
- Problem solver
- Demonstrates personal integrity
- Shares the ambition to establish a quality assured (certified) level of responsible investments

### **6.1.2 CEO**

Experience and competence:

- Experience (+5 years) from general corporate governance and management, including:
  - Business control
  - Marketing and sales
  - Risk management
  - Customer management
  - Strategic HR, setting and building corporate culture and attracting talent
- Understanding of auditing and certification
- Understanding of the financial sector, asset management and/or institutional sales
- Experience from working with/in non-profit organisations is qualifying but not demanded
- Knowledge and full understanding of the specific scheme(s) to be audited (Education given via RICERT, see further 6.4)
- Knowledge and full understanding of the certification process (may differ with specific schemes) (Education given via RICERT, see further 6.4)
- Knowledge and full understanding om the management and quality system (Education given via RICERT, see further 6.4)

Education and language skills requirements:

- University degree (Bsc. or equivalent) with excellent academic records
- Fluency in English and minimum working proficiency in Swedish

Desired personal traits:

- Entrepreneurial mind-set and thrive with building a business through identifying opportunities for new customers, services, and markets
- Collaborative approach to developing business and solving problems
- Demonstrates personal integrity
- Shares the ambition to establish a quality assured (certified) level of responsible investments
- Strong networking skills

### **6.1.3 Auditor**

Experience and competence:

- Experience (+5 years) from previous consulting or audit (e.g. ISO-certification, financial audit or corresponding) roles with an emphasis on project management (planning, execution and follow-up)
- Experience from the financial sector
- Understanding of asset management
- Understanding of responsible investments
- Demonstrated understanding and experience of policies, processes, routines, reporting and control
- Demonstrated ability to lead and drive work independently, e.g. from a project management role
- Demonstrated ability to draw and communicate conclusions from analysed data
- Experience from working with senior executives
- Experience from working with/in non-profit organisations is qualifying but not required
- Knowledge and full & *detailed* understanding of the specific scheme(s) to be audited (Education given via RICERT, see further 6.4)
- Knowledge and full & *detailed* understanding of the certification process (may differ with specific schemes) to (Education given via RICERT, see further 6.4)
- Knowledge and full understanding on the management and quality system (Education given via RICERT, see further 6.4)

Education and language skills requirements:

- University degree (BSc. or equivalent) in relevant subject (e.g. Business Administration, Finance, Engineering) with great academic records
- Fluency in English and minimum working proficiency in Swedish

Desired personal traits:

- A person that in the role can be assertive and stay unbiased and impartial
- A person that demonstrates personal integrity
- A person that enjoys taking ownership of his/her work and working in an entrepreneurial environment
- A person that has an analytical mindset and a strong attention to detail
- A person that shares the ambition to establish a quality assured (certified) level of responsible investments

### **6.1.4 Impartiality committee**

Experience and competence:

- Experience and/or understanding of ISO-certification, financial audit, legal, risk or corresponding roles
- Experience and/or understanding of the financial sector, asset management and/or sustainability
- Demonstrated understanding and experience of policies, processes, routines, reporting and control
- Demonstrated ability to lead and drive work independently

Desired personal traits:

- A person that in the role can be assertive and stay unbiased and impartial
- A person that demonstrates personal integrity
- A person that has an analytical mindset and a strong attention to detail

#### **6.1.5 Grievance committee**

Experience and competence:

- Experience and/or understanding of ISO-certification, financial audit or corresponding roles with an emphasis on project management (planning, execution and follow-up)
- Experience and/or understanding of the financial sector and understanding of asset management and responsible investments
- Demonstrated understanding and experience of policies, processes, routines, reporting and control
- Demonstrated ability to lead and drive work independently, e.g. from a project management role

Demonstrated ability to draw and communicate conclusions from analysed data

Desired personal traits:

- A person that in the role can be assertive and stay unbiased and impartial
- A person that demonstrate personal integrity
- A person that has an analytical mindset and a strong attention to detail

#### **6.1.6 Internal auditor**

Experience and competence:

- Experience and/or understanding of certification, auditing and the requirements of ISO17065
- Experience and/or understanding of the financial sector
- Demonstrated understanding and experience of policies, processes, routines, reporting and control
- Demonstrated ability to lead and drive work independently, e.g. from a project management role
- Demonstrated ability to draw and communicate conclusions from analysed data
- Knowledge and understanding of the specific scheme(s) to be audited (Education given via RICERT, see further 6.4)
- Knowledge and understanding of the certification process (may differ with specific schemes) to (Education given via RICERT, see further 6.4)
- Knowledge and understanding om the management and quality system (Education given via RICERT, see further 6.4)

Personal traits desired:

- Ethical conduct: Trust, integrity, confidentiality and discretion
- Fair presentation: Audit findings, conclusions and reports reflect truthfully and accurately the audit activities
- Objective: Ability to put through an objective audit regardless of role or position in relation to RICERT
- Evidence-based approach: Evidence must be verifiable and be based on samples of the information available

#### **6.1.7 Other staff**

##### **6.1.7.1 Finance staff**

Experience and competence:

- Demonstrated knowledge of bookkeeping and/or accounting
- Experience to work with digital finance systems

Personal traits desired:

- A person that put accuracy and honesty high

#### 6.1.7.2 *Administrative staff*

Experience and competence:

- Demonstrated knowledge of working with administrative routines
- Preferably experience to work with Sharepoint admin system

Personal traits desired:

- A person that put accuracy and honesty high

#### 6.1.7.3 *IT staff*

Experience and competence:

- Demonstrated knowledge of working IT-systems
- Experience from IT-system administration and/or helpdesk

Personal traits desired:

- A person that put accuracy and honesty high

#### 6.1.7.4 *Legal staff*

Experience and competence:

- Experienced lawyer

Personal traits desired:

- A person with high integrity

#### 6.1.7.5 *HR staff*

Experience and competence:

- Experience from HR role

Personal traits desired:

- Interested in people and how they can lift an organisation

### 6.1.8 Interim staffing solutions

If any staff with a designated position should leave for a period or quit with a short notice, regardless of if it is due to illness, confidentiality or quarantine rules, or any other reason, there is a plan who should take the interim position until a new person has been designated. Given interim staffs current position, no further control of experience/competence needs to be done.

Position	Interim staff	Max length of solution (target)	Comment
Board Member	Suppleant	3 months	na
CEO	Chairman of the Board or Experienced Auditor	3 months	If Chairman of the Board cannot take on interim as CEO, one of the most experiences Auditors should be interim
Auditor (during audit)	Other Auditor	-	Unless Auditor is ill or had breached agreement, ongoing audits shall always be finished
Impartiality Committee	Legal staff from Bantorget	3 months	Interim solution only necessary during Q4 if one member still in place
Grievance Committee	Board member	3 months	
Internal Auditor	na	3 months	Internal Audit postponed until new IA in place
Other staff	Currently within Bantorget		Note that staff needs to be approved

### 6.1.9 Checklist for onboarding of new personnel

When onboarding new personnel, the checklist for onboarding should be consulted to ensure a proper onboarding.

## **6.2 Selection of personnel**

When looking to employ (or contract external) personnel, RICERT employs the following process for qualification and selection of personnel:

- A detailed job description is created for the desired role and posted on various job marketplaces and recruitment sites
- Applicants for the role are requested to send their CV along with a personal letter to the HR representative at RICERT. The CV and personal letter together shall contain such information that said representative can qualify if the applicant should be called in for an interview:
  - The applicant meets the experience- and competence requirements for the role
  - The applicant demonstrates personal traits suitable for the role
  - The applicant demonstrates the right motivation for the role and fit with the RICERT's values
- Applicants are called in for a face-to-face interview with appointed HR representative at RICERT and the hiring manager of the role. The purpose of the interview is to validate the impression received from the CV and personal letter. The applicant is also asked to bring contact details to two references from former employments for the HR representative to contact
- If needed, 2-3 reference calls are made to validate the applicant's statements and to review performance from previous employments
- A final evaluation is done by the HR representative and hiring manager, considering the interviews, reference calls and CVs before a decision is made by CEO whether to hire or contract the applicant
- The applicant is notified of the decision whether RICERT would like to hire/contract the applicant or not (qualification by the CEO is based on CV, personal letter, interview and potential reference calls)
- If the applicant would like to accept the offer of employment/engagement, he/she must sign a contract including clauses for confidentiality and impartiality

NOTE: If the HR representative and the hiring manager is the same person, another employee at RICERT or member of the board may be used in the recruitment process so that there are always two people involved securing the quality of the applicant. HR representative may in this case be an externally contracted recruiter.

When hiring or contracting personnel involved in the certification process (e.g. Auditors), the hired/contracted applicant's CV shall be stored as proof that he/she demonstrates the right experience and competencies for the role.

### **6.2.1 Risk handling when hiring new personnel**

To avoid risks when hiring new personnel or consultants, follow the "Risk Handling new employees or consultants" through CV, interview with new personnel and interview with former clients/employers

## **6.3 Review of personnel performance**

### **6.3.1 CEO**

CEO is accountable to and reviewed by the board against fulfilment of the objectives of RICERT set by the board annually.

### **6.3.2 Staff**

Staff is accountable to and reviewed by the CEO. All staff involved in the certification process is subject to a performance review every second year. When necessary, as decided by the CEO, auditors work can be assessed either during or after a certification via e.g. documentation review, assessors in the certification process, customer surveys or interviews.

Prior to the performance review session, the CEO collects input regarding the evaluated individual's performance over the past period as well as strengths and weaknesses relevant to his/her role. Input is can be collected from three sources, but CEO decides which source needs to be used:

- 1) representative of the applicant that has been involved in the audit process;
- 2) peer auditor having been involved in reviewing audit report or certification decision;  
and
- 3) own observations by participating during some stage of the audit process.

