

<b>DTSUS-CP010</b> <b>Regulations for CDM Concerning Handling</b> <b>of Complaints, Appeals, and Conflicts</b>	<b>Date Enacted</b>	1 May 2008	<b>Page</b>	<b>1 / 8</b>
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## **Regulations for CDM Concerning Handling of Complaints, Appeals, and Conflicts**

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## 1. Purpose

These Regulations are enacted for the purpose of specifying the procedure concerning handling of appeals, complaints, and disputes (hereinafter generically referred to as “Appeals.”) in relation to the CDM Audit Service of the Deloitte Tohmatsu Sustainability Co., Ltd. (hereinafter referred to as “DTSUS”).

## 2. Categories of Appeals

The Appeals of the categories described below shall be handled according to this Regulation.

### 2.1 Appeals from CDM Participants (\*)

- (1) Appeals against the suspension of a validation and/or verification, or judgment against validation and/or verification of the CDM projects by the EB or an organization with jurisdiction
- (2) Appeals against suspension or cancellation of validation and/or verification of CDM project by the EB or an organization with jurisdiction
- (3) Objection to Audit Team formed against the will of the Participant (challenging Audit Personnel Appointments)

(\*) "Participant" refers to a CDM Project Participant requesting the Audit Service of DTSUS.

### 2.2 Complaints from CDM Participants or Stakeholders

- (1) Participant complaints against negative Audit conclusions prior to judgment
- (2) Complaints from Stakeholders claiming that there may be a material misstatement in the audited information

### 2.3 Appeals, Complaints, or Disputes Other than Those Specified Above

- (1) Appeal against any decision or action of DTSUS.
- (2) Complaint against the procedure/programs used in our Audit Service
- (3) Conflict arising from a difference of opinions with DTSUS.

## 3. Procedure for Filing Appeals

- (1) The Administrative Team Leader shall receive all Appeals.
- (2) Appeals must be lodged within thirty (30) days from the date the relevant incident took place, and it must be in a letter addressed to our Representative Director responsible for management (hereinafter called as “Representative Director (B)”) (hereinafter referred to as “**Lodgment Letter**”).
- (3) The Lodgment Letter must include the date of lodgment, content of lodgment, name of the relevant organization(s) and other related information, and the representative of the lodgment must sign (or write his/her name and affix his/her seal on) the Lodgment Letter.
- (4) Person(s) lodging an appeal falling in the category defined in paragraph 2.1 (1) or (2), or a complaint falling in the category defined in paragraph 2.2 (1) or (2) should be aware that, if the appeal is eventually overruled, the cost of handling the appeal will be borne by the appellant/complainant.

## 4. Handling of Appeals

Representative Director (B) shall determine the validity of appeals based on 2, Category of appeals and if an appeal is determined valid, the Representative Director (B) shall accept and pursuant to the procedure specified in paragraphs 4.1 through 4.3. In addition, the Representative Director (B) shall promptly notify the appellant of that fact and the reasons thereof.

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#### **4.1 Appeals from CDM Participants**

The Representative Director (B) shall establish, maintain and implement documented procedure for appeals which shall be made available to the CDM secretariat and the project participants.

- (1) Appeal falling in the category defined in paragraph 2.1(1) or (2)
  - 1) Deliberations concerning an appeal falling in the category defined in 2.1 (1) or (2) shall be held in the Appeals Handling Panel of the Management of DTSUS (hereinafter referred to as “Panel”).
  - 2) The Representative Director (B) shall notify the appellant of the members consisting the Panel, and inform the appellant that an objection, if any, to any member(s) of the Panel must be submitted in writing within fourteen (14) days from the date of receipt of the notice, with explanation of the reasons of the objection.
  - 3) The Panel shall start deliberations on the appeal within sixty (60) days from the date of lodgment. The Panel must reach a conclusion within six (6) months from the commencement of the deliberations. However, if an objection to the composition of the Panel is submitted, the Panel shall start its deliberations within sixty (60) days from the notice specified in paragraph 8. (1) 3) or 4), and reach a conclusion within six (6) months from the commencement of the deliberations.
  - 4) The Panel shall base its deliberations on the content of the Lodgment Letter. The Panel shall provide the appellant and the Engagement Quality Assurance Reviewer with the opportunities to present their views. The Panel shall provide the same opportunities to other stakeholders, expert witnesses, etc., where necessary.
  - 5) If the deliberations of the Panel conclude that the appeal is justifiable, through the Administrative Team Leader, the Representative Director (B) shall immediately rectify the judgment mentioned in paragraphs 2.1 (1) or (2). The Representative Director (B) shall immediately notify the appellant of the fact that their appeal has been found justifiable, as well as the resulting revision of the judgment.
  - 6) If the deliberations of the Panel conclude that the appeal is unjustifiable, through the Administrative Team Leader, the Representative Director (B) shall promptly notify the appellant of that fact and the reasons thereof.
  