Input collection of 1) and 2) are done through surveys or interviews, and in case of interviews the key conclusions are to be summarized and accepted by the interviewee in writing.

All the input is consolidated into a performance assessment, where each individual is evaluated based on a series of factors all relevant to perform in the role, e.g.:

- Demonstrated ability to independently execute audit processes
- Ability to handle the audit process if difficult issues regarding lack of processes, lack of documentation or minors
- Ability to manage applicant representatives
- Showing knowledge on when to ask other Ricert representatives for second opinion or other help
- Handling applicant information with confidentiality and correct document control
- Giving input to and development of RICERT QM, Schemes, etceteras

The individual is given a rating in all evaluation factors reflecting the degree of meeting RICERT's standards. Personal development goals are set for internal staff for the upcoming period in terms of what to improve and how the goals are to be achieved (e.g. through trainings). Progress is then evaluated and considered in the next performance review. NOTE: external staff has a development plan laid out only if contracted for a longer period / or if there are serious underperformances.

To make sure RICERT has qualified personnel involved in the certification process and keep track of everyone's performance and development, records (for both internal and external personnel) are kept of:

- Name and address
- Previous experience, employer(s) and positions held
- Educational qualification and professional status
- Completed trainings at RICERT and other relevant forums
- Performance assessments
- Authorizations held within the certification body
- Date of most recent updating of the records

## **6.4 Training, competence retainment and development**

RICERT strongly values that competence is kept high among its personnel (incl. internal/external and board and committee members). All individuals must be formally recognized as 'authorized' for their role at RICERT. E.g. for auditors this means that they must have specific knowledge about the scheme, certification process and RICERT internal processes. To secure authorization and that competence is kept high, RICERT has developed

a training plan consisting of three parts: introductory training (authorization), competence retainment and competence development. The authorization examination and signing of a contract between RICERT and the employee/external consultant in which the signee undertakes to follow the rules and procedures of RICERT. For auditors, authorization also includes practical training.

#### 6.4.1 Formal training

Participants' course approval is done by course leader through a judgement of the participant's knowledge, based on discussions, questions, etcetera, during the course.

##### *Introductory training (authorization)*

In order to become authorized, all personnel, board members, committee members is required to take the following courses, followed by an examination. (Focus may differ somewhat depending on role.)

- SCHEME INTRODUCTION TRAINING: Purpose of the standard, criteria for evaluation, organizational structure of the scheme owner etc.
- CERTIFICATION PROCESS TRAINING: Thorough step-by-step walkthrough of the audit process, methodology, tools and templates
- QUALITY SYSTEM TRAINING: RICERT's management and quality system, including confidentiality and impartiality and how to handle eventual conflict of interest

#### 6.4.2 First audit training (supervision)

Auditors shall, in addition to the above, get extra support and if needed supervision during their first audit (if being an Audit 1). Depending on previous experience, the amount of support varies as described below.

<i>Need for supervision / support during first audit (in addition to possibility to talk to experiences auditor upon request)</i>		<b>Consulting experience</b>	
		Low	High
<b>Familiarity with RICERT process, toolbox, etc</b>	Low	<i>All meetings</i>	<i>Planning Pre-audit meeting or Opening meeting First analysis session</i>
	High	<i>Pre-audit meeting or Opening meeting First 2-3 interviews</i>	<i>Pre-audit meeting or Opening meeting</i>

#### 6.4.3 Competence retainment

RICERT believes that on-the-job-training is the best training for retaining the required knowledge and skills to perform. However, there are situations where an employee must renew his/her skills and knowledge. For auditors the following holds:

- If an auditor has not performed an audit for 2 years the auditor must retake the practical training or show evidence that the competence is retained, to keep its authorization
- If there is cause for concern, e.g. a report through the grievance mechanism or audit reports not passing the quality standards in reviews, the concerned auditor must take actions to address identified malperformance
- Mandatory information sessions will be held in case there are regulatory changes or changes regarding internal procedures or any scheme requirements

#### 6.4.4 Competence development

Competence development is a central part for RICERT personnel and a natural part of the performance review process. Based on the outcome of the performance review, a plan for the next review period (2 years) can be created.

The main training is through introduction training and the training provided in connection to new versions of the quality manual.

Also, there shall be an annual meeting between minimum the CEO and the auditors (but other staff and stakeholders can also be invited) where learnings can be shared between the auditors.

#### **6.4.5 Responsibility for training and development**

The CEO is responsible for introduction and training all resources in how the processes, quality manual and templates work at RICERT. In addition to that, the CEO is responsible for the development of the auditors.

The chairman is responsible for introduction of a new CEO, but it can be delegated to the old/previous CEO.

RIA Sweden is responsible for introduction and training of all resources in the ESG4real-scheme and the system around it.

Introduction training should be held in connection with a new person starting. Other training should be given minimum once per year, but also if large updates are being done, eg in quality manual or ESG4real system.

### **6.5 Instructions for the CEO**

The Chief Executive Officer (CEO) is responsible for the management of RICERT and shall ensure that the Company and its subsidiaries are managed in accordance with the Swedish Companies Act SFS (2005:551, "Aktiebolagslagen"), other laws and regulations, contracts and these instructions. The Chairman of the board is the CEO's primary superior. It is the CEO's responsibility;

- That the RICERT's bookkeeping and accounting is performed in accordance with the law, taxes are paid accordingly and that the management of the RICERT's assets are conducted safely
- To issue instructions and guidelines, or see to it that they are issued, necessary for the effective management of the RICERT. Such instructions and guidelines shall be in accordance with applicable laws, regulations and directives issued by the Board of Directors
- To make day to day business decisions (e.g. marketing & sales, recruitment, financial decisions within budget)

#### **6.5.1 Right to represent the company**

The CEO has the right to represent RICERT pursuant to the Swedish Companies Act SFS (2005:551, "Aktiebolagslagen"), within the adopted budget.

#### **6.5.2 Right to make decisions**

The CEO can, in addition, make decisions when the Board of Directors' decision cannot be awaited without causing material disadvantage for RICERT. Such decision must be notified to the Board of Directors as soon as possible. The CEO employs, dismisses and sets the conditions for the RICERT's employees.

#### **6.5.3 Impartiality and risk**

The CEO, in the role as responsible for operations executed in accordance with the management and quality system, is responsible for the impartiality in the organisation and for ensuring that all employees have knowledge of its importance. Identified risks to be documented, reviewed, and handled on a continuous basis. The CEO is also responsible to decide if a risk requires escalation to the Impartiality committee.

#### **6.5.4 Reporting obligations to the board of directors**



#### *6.5.4.1 Preparation of matters to be deliberated by the Board*

The CEO shall, in consultation with the Chairman, prepare and submit matters for deliberation by the Board, in such a manner that all board members are provided with a satisfactory basis for deliberating and making the relevant decisions.

#### *6.5.4.2 Duty to keep the Board informed*

The CEO must report to the Board of Directors on the Company's business activities in accordance any resolution passed by the Board of Directors. The CEO is also responsible for the Company's compliance with its disclosure requirements according to laws and regulations. In addition, the CEO shall provide a more detailed explanation in respect of specific matters if requested by the Board. Such explanation may also be requested by any individual board member.

#### *6.5.4.3 Budget*

The CEO is responsible for the submission of the budget for the following financial year to the Board of Directors in due time, and at the latest one month prior to the end of each fiscal year.

#### *6.5.4.4 Annual Accounts*

The CEO is responsible for the preparation of a draft annual report as soon as possible after the end of the financial year, and no later than three months following the end of each fiscal year.

#### *6.5.4.5 The responsibility of the CEO for implementation of board resolutions*

The CEO shall be responsible for implementing the resolutions adopted by the Board, unless otherwise decided by the Board.

## **7 Operations**

The core operation of RICERT is execution of audits and making certification decisions (according to ISO17065 and any additional demands from scheme owners as agreed in contracts). The audit structure, guideline for allocation of audit teams and checklists for auditors are described below. RICERT is responsible for and retains authority for its decisions relating to certification.

### **7.1 Certification agreement**

RICERT shall ensure its certification agreement requires that the client comply at least, with the following:

- the client always fulfils the certification requirements, including implementing appropriate changes when they are communicated by the certification body;
- if the certification applies to ongoing production, the certified product continues to fulfil the product requirements;
- the client makes all necessary arrangements for
  - a) the conduct of the evaluation (see 3.3) and surveillance (if required), including provision for examining documentation and records, and access to the relevant equipment, location(s), area(s), personnel, and client's subcontractors;
  - b) investigation of complaints;
  - c) the participation of observers, if applicable;
- the client makes claims regarding certification consistent with the scope of certification
- if the client provides copies of the certification documents to others, the documents shall be reproduced in their entirety or as specified in the certification scheme;
- in making reference to its product certification in communication media such as documents, brochures or advertising, the client complies with the requirements of the certification body or as specified by the certification scheme;

- the client complies with any requirements that may be prescribed in the certification scheme relating to the use of marks of conformity, and on information related to the product;
- the client keeps a record of all complaints made known to it relating to compliance with certification requirements and makes these records available to the certification body when requested, and
  - a) takes appropriate action with respect to such complaints and any deficiencies found in products that affect compliance with the requirements for certification;
  - b) documents the actions taken;
- the client informs the certification body, without delay, of changes that may affect its ability to conform with the certification requirements.

## 7.2 Audit structure and activities

The activities follow the standardised and systematic Certification process and Audit plan for RICERT, which is compliant with the demands of ISO17065 and all current scheme owners. The systematic approach ensures that individual auditors cannot introduce alternative methods for specific customers, which safeguards the impartiality and non-discrimination principle. This also means that all customers are treated in the same way, irrespective of which individual auditor(s) who makes the evaluation and review respectively. In total, six types of audits are available, out of which two are carried out on a recurring basis and four when needed only (ad hoc):

- Initial audit
- Follow-up audit (recurring)
- Renewal audit (recurring)
- Verification audit
- Investigation audit
- Expansion audit

Figure 2 presents the audit cycle consisting of the initial audit that is the starting point of the cycle and is continuously followed by a follow-up audit and renewal audit performed alternatingly every second year.

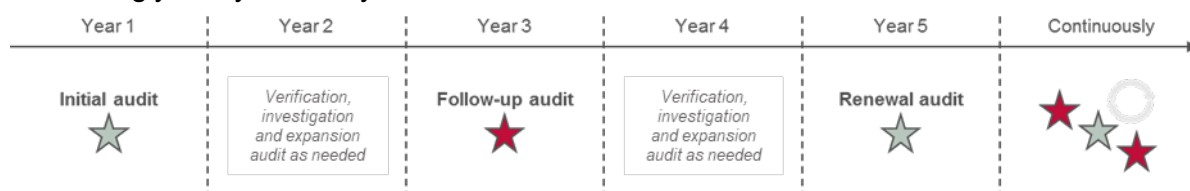


Figure 2. Audit cycle

### New customers

#### 7.2.1 Process application

##### 7.2.1.1 Application review

- Review that the application contains the minimum information needed:
  - Name, address and contact details
  - Organisation type
  - Sites / part of organisation relevant for certification (scope)
- Conduct a Pre-Audit Risk Assessment (CEO)
- Sort any differences in understanding between RICERT and the applicant and ensure the required personnel and resources are available from both RICERT and the applicant to proceed with the application
  - NOTE: This is important to identify if the application relates to an area that RICERT has no prior experience of. If so, RICERT shall review its competence and evaluate if it can take on the certification. If deemed that RICERT does not

possess the necessary competence it shall decline to proceed with the application

#### *7.2.1.2 Application completion*

Confirm application and sign a Certification contract with applicant. Application can only be completed if the certification contract is signed. Regarding confidentiality, the contract shall state that

- Parties have mutual confidentiality
- Any grievances concerning the client's case shall also be treated confidential
- SWEDAC might, and have the full right, to listen in to an auditing process and monitor the work of RICERT's auditors, but they are under the same confidentiality as RICERT's own staff

If RICERT is required by law or authorized by contractual arrangements to release confidential information, the client or person concerned shall, unless prohibited by law, be notified of the information provided

### **7.2.2 Schedule and plan for audit**

#### *7.2.2.1 Pre-audit Meeting*

Both auditor ("Auditor 1") and client meet to ensure a bilateral understanding of expectations, and to have a better prepared audit process

- The client presents parts of the steering-model that is relevant to the ESG4real standard. The client also presents the organizational structure for every role, relevant for this audit
- Auditor 1 walk through the list of documentation that the applicants are expected to provide during the audit
- Joint discussion, to help each other identify what actual documentation is needed, and which managers and staff that should be interviewed during the audit
- Both actors explain their expectations during the auditing process

#### *7.2.2.2 Preparations for Opening Meeting*

Applicant sends all requested documentation and other information to Auditor 1.

#### *7.2.2.3 Opening meeting*

During the Opening meeting a schedule and plan for audit is laid out. The meeting is conducted according to the agenda for Opening Meeting and includes the following activities:

- Discuss and agree on time plan for certification, incl. finish date and responsibilities
- Verify documentation and information received, incl. potential additional documentation requests. Request should be an exhaustive checklist of certification demands, sent in written form. When sent, information should be given that without the requested documents there is a large risk of minor or major non-conformities.
- Schedule requested interviews according to interview list in audit plan (includes key roles and responsibilities)

### **7.2.3 Execute Initial audit**

#### *7.2.3.1 Evaluation*

- Conduct interviews as requested in interview list in Audit plan. Preferably, send pre-defined questions to the respondent before each interview. Interviews can be physical or with the use of information and communication technology (for the latter, see also 7.6). May be both group and individual interviews. Purpose is to find facts and cross check and confirm findings in documentation to assess compliance with scheme requirements
- Analyse findings and check compliance with scheme requirements according to control points and assess the result.
- Create audit report

- In the excel sheet with control points, Auditor 1 shall state all evidence necessary to document why he/she conclude that applicant follow/not follow control point.
  - Documents from applicant shall be saved in original, as well as a copy where Auditor 1's underlining, notes and comments can be clearly documented.
  - Information from interviews complementing written material shall be documented
  - Documentation and comments shall be put in a way that Auditor 1's logic reasoning easy can be followed

#### *7.2.3.2 Follow-up and quality assurance (if needed)*

- Confirm audit report with applicant, sort any ambiguities, ensure understanding of result and discuss potential non-conformities
- Conduct any additional interviews following first analysis of compliance. Only conducted if needed to find further facts/resolve uncertainties

#### *7.2.3.3 Closing meeting*

- Discuss the audit report, ensure understanding of the findings
- Discuss applicants' proposed measure to close any non-conformities
- Applicant signs the report as acceptance of the findings

#### *7.2.3.4 Review of audit report*

- To ensure sound interpretations and analysis, the report is reviewed by an auditor ("Auditor 2") not involved in evaluation.
- Contacts between Auditor 1, and Auditor 2 are limited to questions clarifying data references, missing information and explaining complex reasoning.
- When assigning Auditor 1 and Auditor 2, CEO shall inform all auditors so it is clear who can talk to who about what.
- Auditor 2 shall verify that Auditor 1 has followed RICERT's process and that the conclusions/analysis made of Auditor 1 in the audit report and in the excel sheet with control points are following a logic reasoning and has clear motivations for conclusions.
- Auditor 2 shall also make samples to control the conclusions of Auditor 1. Samples shall follow the documentation made of Auditor 1.
- If Auditor 2 does not understand Auditor 1's explanation he/she can ask for clarification. Clarification should be added into updated Audit Report as appendix.

#### *7.2.3.5 Certification decision*

- Based on the review made in 7.1.3.4 Auditor 2 decides if Auditor 1's analysis and conclusions should be followed or not.
- The decision should be stated as: "I have read the Audit Report and further detailing of the control points for ESG4Real. My evaluation is that Auditor 1 has / has not followed RICERT's process. I have taken samples that further supports the conclusion. My decision is therefore to accept Auditor 1's analysis and approve / not approve applicant's certification." Further text can be added with more comments etc.
- Decision and ground for the decision is communicated to the applicant
- Formal certification documentation is only issued after the decisions to grant or extend the scope of certification has been made and all certification requirements have been fulfilled
- Material to be reviewed is
  - RICERT\_ESG4Real Certification audit plan for auditor v. X
  - RICERT\_Audit report template v. X
  - All other customer documents needed to make a correct decision
- There are three options for the certification decision
  - Certification granted:
    - Auditor taking certification decision informs the applicant
    - RICERT CEO prepares certificate and sends to applicant

- Minor non-conformity/conformities given:
  - Auditor taking certification decision informs the applicant
  - CEO, with input from auditor, sets timeline for mitigation
  - Timeline and cost for verification audit is communicated to applicant
  - Auditor 1 and Auditor 2 gets the Verification timeline & process document sent to them. It is the responsibility of Auditor 1 to initiate the Verification process and to ensure there is enough time for Auditor 2 to approve / not approve the verification audit.
- Major non-conformity/conformities given:
  - Auditor taking certification decision informs applicant
  - Applicant needs to restart application process

#### 7.2.4 Documentation of audit

All documentation from the audit shall be uploaded to the internal file server/collaboration platform in the customer folder in folder Revision.

Documents to upload are:

- RICERT\_Audit report template v. X
- RICERT\_ESG4Real Certification audit plan for auditor v. X
- All requested customer documents

### 7.3 Other main activities

*Existing customers:*

#### 7.3.1 Recurring audits

RICERT manages and conducts recurring audits for existing customers to ensure continued compliance with scheme requirements. The audits are performed with the same procedure as for new customers, excluding the step “Process applications”. The audits are based on predefined, systematic and independent processes for obtaining and assessing material and evidence from the asset manager to determine if the requirements of ESG4Real are met. Audit duration varies depending on e.g. complexity, size and structure of the applicant’s organisation and/or funds.

##### 7.3.1.1 Follow-up audit

The Follow-up audit is performed continuously 2 years after an initial or renewal audit to reassure continued conformance and identify any discrepancies that may have occurred since the last audit). The audit consists of a lighter assessment that mainly focus on changes since last audit, eg new or changed documents, or new or changed staff.

Before the Opening Meeting, the auditor sends out the previous audits document list and list of responsible for different positions (**Documents and Interviewee List**). The client prepares the Opening Meeting by clearly stating what changes that have happened, complementing the lists with which positions have been changed, and which documents have been changed or added.

#### Opening Meeting

During the Opening meeting a schedule and plan for audit is laid out. The meeting is conducted according to the agenda for Opening Meeting and includes the following activities:

- Discuss and agree on time plan for follow-up certification, incl. finish date and responsibilities
- Verify documentation and information received, incl. potential additional documentation requests. Request should be an exhaustive checklist of certification demands, sent in written form. When sent, information should be given that without the requested documents there is a large risk of minor or major non-conformities.
- Schedule requested interviews. Interviews should primarily be undertaken with new staff, and possibly also roles responsible for new or changed processes or documents.