- (2) Objection falling in the category defined in paragraph 2.1 (3)
  - 1) The Representative Director (B) shall start investigating the objection falling in the category defined in paragraph 2.1 (3) within fourteen (14) days from the date of lodgment.
  - 2) If the Representative Director (B) concludes that the objection is justifiable, the Representative Director (B) shall instruct the Administrative Team Leader to reconsider the composition of the Audit Team. The Administrative Team Leader shall have a discussion with the CDM Manager, and notify the appellant of the revised composition of the Audit Team.
  - 3) If the Representative Director (B) concludes that the objection is unjustifiable, through the Administrative Team Leader, the Representative Director (B) shall promptly notify the appellant of that fact and the reasons thereof.

#### **4.2 Complaints from CDM Participants or Stakeholders**

The Representative Director (B) shall establish a documented procedure to receive, evaluate, manage, take necessary corrective action and make decisions on complaints, and the documented procedure shall be made available to the CDM secretariat and the public.

- (1) Complaint falling in the category defined in paragraph 2.2 (1)
  - 1) The Engagement Quality Assurance Reviewer shall start its deliberations on a complaint falling in the category defined in paragraph 2.2 (1) within sixty (60) days from the date of lodgment, at the same time as the Engagement Quality Assurance Reviewer has the deliberations to judge the results of the Audit in question. The Engagement Quality Assurance Reviewer must reach a conclusion within six (6) months from the commencement of the deliberations.
  - 2) The Engagement Quality Assurance Reviewer shall base its deliberations on the Validation Report, Verification Report, or the Lodgment Letter. The Engagement Quality Assurance Reviewer shall provide the Audit Team, complainant, and other stakeholders, expert witnesses, etc., with the opportunities to present their views, where necessary.

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- 3) If the Engagement Quality Assurance Reviewer concludes that the complaint is justifiable, the Engagement Quality Assurance Reviewer shall incorporate that finding in the judgment of the Audit results.
  - 4) If the Engagement Quality Assurance Reviewer concludes that the complaint is justifiable, the Representative Director (B) shall promptly notify the complainant of that fact and the judgment of the Audit results. If the Engagement Quality Assurance Reviewer concludes that the complaint is unjustifiable, through the Administrative Team Leader, the Representative Director (B) shall promptly notify the complainant of that fact and the reasons thereof, as well as the judgment of the Audit results.
- (2) Complaint falling in the category defined in paragraph 2.2 (2)
- 1) The Engagement Quality Assurance Reviewer shall start the deliberations on a complaint falling in the category defined in paragraph 2.2 (2) within sixty (60) days from the date of lodgment and reach a conclusion within six (6) month from the commencement of the deliberations.
  - 2) The Engagement Quality Assurance Reviewer shall base its deliberations on the Lodgment Letter. The Engagement Quality Assurance Reviewer shall provide the complainant and the Audited Organization in question with the opportunities to present their views. The Engagement Quality Assurance Reviewer shall provide other stakeholders, expert witnesses, etc., with the opportunities to present their views, where necessary.
  - 3) If the deliberations as prescribed in paragraph 2) above find a major nonconformance or infringement on the part of the Audited Organization, the Representative Director (B) shall instruct the CDM Manager and the Administrative Team Leader to perform an extraordinary re-audit on the Audited Organization.
  - 4) The Engagement Quality Assurance Reviewer shall have the deliberations based on the Validation Report, Verification Report, etc. to judge the results of the re-audit as prescribed in paragraph 3) above.
  - 5) If the deliberations of The Engagement Quality Assurance Reviewer conclude that the complaint is justifiable, through the Administrative Team Leader, the Representative Director (B) shall inform the complainant of that fact and the related actions by DTSUS. If the deliberations of The Engagement Quality Assurance Reviewer conclude that the complaint is unjustifiable, the Representative Director (B) shall inform the complainant of that fact and the reasons thereof.
- (3) If the complaint handling specified in paragraphs 2.2 (1) and (2) leads to a judgment defined in paragraph 2.1 (1) or (2), and the applicant lodges an appeal against it, the handling shall be pursuant to the procedure specified in paragraph 4.1 (1).

### **4.3 Handling of Other Appeals**

The Representative Director (B) shall have a documented procedure for handling disputes which shall be made available to the CDM secretariat.