#### 7.3.1.1.1 Evaluation

- Conduct physical interviews with the following:
  - People being new on the Documents and Interviewees List
  - People responsible for new or updated documents on the Documents and Interviewees List
- Read new documentation, and make sure that it relates well with old
- Purpose is to find facts and cross check and confirm findings in documentation to assess compliance with scheme requirements
- Analyse findings and check compliance with scheme requirements according to control points and assess the result.
- Create audit report
- In the excel sheet with control points, Auditor 1 shall state all evidence necessary to document why he/she conclude that applicant follow/not follow control point.
  - Documents from applicant shall be saved in original, as well as a copy where Auditor 1's underlining, notes and comments can be clearly documented.
  - Information from interviews complementing written material shall be documented
  - Documentation and comments shall be put in a way that Auditor 1's logic reasoning easy can be followed

#### 7.3.1.1.2 Follow-up and quality assurance (if needed)

- Confirm audit report with applicant, sort any ambiguities, ensure understanding of result and discuss potential non-conformities
- Conduct any additional interviews following first analysis of compliance. Only conducted if needed to find further facts/resolve uncertainties

#### 7.3.1.1.3 Closing meeting

- Discuss the audit report, ensure understanding of the findings
- Discuss applicants' proposed measure to close any non-conformities
- Applicant signs the report as acceptance of the findings

#### 7.3.1.1.4 Review of audit report

- To ensure sound interpretations and analysis, the report is reviewed by an auditor ("Auditor 2") not involved in evaluation.
- Contacts between Auditor 1, and Auditor 2 are limited to questions clarifying data references, missing information and explaining complex reasoning.
- When assigning Auditor 1 and Auditor 2, CEO shall inform all auditors so it is clear who can talk to who about what.
- Auditor 2 shall verify that Auditor 1 has followed RICERT's process and that the conclusions/analysis made of Auditor 1 in the audit report and in the excel sheet with control points are following a logic reasoning and has clear motivations for conclusions.
- Auditor 2 shall also make samples to control the conclusions of Auditor 1. Samples shall follow the documentation made of Auditor 1.
- If Auditor 2 does not understand Auditor 1's explanation he/she can ask for clarification. Clarification should be added into updated Audit Report as appendix.

#### 7.3.1.1.5 Certification decision

- Based on the review made in 7.1.3.4 Auditor 2 decides if Auditor 1's analysis and conclusions should be followed or not.
- The decision should be stated as: "I have read the Audit Report and further detailing of the control points for ESG4Real. My evaluation is that Auditor 1 has / has not followed RICERT's process. I have taken samples that further supports the conclusion. My decision is therefore to accept Auditor 1's analysis and approve / not approve applicant's certification." Further text can be added with more comments etc.
- Decision and ground for the decision is communicated to the applicant

- Formal certification documentation is only issued after the decisions to grant or extend the scope of certification has been made and all certification requirements have been fulfilled
- Material to be reviewed is
  - RICERT\_ESG4Real Certification audit plan for auditor v. X
  - RICERT\_Audit report template v. X
  - All other customer documents needed to make a correct decision
- There are three options for the certification decision
  - Certification granted:
    - Auditor taking certification decision informs the applicant
    - RICERT CEO prepares certificate and sends to applicant
  - Minor non-conformity/conformities given:
    - Auditor taking certification decision informs the applicant
    - CEO, with input from auditor, sets timeline for mitigation
    - Timeline and cost for verification audit is communicated to applicant
    - Auditor 1 and Auditor 2 gets the Verification timeline & process document sent to them. It is the responsibility of Auditor 1 to initiate the Verification process and to ensure there is enough time for Auditor 2 to approve / not approve the verification audit.
  - Major non-conformity/conformities given:
    - Auditor taking certification decision informs applicant
    - Applicant needs to restart application process

#### *7.3.1.2 Renewal audit*

The Renewal audit is conducted four years after the initial audit and is performed continuously every fourth year to verify compliance. The audit includes the same activities and assessment as in the initial audit, but due to established contact and already obtained documentation in previous audits, it is likely to be less time consuming.

### **7.3.2 Ad hoc audits**

RICERT manages and conducts ad hoc audits for existing customers when needed. Audit duration varies depending on e.g. complexity, size and structure of the certificate holder's organisation and/or funds.

#### *7.3.2.1 Verification audit*

The Verification audit controls if closing of any minor non-conformities found in initial/renewal audit have been made and verified. Conducted ad hoc based on findings in previous audits. (In case of major non-conformities, the applicant has to apply for a new initial audit.) Audit content is determined according to the minor non-conformities found.

##### *7.3.2.1.1 Opening meeting Verification Audit*

The meeting is conducted according to the agenda for Opening Meeting and includes the following activities:

- Applicant presents measures taken to mitigate non-conformities
- List of relevant interviewees is put together
- Supporting documentation is handed over to auditor
- If not done before, closing meeting is scheduled

##### *7.3.2.1.2 Evaluation*

Auditor 1 (same as during Initial Audit, Follow-Up Audit or Renewal Audit where minors were detected) do an assessment of applicants processes and measures specifically and only on the areas where minors were found.

- Conduct interviews if needed
- Read new documentation, but also to see how it relates with old

- Purpose is to find facts and cross check and confirm findings in documentation to assess compliance with scheme requirements in minor non-conformity areas
- Analyse findings and check compliance with scheme requirements according to control points and assess the result.
- Update Audit Report for specific non-conformity points. Rename to verification audit report

#### 7.2.2.1.3 Closing meeting

Follow the agenda in template Closing Meeting. Discuss the audit report, ensure understanding of the findings

#### 7.2.2.1.4 Certification decision

Auditor 2 (same as during Initial Audit, Follow-Up Audit or Renewal Audit where minors were detected) makes a certification decision based on the signed and reviewed Verification Audit Report

- Decision and ground for the decision is communicated to the applicant
- Formal certification documentation is only issued after the decisions to grant or extend the scope of certification has been made and all certification requirements have been fulfilled
- Material to be reviewed is
  - RICERT\_ESG4Real Certification audit plan for auditor v. X
  - RICERT\_Audit report template v. X
  - All other customer documents needed to make a correct decision

#### 7.3.2.2 Investigation audit

The Investigation audit is carried out in response to a complaint or incident reported informally or via the grievance mechanism and can be conducted ad hoc. Audit content is determined according to the complaint/incident reported. A certificate holder shall, without delay, notify RICERT about any change to its operations, ownership structure, organization, management, investment policy, scope of business or any other change or event which may impact the certification pursuant to the certificate holder's ability to comply with the standard. If RICERT finds that there is a risk that the change will impact the certification, RICERT shall promptly initiate an Investigation Audit to determine if and to what extent the certificate holder is still compliant.

#### 7.3.2.3 Expansion audit

The Expansion audit can be applicable when an already certified asset manager applies to expand the certification, e.g. for another fund or part of the portfolio that has similar characteristics. In this case, an initial assessment is done, by RICERT's CEO or appointed personnel, to review three complexity factors of the new subject to application:

- Investment process
- Steering documents
- Investment team

#### 7.2.2.3.1 Definition of Expansion Audit

The ~~five~~ three factors are compared to the asset manager's already certified fund or portfolio (that has passed the initial and/or following audits) to identify similarities or deviations in between. Based on the outcome of the comparison, the CEO decides whether it is adequate to initiate an Expansion audit (1) or an Initial audit (2).

1. If the ~~five~~ three factors are identical or have minor<sup>1</sup> deviations between the already certified investments and the subject to application, an Expansion audit is performed.

---

<sup>1</sup> It is up to the CEO to decide whether a deviation is minor or major and what audit type is appropriate. In the general scenario, a fund with identical investment process, steering documents and underlying asset classes is suitable for an expansion audit, but the evaluation must be done for each case.



The Expansion audit reviews documentation related to the investment portfolio and reporting to asset owners. Interviews with relevant stakeholders can be done during the Expansion audit if applicable. If the subject to application is certified in the Expansion audit, the full certified portfolio will be subject for next audit in the audit cycle (i.e. next Follow-up audit or Renewal audit). During the Expansion audit, if the auditor realizes that a comprehensive audit is required, an Initial audit process can be initiated.

2. If the three factors have major<sup>1</sup> deviations between the already certified investments and the subject to application, an Initial audit is performed. The Initial audit includes a complete assessment of compliance with all requirements of ESG4Real, i.e. the ESG model and use of tools for implementation and compliance as well as an audit of the portfolio.

#### 7.2.2.3.2 Type of Expansion Audit

There are three types of Expansion Audits:

- Asset classes
- Geographic location
- Asset classes & Geographical location

#### 7.2.2.3.3 The CEO Decision

The CEO decision whether it is an Expansion audit or a new Initial Audit, and in the former case what type of Expansion Audit it is should be presented in a written decision for the Auditor 1 to act upon. In the decision, the CEO should state his/her ground for making the decision Expansion Audit or Initial Audit.

### 7.3.3 Audit process improvement

When an audit process is completed and documented, auditors ~~are encouraged to~~ shall provide feedback on potential improvements of the auditing process to the CEO. This feedback is to be used as input to e.g. the Management review to enable continuous improvements of the auditing process. For feedback “RICERT\_audit process follow-up template” shall be used.

### 7.3.4 Handle grievances

To ensure quality in operations and openness to feedback and improvement areas, RICERT handles grievances (complaints, allegations etc.) from internal or external stakeholders relating to decisions or operations of RICERT in a standardised way. See below instructions for how RICERT handles grievances according to the current version of RICERT Grievance mechanism. The RICERT Grievance mechanism v 1.0 gives further support to the Grievance committee in handling and communicating about grievances.

#### 7.3.4.1 Reporting channel and information sources

Grievance holders are instructed to submit any grievances via the formal RICERT Grievance mechanism, see 7.3.4, which means that the Grievance committee will receive grievances in writing to e-mail address info@ricert.se or mailing address RICERT AB 105 53 Stockholm, but information about grievances can appear in other channels as well (e.g. oral grievance), which shall then be formalized in a written request as given in the grievance mechanism. Information on how to make a grievance is also available at RICERT’s public homepage. The grievance committee is responsible for responding to formally submitted grievances in a timely manner as defined in the grievance mechanism.

#### 7.3.4.2 Roles and responsibilities

Role/position	Description
Grievance holder	<ul style="list-style-type: none"> <li>• Organization submitting the grievance</li> </ul>

Grievance manager	<ul style="list-style-type: none"> <li>• RICERT representative(s) constituting the Grievance committee</li> <li>• Appointed by RICERT's CEO to process incoming grievances reactively and liaise with the external stakeholder(s)</li> <li>• As far as possible impartial and free of any conflict of interest in relation to the grievance and the parties involved i.e. person(s) not involved in the certification activities related to the complaint or appeal</li> <li>• Developing resolutions and actions to rectify any issues</li> <li>• Follow up and track progress of grievance</li> <li>• Makes sure the grievance mechanism procedure is being adhered to and followed correctly</li> </ul>
-------------------	--

### 7.3.4.3 Grievance mechanism process

The grievance mechanism process describes how the grievance manager handles a grievance from an internal perspective. It consists of main eight steps, described below.



Figure 3. Required steps to handle a grievance.

#### 1. Receive grievance

The Grievance manager receives all incoming grievances for reactive processing. Grievances regarding the performance of RICERT shall be submitted within 30 days of the occurrence being reported, other grievances shall not be accepted by the grievance manager. *Examples* of the expected grievance types are:

- A. Grievance from Asset Manager not satisfied with negative certification decision (e.g. interpretation of multiple minor non-conformities adding up to major non-conformity)
- B. Grievance from third party regarding a certificate holder not considered to meet the requirements of the standard
- C. Other

#### 2. Record

All received grievances are logged, by the Grievance manager, in RICERT's Grievance Register and saved on RICERT's collaboration platform (i.e. SharePoint). Update information and status of the grievance in the grievance register throughout the process.

#### 3. Screen

For a Grievance to be complete it shall contain the following details:

- Name of contact person, name of organisation and contact details (non mandatory for anonymous Grievance holders)
- Parties involved
- Description of the grievance
- Any steps taken to resolve the grievance (non mandatory for anonymous Grievance holders)
- Expected outcomes/actions to resolve the grievance

If the submitted grievance is found complete and in scope for the RICERT grievance mechanism, the Grievance manager processes the grievance in accordance to the Grievance mechanism process. Note that grievances against the Board or CEO of RICERT are to be forwarded for handling by the Impartiality committee to ensure objective assessments (i.e. Grievances against the CEO or board of RICERT are not in scope for RICERT Grievance mechanism).

#### 4. Acknowledge

RICERT shall acknowledge the grievance within 7 days of being submitted, by informing (verbally or in written form) the Grievance holder if the grievance is found complete and in scope or not. If the grievance is found complete and in scope, the Grievance manager shall contact the Grievance holder within 14 days and provide a summary of the grievance, method that will be taken to investigate the grievance and an estimated timeframe in which the grievance will be resolved. If required, parties can ask for any additional information, clarify any issues, provide any written reaction or supporting evidence within 10 days.

If the Grievance holder is anonymous, none of the above is applicable

## 5. Investigate

The Grievance manager shall start the process of investigating the grievance and within 60 days notify all parties the result of the process and reasons for the decision as well as any actions taken or expected by any party. The investigation may require the grievance manager to make site visits, consult employees, contact external stakeholders or complete other activities to gather and verify all necessary information (as far as possible) to process the grievance. To be effective, the grievance investigation must be somewhat custom-made for each grievance investigated. See below examples of relevant activities for the Grievance manager per expected grievance type:

A. **Grievance:** Asset Manager not satisfied with negative certification decision (e.g. interpretation of multiple minor non-conformities adding up to major non-conformity)

### Activities:

- Prepare agenda and questions for the Grievance holder interview and documentation to be gathered
- Interview with Grievance holder (Asset Manager) to understand reasons for the grievance
- Review of documentation of initial certification decision causing the grievance to identify decision rationale
- Interviews with relevant stakeholder(s) to investigate decision rationale logic
- Cross check of facts in documentation and interviews to assess validity of information
- Document findings as basis for decision

B. **Grievance:** Third party on a certificate holder not considered to meet the ESG4Real standard

### Activities:

- Prepare agenda and questions for the Grievance holder interview and documentation to be gathered
- Interview with Grievance holder (third party) to understand reasons for the grievance
- Site visit or interviews to do spot-checks on the certificate holder to understand if an Investigation audit is of relevance based on the grievance
- Cross check of facts in documentation and interviews to assess validity of information
- Document findings as basis for decision

Records of meetings, discussions and activities all need to be documented during the investigation. Information gathered during the investigation will be analysed and will assist in determining how the grievance is handled and what steps need to be taken in order to resolve the grievance.

## 6. Decide & act

Following the investigation, Grievance manager decides whether to reject or uphold to the grievance. As the Grievance manager appointed, as far as possible, is impartial and free of any conflict of interest in relation to the grievance and the parties involved, the risk for

biased decision making is minimized. Facts, evidence and data analysis lead to greater objectivity and confidence in the process.

Since the most expected grievance cases will point to RICERT's certification decision of the grievance holder or a third party, the key principles to follow when making a grievance decision are:

- Ensure that data and information are sufficiently accurate, reliable and secure
- Evaluate the root cause and result of the initial decision that caused the grievance (if applicable)
- Consider potential risks for the certification system and the applicable standard

Based on the decision outcome, the Grievance manager shall create an action plan outlining steps to be taken and criteria to be fulfilled in order to resolve the grievance. The Grievance manager is responsible for assigning and monitoring actions and controlling that deadlines are met. See below *examples* of decisions and relevant actions per expected grievance type:

A. **Grievance:** Asset Manager not satisfied with negative certification decision (e.g. interpretation of multiple minor non-conformities adding up to major non-conformity)

**Decision:** The grievance does not constitute grounds for a re-evaluation of the certification decision

**Actions:**

- Close the grievance (see 7. Close below)

B. **Grievance:** Third party on a certificate holder not considered to meet the requirements in the standard

**Decision:** The grievance constitute grounds for an Investigation audit (7.3.2.2)

**Actions:**

- Specify criteria needed to be fulfilled to resolve the grievance
- Report to CEO of RICERT that an Investigation audit is required
- Inform certificate holder that an Investigation audit is required
- Take internal action to investigate if any failures in the RICERT audit process have caused the certificate holder to be faulty certified or if the certificate holder have failed to meet the requirements after certification decision has been made
- Detail activities required in time plan with deadlines
- Close the grievance (see 7. Close below)

Note that grievances on the impartiality of RICERT need to be forwarded to RICERT's Impartiality risk analysis for assessment.

## 7. Close

Once all actions have been completed and the Grievance manager assesses the grievance to be resolved (no later than 60 days after starting the investigation), the Grievance holder and external stakeholder(s) are to be informed in writing about the result of the process and reasons for the decision, and also advised on potential action(s) taken or expected by any party. When contacting the external stakeholder(s), the Grievance manager is to verify that the outcome was satisfying and gather any feedback on the grievance process. Relevant documentation and material from the grievance process to be saved on RICERT's collaboration platform.

## 8. Appeal

If the external stakeholder is unhappy with the resolution and/or does not agree with the proposed actions, then the Grievance manager needs to escalate the matter to RICERT's CEO. The CEO to review the grievance and relevant documentation gathered throughout the investigation to determine whether further actions are required to resolve the grievance. Appeals to the decision may be submitted by any party within 30 days after notification of the grievance decision via mail or e-mail to RICERT, and shall include:

- Name and contact details
- Decision which is appealed
- Ground for the appeal

The appeal holder (i.e. the organisation submitting the appeal) to be informed if the appeal is found eligible within 7 days by RICERT. If the appeal is found eligible by RICERT's CEO, the appeal is handled by a new and independent Appeal manager (not the same person as the Grievance manager in the first instance), appointed according to Grievance mechanism process as described above. All parties will be informed and contacted within 14 days. Parties may within 10 days provide any written reaction or supporting evidence. The Appeal manager to hear parties and convene sessions deemed necessary for a sound judgment. Decision to be taken and notified to all parties including reasons to the decision and any actions taken within 60 days. The decision of the appeal is binding to all parties and no further appeal on the same matter is accepted. Relevant documentation and material from the appeal process to be saved on RICERT's collaboration platform.

### 7.3.5 Communication on changes

RICERT ensures that changes to a scheme or revised requirements that affect customers are communicated. Verification of fulfilment of new requirements are done in the next upcoming audit, as described in contract between RICERT and customer.

## 7.4 Allocation of auditors

RICERT qualifies and trains auditors according to scheme owners' requirements and internal requirements. The applicant's characteristics guide RICERT in the allocation of auditors and previous experience, scope, geographic location are examples of factors that affect the allocation.

RICERT takes responsibility to rotate auditors roles and have enough personnel to guarantee rotation to not let the same auditor evaluate or review and take certification decision for a specific customer repeatedly in recurring audits for a too long period. When the client enters a new cycle, ie a Renewal Audit or an Initial Audit, a new auditor shall be responsible for the audit. When yet another new cycle is started, the previous auditor is free to work with the client as auditor again. The auditor shall also be free of any conflict of interest to guarantee independency of audits. The auditor has no influence in the allocation. This combined with the rotation safeguards impartiality.

The audit is usually conducted by one or two auditors, except for cases where the scope includes large, complex or geographically dispersed structures.