- (1) The Representative Director (B) shall discuss with the concerned parties how to handle an appeal falling in the category defined in paragraph 2.3, and handle it in an appropriate manner.
- (2) The Representative Director (B) may hire the services/expertise of the Panel, Engagement Quality Assurance Reviewer and a third party other than stakeholders, where necessary.
- (3) Through the Administrative Team Leader, the Representative Director (B) must notify the appellant, complainant, or parties involved in a conflict of the result of the handling of their appeal etc., and, where necessary, the reasons thereof.

### **5. Resolution of Appeals**

- (1) An appeal falling in the category defined in the paragraph 2.1 (1) or (2) is deemed resolved when the appellant is notified of the conclusion in the way specified in paragraph 4.1 (1) 5) or 6).

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- (2) An objection falling in the category defined in the paragraph 2.1 (3) is deemed resolved when the appellant accepts the Audit Team, or when the appellant is notified of the conclusion in the way specified in paragraph 4.1 (2) 3).
- (3) A complaint falling in the category defined in the paragraph 2.2 (1) is deemed resolved when the complainant is notified of the conclusion in the way specified in paragraph 4.2 (1) 4). However, when the complaint is found unjustifiable, the complaint is deemed resolved when the fourteen-day appeal period after the notice to the complainant expires without the complainant lodging an appeal.
- (4) A complaint falling in the category defined in paragraph 2.2 (2) is deemed resolved for the purchaser when the purchaser is notified in the way specified in paragraph 4.2 (2) 5).

## **6. Report of Appeals**

- (1) The Representative Director (B) shall report to the Management of DTSUS the content and the results of the handling of each of the appeals falling in the category defined in 2.1 (1) or (2) and complaints falling in the category defined in 2.2 (2), as each case arises.
- (2) The Representative Director (B) shall compile the information on the Appeals to which paragraph (1) above is not applicable, and report it to the Management of DTSUS at least once a year.
- (3) The Representative Director (B) shall provide acknowledging receipt of the appeal and the progress report to the appellant where feasible. The Representative Director (B) shall inform the appellant of the outcome of the investigation and the final notice of the end of the complaints handling process.

The Representative Director (B) shall inform the appellant in case it is not satisfied with the decision of the appeal panel, and it has an option of complaining to the CDM-EB.

## **7. Records of Appeals**

- (1) The Representative Director (B) shall record the following information concerning Appeals, and submit it to the Representative Director (B) as a material for Management Review.
  - 1) Date received and appellant/complainant of the Appeals.
  - 2) Content of the Appeals. (This may be the Lodgment Letter or its photocopy.)
  - 3) Content of the deliberations/investigations on the Appeals and the conclusion of the handling of the Appeals.
  - 4) Date of completion of the handling of the Appeals.
- (2) The Representative Director (B) shall store the records specified in the above paragraph.
- (3) The Representative Director (B) shall protect confidentiality of the complainant and subject of the complaint based on **CDM Audit Manual** “Ensuring Fairness and Confidentiality”..

## **8. Handling of Objection to the Panel Composition**

- (1) When an objection to the Panel composition as defined in paragraph 4.1 (1) 2) is submitted, the handling of the objection shall be as follows.
  - 1) The Representative Director (B) shall inform the management of DTSUS of the objection.
  - 2) The Management of DTSUS shall investigate the reasons of the objection, and if they are found acceptable, revise the composition of the Panel. The Panel member who is directly challenged in the objection may not participate in the vote in the Management of DTSUS convened to discuss the objection in question.

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- 3) The Representative Director (B) shall notify the appellant of the revised Panel composition.
  - 4) If the Management of DTSUS overrules the objection, through the Administrative Team Leader, the Representative Director (B) shall notify the appellant to that effect.
- (2) The objection in question is deemed resolved when the appellant receives the notice in the manner described in paragraph (1) 3) or 4) above.
  - (3) The Representative Director (B) shall compile the records of the handling of objections as a part of the records defined in section 7.

## **9. Corrective Actions**

- (1) The Representative Director (B) shall appoint a person in charge and instruct him/her to take actions against the nonconformity of DTSUS found as a result of the deliberations in the management of DTSUS.
- (2) Upon receiving the instructions, the responsible person shall identify the cause of the nonconformity, determine the actions to take, and implement the actions.
- (3) The responsible person shall study the necessity of the measures to prevent recurrence of the nonconformity, and if necessary, implement the measures to prevent recurrence.
- (4) The responsible person shall report the results of the activities defined in paragraphs (2) and (3) above to the Representative Director (B).
- (5) If the corrective actions described in above paragraphs necessitate a revision of the documentation relevant to the Audit, the Representative Director (B) shall follow the specified procedures to revise the documentation accordingly.