## 7.5 Checklists for auditors

The auditors follow the steps outlined in the Audit plan. The Audit plan shall be compliant with requirements of the scheme owner and internal quality requirements. The Audit plan also includes:

- Interviews to be conducted
- Documents to be reviewed
- Control points and questionnaire for interviews
- Audit summary template

- Agenda and documentation template for Opening, Follow-up and Closing meeting
- Specification template for non-conformities

## **7.6 Termination of certificate**

- The Certificate shall with immediate effect terminate automatically (i) at the end of the term set out in the Certificate, or (ii) upon termination of the certification agreement
- The Asset Manager may, effective immediately, terminate the Certificate at any time.
- In case the Asset Manager is found by RICERT to be non-compliant with the ESG4Real Standard and fails to remedy such non-compliance as demanded by the ESG4Real Scheme within a time period determined by RICERT which shall be not less than thirty (30) days, RICERT may, effective immediately, terminate the Certificate.
- A notification pursuant to section above shall include information on any identified non-conformities. The Asset Manager shall be entitled to request that RICERT initiates relevant Subsequent Audit to determine whether the Asset Manager has taken necessary actions to remedy the non-conformities.
- Upon termination of the Certificate, the Asset Manager shall immediately return the Certificate to RICERT and shall use its reasonable best efforts to cease to use the Certificate or any copy of it in its communications, and may no longer produce, distribute or display copies, whether digital or physical, of the Certificate. The Asset Manager shall also use its reasonable best efforts to remove and/or withdraw any reference to the Certificate or ESG4Real from all external communications and shall in no way act in a manner that may lead any third party to conclude that the Asset Manager is still certified under the ESG4Real Scheme.

## **7.7 Use of information and communication technology during audits**

- If an audit is done with the use of information or communication technology, either to simplify the audit or to perform the audit without physical presence during the audit, the following measures shall be taken:
  - An agreement with the client shall be made, that the audit will be done partly or entirely with the help of information and communication technology
  - A risk analysis shall be performed, analyzing and documenting the efficiency of doing the audit with the use of information and communication technology
  - The audit report shall state to what extent and in which way the audit has been done with the use of information and communication technology

## **8 Management and quality system**

The management and quality system of RICERT is the tool to lead, plan, control and evaluate the business. It is aimed at ensuring quality and consistency in RICERT's operations and that it fulfils the requirements of scheme owners and other demands such as ISO17065. The quality system is the basis for a continued and on-going improvement work which will lead to even better services and more satisfied customers and stakeholders. The procedures and requirements described below apply to all employees of RICERT, from board to staff, and are also a support to be able to conduct tasks with high quality.

### **8.1 Control of documents**

Documents relate to internal and external documents with information about RICERT and its procedures and regulations, e.g. this quality manual, audit plans, agendas for meetings, templates for audit reports etc.

Before issuing or updating a document it shall be approved by the responsible party (CEO or the Board of directors, depending on what type of document it is and which party that has mandate to revise).

Document type	Example	Reviser/approver
Board related documents	Documents related to financing of RICERT, strategy documents, quality manual incl. CEO instructions, impartiality, internal audit	Board of Directors
Operational documents	Contracts, risk analysis, certification process	CEO

Documents shall be versioned and changes in each version noted in the current document. The responsible party updates the document library and ensures that older versions are retained. The documents shall be named in a readily identifiable way. Documents shall be kept at a minimum 5 years.

The documents shall be available for staff of RICERT and shall be uploaded at internal file server/collaboration platform (including daily back-up, virus protection and password management). All external files shall be controlled they are from a credible source before storing and spreading throughout the organisation.

RICERT keeps an internal directory of certified customers at its file server and informs immediately the scheme owner of any changes to the directory. The scheme owner publishes the list on its website.

Auditors have mandate to sign off audit documents but not to change the document template and structure.

## 8.2 Control of records

Records are defined as all reporting documents, i.e. those that shows that something has been done or agreed. This can be e.g. audit reports, contracts with customers or employees etc. All information collected from applicants or customers in the certification process are also regarded as records.

The records are stored in separate folders at internal file server (including daily back-up, virus protection and password management) that only the involved staff have access to. Originals of physically signed records (e.g. audit reports and contracts) are to be stored in a safe and locked depository. Records shall be retained to demonstrate that all certification process requirements have been fulfilled. Records shall be kept at min. 5 years<sup>2</sup>, which allows for tracking results and notes from the last performed full audit.

Records shall not be spread externally unless consent has been given by the current applicant or customer. Auditors shall pay close attention to handle records with care, including during transportation and transmission of documents. In this way the confidentiality is protected, and information spread only to the group of persons that is relevant.

## 8.3 Management review

The management of RICERT reviews the management and quality system and operations of RICERT once a year to assess its suitability and effectiveness. Records of the review are summarized in a protocol and handled in line with chapter 8.1 "Control of documents". The CEO is responsible for ensuring that the review occurs. The CEO, or delegate, shall issue an agenda, minutes of previous Management Review and any relevant papers and reports at least one week prior to the agreed date. Any analysis and/or summary of inputs to the review as listed below shall be done prior to the meeting, which CEO is responsible for gathering. The following inputs are used in the review:

- Fulfilment of objectives (quality, customer satisfaction etc.)

<sup>2</sup> Please note that all information and documentation related to bookkeeping needs to be kept at a minimum of 7 years. See BFN allmänna råd om bokföring (BFNAR 2013:2)

- Results of internal and external audits
- Feedback from clients, auditors and interested parties (e.g. auditors' feedback and experience from audits)
- Logged impartiality cases and review from the Impartiality committee (to identify any risks/concerns related to impartiality)
- Logged grievances and any review from the Grievance committee
- Status of preventive and corrective actions
- Effectiveness of the Quality manual and management and quality system
- Changes that could affect the management and quality system (e.g. legislation, customer demands, new services etc.)
- Adequacy of resources
- Follow-up actions from previous management reviews

The following output decisions and actions are expected from the review:

- Improvement of the effectiveness of the management and quality system and its processes
- Improvement of the certification body related to the fulfilment of ISO17065
- Resource and competence needs

The CEO shall ensure minutes and an action table are generated after the meetings. Action points shall have a timescale assigned. See below clarification and guidelines of main differences between Internal audit and Management review.

Internal audit	Management review
<ul style="list-style-type: none"> <li>• Performed yearly by Internal auditor reporting to the Board of Directors</li> <li>• Reviews operations to evaluate if the requirements of the standard and the company are fulfilled</li> <li>• Results are to be used as one of the inputs to the management review, and thereby must be done in advance</li> </ul>	<ul style="list-style-type: none"> <li>• Performed yearly by top management</li> <li>• Reviews how well the management, quality management system and operations work to assess if it has the desired effectiveness and results against the company's objectives</li> </ul>

#### 8.4 Internal audit

Internal audits are performed according to RICERT's internal audit programme to evaluate and verify that operations of RICERT are functioning as intended, but also finding areas for improvements to even better serve customers and fulfil requirements of ISO17065. The Chairman of the Board of Directors is, as ultimately responsible for RICERT, accountable for managing the audit programme, including identifying risks in the audit programme and review performance of the audit plan.

The Internal Audit is performed by an Internal Auditor as described under 6.1.6 that reports to the Board of Directors, with administrative reporting to the Chief Executive Officer.

The audit programme is defined as follows:

- **Objective:** review operations and evaluate compliance against ISO17065, scheme owner and internal requirements (i.e. quality management system). Provide opportunity to improve operational processes. Note: Identification of continuous improvement areas are expected in each audit and seen as a natural part of the audit process. It is a sign of a realistic approach to the assessment of the organisation and establishes a mindset that the organisation can always be improved.
- **Frequency:** once a year



- **Scope:** All planning and operational activities by RICERT, with focus on prioritised areas (such as those central to RICERT, risk areas or areas that have undergone changes since last audit)
  - Risk areas are identified in e.g. the impartiality process, grievance mechanism, previous internal audits and via general feedback from staff and stakeholders
- **Criteria:** the criteria to be audited is how well RICERT fulfils the requirements of ISO 17065, scheme owners and internal policies and contractual requirements
- **Responsibilities:**
  - The Internal Auditor is responsible to conduct the audit, document and report findings to the board
  - The board is responsible to take decisions based on the input from the internal audit and delegate relevant actions required to the CEO
  - The CEO is responsible for taking appropriate and corrective action in a timely manner (in relation to the severity and extent of the action). This includes assigning actions to specific resources and following-up that those are performed
- **Method:** The operations within RICERT shall be audited based on one or several of the following:
  - review of documentation
  - interview with auditors
  - interviews with other internal stakeholders
  - interviews with external stakeholders
  - other actions relevant to gather required information.
- **Content:** The Internal Audit is following a three-year process where everything should be audited over that cycle.
  - Year 1
    - Previous audit findings
    - Grievances cases
    - Impartiality cases
    - Performance and Ways of working
    - QM compliance with ISO-standard chapters 4 & 8
  - Year 2
    - Previous audit findings
    - Grievances cases
    - Impartiality cases
    - Impartiality
    - Competencies
    - QM compliance with ISO-standard chapters 5 & 6
  - Year 3
    - Previous audit findings
    - Grievances cases
    - Impartiality cases
    - Auditing Process
    - QM compliance with ISO-standard chapters 7
- **Sample questions** (to be used as guidelines for the audit):
  - Previous audit findings
    - Verify if actions from previous internal audits at RICERT remain effective, close out actions performed since the previous internal audit. Review previous audit trails to see if there is more to review, whether they should be audited again or if other actions are of relevance. Past problems areas may reveal more improvement opportunities.
    - Do previous audit findings need to be addressed further?
  - Grievances

- Review previously identified problems and the effectiveness of any actions taken within RICERT. Note what should be re-verified to ensure problems and issues remain closed. There could be incomplete actions, or new personnel that are not aware of previous issues.
- Do spot-checks or review of incoming grievances or actions taken since last audit indicate that the grievance mechanism fills its purpose?
- Impartiality
  - Review CEO's work with impartiality risks to understand if relevant risk cases are escalated to the impartiality committee and if actions are taken to mitigate or reduce recognized risks.
  - Do spot-checks or review indicate that relevant actions are taken to reduce or mitigate recognized risks?
  - Has the CEO done correct judgements on what risks that require escalation to the impartiality committee?
  - Have decisions from the Impartiality committee been implemented in accordance with the intention?
- Auditing process
  - RICERT has structure, operations and personnel that shall ensure that audits and certifications decisions are conducted in a reliable, independent, impartial and confidential way. Given these important objectives of RICERT, the focus of the audit is to verify whether they are being achieved. Review the documented audit operations defining the process and the steps to be taken to ensure the objectives are achieved.
  - Does the documented audit process enable fulfillment of the objectives?
- Performance and ways of working
  - Review performance and ways of working with personnel (e.g. CEO and auditors). Audit the sequence of the process with the people involved in/performing the process to review if people know and follow the steps outlined in the process description. Understand if personnel have recommendations on improvements for the process.
  - Do spot-checks indicate that the personnel are following the process descriptions in their daily work?
- Competencies
  - Review training and competency to identify if and how training of personnel could be improved. Pay extra attention to new employees or people who do not demonstrate good skills or competencies in their work. Verify that competencies and training needed for each process and position are clearly documented.
  - Is relevant material required to maintain and develop the training plan documented?
  - Do spot-checks indicate that the personnel undergo training and have relevant competence according to the training plan?
- ISO standard
  - Review relevant sections of applicable ISO standards (e.g., ISO 17065) that are relevant to the process subject to auditing. Ensure the requirements are audited and documented correctly within the quality management system. Review documented information that describe and control processes, including the important steps and activities of the process being audited.
  - Do spot-checks indicate that the quality management system is compliant with relevant ISO requirements?

- **Documentation:** Documents relating to the audit shall be controlled and retained as described in “Control of documents”. Relevant audit findings shall be documented on the collaboration platform to facilitate follow-up and tracking.
- **Reporting:** The result of the audit shall be shared with the Board of Directors, the management team and act as an important input to the yearly management review.

#### 8.4.1 Time plan for Internal Audit

The time plan for Internal Audits may be adjusted to fit in to related activities within RICERT, but shall preferably be finalized and presented at the December board meeting, and no later than January the following year. RICERT’s board and internal/external staff prepare material for Internal Auditor to review.

Below is an indicative time plan:

Q3

- Year 1
  - Review Performance and Ways of Working
  - Review QM compliance with ISO-standard chapters 4 & 8
- Year 2
  - Review current risk analysis (RICERT\_Register of Impartiality Risks <date>), mitigation plan and actions performed
  - Review competencies
  - Review QM compliance with ISO-standard chapters 5 & 6
- Year 3
  - Review performed Audits during last 12-36 months and the Auditing process
  - Review QM compliance with ISO-standard chapters 7

Q4

- Review process and handled cases of Grievance and Impartiality
- Review of previous Internal Audit report, and how it has been followed-up on
- Draft Internal Audit report Q4 or latest January following year
- Handover of Internal Audit Report to RICERT board meeting

### 8.5 Corrective and preventive actions

RICERT works actively to deploy corrective and preventive actions to avoid non-conformities. To detect and prevent deviations from the requirements set forth by ISO17065 and scheme owners, several measures are taken place.

#### 8.5.1 Feedback

Corrective and preventive actions start by gathering feedback from different stakeholders, both regarding found non-conformities and regarding ideas for how to make already conform activities better. All feedback is gathered by CEO and noted in Register of Continuous Improvement. When transferring feedback to the Register, the CEO also notes

- Where the feedback comes from
- What date it was added to the Register

Sources of feedback are:

##### 8.5.1.1 After each client audit

All auditors shall, if possible, gather feedback, non-conformities and improvement possibilities during and after performing audits of clients or during the process of taking a certification decision. Feedback is gathered in a standard template and handed to the CEO, followed by a discussion between the auditor and the CEO.

##### 8.5.1.2 From Internal Audit

Feedback from Internal Audit is gathered in the audit.

### *8.5.1.3 From Management Review*

Feedback from the Management Review is gathered in the Management Review minutes.

### *8.5.1.4 From Impartiality Committee*

Feedback from the Impartiality Committee can have two sources:

- A complain comes to the Committee, they handle it and writes a report
- The Annual Impartiality Report.

### *8.5.1.5 From Grievance Mechanism*

Feedback from the formal Grievance Mechanism

### *8.5.1.6 From SWEDAC*

Feedback from SWEDAC come both through the potential Report of Non-Conformities and during the meeting between SWEDAC and RICERT

### *8.5.1.7 Other sources*

Feedback might come from other sources, such as consultants but not in connection to an audit, board meetings, client discussions, other staff, etc. As much as possible, those feedback shall be documented alone (but also put in Register of Continuous Improvement).

## **8.5.2 Prioritization**

CEO sort all feedback, and makes a prioritization of how fast action is needed. Every board meeting, the CEO go through the prioritization, and makes adjustments if asked by from the board.

## **8.5.3 Analysis and mitigation efforts**

### *8.5.3.1 Corrective action*

If there has been a non-conformity the following should be done:

- determine the causes of non-conformity
- correct the non-conformity
- evaluate the need for actions to ensure that nonconformity do not recur
- determ and implement the actions needed in a timely manner
- record the results of actions taken and present on board meeting
- review the effectiveness of corrective actions during next management review

### *8.5.3.2 Preventive action*

If a potential preventive action has been identified the following should be done:

- Evaluate the need for action to prevent the occurrence of non-conformities
- determine and implement the action needed
- record the results of actions taken
- review the effectiveness of the preventive actions taken during next management review

## **8.6 Non-discriminatory conditions**

RICERT operates under scheme(s) that are approved by Swedac and publicly open and available to all actors that fulfil the requirements for the applicable scheme. Applicants can access contact information to RICERT on RICERT's website, [www.ricert.se](http://www.ricert.se).

Access to the certification process is not conditional upon the size of the client or membership of any association or group, nor upon the number of certifications already issued. RICERT can decline an application or maintain a contract for certification from a client when fundamental or demonstrated reasons exist, such as the client participating in illegal activities, having a history of repeated non-compliances with certification requirements or similar issues.

## **8.7 Impartiality**

RICERT works continually to ensure that impartiality is present at all levels within the company, with the goal to care for the credibility of the certification system and that certification

decisions are taken objectively, without conflict of interest. In addition, RICERT does not allow any commercial considerations to prevent the consistent impartial provision of certification activities. RICERT has the following principles for safeguarding impartiality:

- Any individual engaged in RICERT must disclose any actual or potential conflicts of interest. Disclosures are analysed by the CEO or appointed personnel and relevant risk measures are taken to safeguard independence (i.e. free from conflicting financial, employment, personal or business relationships with the audited organisation)
- All individuals engaged in RICERT and other stakeholders are encouraged to report possible cases that are threatening the impartiality, via e.g. the management of RICERT or the grievance mechanism
- All individuals engaged in RICERT must have knowledge of the impartiality principles and safeguards implemented, and the emphasis put on impartiality at RICERT. For identified risks and safeguards, see current version of RICERT Impartiality Risk analysis
- Consultancy services relating to the fulfilment of requirements of any scheme RICERT operates are not offered by RICERT
- Evaluation and certification review are always performed by two separate individuals, not involved in each other's work
- RICERT identifies, analyses and documents and mitigates risks on an ongoing and regular basis
- The Impartiality Committee provides advice reactively in escalated risk cases

The CEO, in the role as responsible for the management and quality system, is responsible for the impartiality in the organisation and for ensuring that all employees have knowledge of its importance.

### 8.7.1 Impartiality process

The process describes how RICERT works with impartiality risks and how the Impartiality committee can be engaged if required. It consists of four main steps, described below.



Figure 4. Required steps to handle an impartiality risk.

The Impartiality process is used to recognize, assess and manage impartiality risks that arise from various activities, relationships, or other circumstances. Recognized risks that cannot be handled internally at RICERT (based on e.g. complexity or other circumstances) to be escalated to the Impartiality committee, CEO is responsible for the escalation. Below a detailed description of the process:

#### 1. Recognize risk

Potential or existing risks that are recognized via e.g. feedback from employees or the grievance mechanism (e.g. Grievances on the board or CEO) shall be documented in the RICERT Impartiality risk analysis by the CEO or appointed personnel after being identified.

#### 2. Analyse & assess

Identified risks to be documented, reviewed and handled on a continuous basis by RICERT's CEO or appointed personnel. Documentation to be done in RICERT Impartiality risk analysis and stored on the collaboration platform (i.e. SharePoint). The risk analysis includes:

- Risk type (financial, operative, organisational structure/governance, internal, external)
- Risk description
- Risk criticality classification

- Safeguards to protect impartiality
- Additional actions required
- Action deadline
- Responsible person

Risks are valued on two parameters; The *Risk criticality classification* (has three levels: low, medium and high) and the *Risk that it happens* (also has three levels: low, medium and high). The CEO or appointed personnel is responsible to classify each risk identified and assign action(s), according to the risk table below:

Risk criticality / Risk that it happens	Definition/Impact	Action/Mitigation
Low / Low Low / Medium Medium / Low	A <b>low risk issue</b> that offers an opportunity to improve current practice	Review and implement action(s) with deadlines to mitigate/reduce the risk process improvement
Medium / Medium	A <b>medium risk</b> , minor non-conformance resulting in a deviation from process practice but will not result in a failure of the management system or a process that entails a risk for the standard	Investigate root cause(s) and implement corrective action(s)/safeguard(s) with deadlines to mitigate/reduce the risk
Medium / High High / Medium High / High	A <b>high risk</b> , major non-conformance which directly impacts the management system or process in a way that constitutes a risk for the standard	Implement immediate containment action(s), investigate root cause(s) and apply corrective action(s) to mitigate/reduce the risk

In addition to continuous handling of risks identified, a holistic risk analysis is to be conducted by the CEO or appointed personnel on a yearly basis to go through recognized risks, assessments and follow up/secure mitigation (see further details in current versions of RICERT Impartiality risk analysis). The holistic risk analysis is to be viewed as an end-year review and follow-up of risks recognized during the year.

Also, the CEO or appointed personnel shall go through the register of continuous improvements to identify possible impartiality risks that should be registered as such. The exercise should be prepared before every board meeting.

The CEO or appointed personnel is responsible for determining if a recognized risk needs to be escalated to the Impartiality Committee for support in decision making and advise in measure to be taken. The CEO can decide, but is not obliged to, escalate a risk regardless of the risk level in the risk analysis classification. To reduce the chance that risk cases relevant for escalation does not get escalated for one reason or another, the Internal Audit shall review the work with risk escalation.

#### **Engagement of the Impartiality committee**

The typical scenario suitable for Impartiality committee engagement is when a risk is classified as high and the CEO is uncertain if RICERT is capable or appropriate to handle it internally. The committee has two main meeting forums:

##### **I. Review of escalated risk case (on a need basis)**

The Impartiality committee meets to review cases escalated by the CEO or appointed personnel (within 3 weeks of escalation). The objective of the review is to decide if there is a need to change the activities in order to safeguard the impartiality of RICERT. When reviewing a case, the committee shall be granted and proactively provided access to all the information necessary to enable fulfilment of the review (to enable preparation before the meeting). Decision making in the committee to be based on consensus or, where consensus is not possible to achieve, the chairman of the committee has the casting vote. The committee's main activities for an escalated risk case are:

- Gain understanding of the risk based on documentation provided by the CEO and discussions with relevant stakeholder(s)

- Evaluate the impartiality risk and its potential impact(s) on RICERT, the standard and other relevant stakeholder(s) with guidance from below objectivity and impartiality factors:
  - **Objectivity** – fair and equal treatment of customers
  - **Financial impartiality** – the assessment body has a plan for attaining financial impartiality (e.g. no excessive dependence on fees paid by one or few customer(s))
  - **Operational impartiality** – the assessment tasks are not linked to the organization's other tasks or services, for instance, through joint pricing, marketing, sales or supply
  - **Organizational impartiality** – the certification body must be impartial in decision-making pertaining to assessment tasks
  - **Objective impartiality** – there is no justified suspicion regarding impartiality in the certification body's activities
  - **Subjective impartiality** – in the assessment body's own view, its activities are impartial
  - **Internal impartiality** – relevant functions or stakeholders within the organization have been separated to not compromise the impartiality of certifications
  - **External impartiality** – comprises prohibited tasks outside the organization (consulting, ownerships etc.)
- Take relevant actions required to verify the evaluation of above factors and form an advice to the CEO. Relevant actions can include additional interviews with stakeholders and/or request of access to further documentation
- Provide advice to the CEO on actions needed to mitigate uncertain risks impacting confidence in and impartiality of certifications, including openness and public perception

## II. Risk summary and certification process review (yearly)

On a yearly basis, the committee has a summary meeting to summarize and evaluate the risk cases escalated during the year to draw learnings and follow up mitigation activities, as well as provide input on the policies and principles relating to the impartiality of the certification activities (RICERT's CEO can participate). A prerequisite for the yearly meeting is that RICERT has performed audit assignments during the year. Ahead of the meeting, the committee shall be granted and proactively provided access to all the information necessary to enable preparation for the meeting. The committee's main activities for the yearly risk summary and certification process review are:

- Review certification decision-making processes to secure impartiality (both process description and actual ways of working to be reviewed)
- Secure new policies do not risk RICERT's impartiality in the certification process and decision-making
- Review of risk cases escalated during the year to draw learnings and follow up mitigation activities to ensure risk reduction

The two meeting forums can be combined or held at separate occasions. A notice of the Risk summary and certification process review is issued 3 weeks in advance to every committee member to plan their schedule. However, when a review of escalated risk is urgent, the committee can seek a meeting with shorter notice. All members required for a meeting shall participate (physically or on call); if a member is prevented from attending, the meeting details shall be submitted to the member through e-mail for submit of acceptance, comment or suggestion to the committee chair within five working days.

The delivery of the Impartiality committee includes:

### I. Review of escalated risk case:

- A decision including potential action(s) or safeguard required by the CEO
- Documentation of the decision process and rationale

## II. Risk summary and certification process review:

- Documentation of the certification review
- Potential recommendations on new policies related to impartiality in the certification process and decision-making
- Learnings and follow up of risks escalated since the last risk summary meeting

The delivery is to be handed over to RICERT's Board of Director's which is responsible for delegation to the CEO.

## 3. Manage & mitigate

The CEO is responsible to, on an ongoing basis, take or assign relevant actions to eliminate, reduce or mitigate risks recognized in the risk analysis and controlling that deadlines are met.

### *Advice from the Impartiality committee*

The CEO is responsible of taking any action or implementing any changes advised by the committee and report back to the Board of Directors and committee when it has been done.

## 4. Follow-up

The CEO or appointed personnel is responsible for follow-up of the risks documented in the RICERT Impartiality risk analysis. The objective of the follow-up is to secure that actions taken have led to reduction or mitigation of critical risks. If the follow-up concludes that the risk situation has not changed despite actions taken, the risk case needs to be assessed over again. All analyses performed, and actions taken for a risk case are to be documented on RICERT's collaboration platform after the follow-up.

### *Follow-up of advice from the Impartiality committee*

For cases where the Impartiality committee has provided advice on changes needed to the CEO, the committee is responsible to follow-up that the advised changes are implemented. If the advice is not followed, the committee has the right to take independent action (e.g. informing the board, the owners or Swedac). In taking appropriate action, the confidentiality requirements of ISO17065 chapter 4.5 relating to the client and certification body shall be respected. Input that conflicts with the operating procedures of the certification body or other mandatory requirements shall not be followed. In that case, the CEO shall document the reasoning behind the decision to not follow the advice and maintain the document for review by appropriate personnel.

## 8.8 Outsourced operations

RICERT takes responsibility for all outsourced activities and has the same high requirements on confidentiality, quality etc. on them as on its internal activities and processes. RICERT has decided to start its operations with outsourced auditors required to sign a contract in which they comply with the competence and training requirements and agree to follow the confidentiality and quality (including impartiality) terms as described in this document. Qualification of contracted personnel follow the same requirements as for internal staff. A list of contracted partners is available from RICERT upon request.

## 8.9 Adaptation to changed regulations

When there are changes in regulations, eg within the European Union, RICERT shall investigate how they effect the current RICERT model, processes and ways of working.

1. The CEO will investigate new regulations effects on RICERT
2. The CEO will propose for the Board
  - a. Changes in Quality Manual or processes when CEO sees that as sufficient
  - b. A deeper investigation and make a supporting risk analysis
3. The Board will decide on actions to take to follow new regulations



## 9 Accreditation

---

RICERT shall follow regulations and general advice about the accreditation, stated in STAFS 2015:8 and STAFS 2020:1.

### 9.1 Report changes to the accreditation body

As an accredited certification body, RICERT shall report all changes that can negatively affect its capability to fulfil the requirements of the accreditation to the accreditation body Swedac. Examples of changes that can negatively affect the capabilities of RICERT are:

1. Changes of key people or key functions
2. Organizational changes
3. Relocation or liquidation of all or part of the business
4. Changed ownership
5. Changed name of legal person
6. Financial instability or bankruptcy
7. Introduction, change or disappearance of essential equipment or systems (e.g. IT-systems)
8. Major changes to the scheme(s) operated

RICERT's CEO is responsible to report relevant changes to the accreditation body in a timely manner.

### 9.2 Reference to accreditation

When RICERT reports the result of assignments performed in the scope of the accreditation, RICERT shall state its company name and/or logotype in its certificates and/or reports which also shall include:

1. The accreditation logotype (in colour or grey scale) or text stating that RICERT is accredited by Swedac
2. Accreditation number and text stating that it is an accreditation number (closest under the accreditation logotype)
3. Text stating that the accreditation comprises product certifications

## 10 Revision of scheme

---

When the standard is revised, or a new standard is set by the scheme owner, RICERT will be informed. The CEO of RICERT is responsible to assess the magnitude of the changes or updates and decide if Swedac should be involved to evaluate the need for a new accreditation.

The steps required when the scheme is revised are:

1. Receive information about the revised or new scheme from the scheme owner
2. CEO to assess magnitude of changes and if involvement of Swedac is needed
  - If Swedac requires a new accreditation, RICERT has six months' of time to receive the accreditation before it must apply the new scheme in certification audits
3. Develop RICERT's compliance criteria
  - Educate internal and external personnel impacted (e.g. auditors)
  - Update internal documentation
4. In written inform all customers about the updated scheme
  - How customers are impacted by new requirements
  - Date for new requirements to become effective (e.g. audits after YY-MM-DD)
  - Contact details to customer support if questions arise
5. Verify the implementation of the changes by the existing customers (in audits)
6. Take actions required by the scheme in audits for certification of new customers

The CEO of RICERT is responsible to secure that the required steps are taken when an operated scheme is revised or a new standard is set.

## 11 Publicly available information

The following documents, in addition to this Quality manual, are available from RICERT upon request and for download on RICERT's public homepage:

- Information about the scheme(s) that RICERT operates under, including the certification process
- Fee levels
- Right and duties of applicants and customers (included in information about Certification process)
- Grievance mechanism
- Lists of all certified customers
- List of contracted partners

RICERT is funded mainly by the fees that is charged for our services to customers. If necessary for securing ongoing concern, the owners will unconditionally fund RICERT in accordance to the companies act (Aktiebolagslagen).

### Definitions

Term	Description
Personnel	All individuals that have signed a contract to conduct a service at RICERT. Includes internal employees (at staff level and CEO/management level) and external consultants