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# CDM Audit Manual

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### Revision History

Ver.	Date Revised	Description and Reason for Revision	Prepared by	Checked by	Approved by
1.0	1 May 2008	Newly enacted			
2.0	1 August 2008	Revision based on external audit results			
3.0	1 August 2009	Revision for incorporation of CDM procedure			
4.0	1 October 2009	Revision for corrective action of CDM Re-Accreditation Desk Review			
5.0	1 December 2009	Revision for changing procedure			
6.0	1 April 2010	Revision for corrective action of CDM Re-Accreditation NC			
7.0	17 March 2011	Revision based on CDM Accreditation Standard Ver.02			
8.0	1 September 2011	Revision for corrective action of CDM-AT NC			
9.0	1 February 2012	Revision of internal procedure			
10.0	10 September 2012	Revision for corrective action of Regular Surveillance			
11.0	19 October 2012	Revision for CDM AT indication at regular surveillance			
12.0	19 April 2013	Revision for corrective action of internal audit			
13.0	15 September 2013	Revision for corrective action of Re-accreditation			
14.0	1 January, 2015	Revision for Accreditation Standard update (ver. 06.0)			
15.0	1 April, 2015	Revision for group company name and its explanation document			
16.0	1 November 2015	Revision for corrective action of CDM regular Surveillance			
17.0	1 February 2017	Revision for corporate name and organizational changes			

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## 1. Purpose

This Manual provides the framework and direction of the Validation and Verification Services of CDM project (“Audit Service(s)”). This Manual expressly specifies the provisions that the personnel responsible for Audit Service must abide by, and clarifies its relationship with the other regulations and documents that should be abided by for Audit Service.

## 2. Scope

This Manual is applied to the cases where our organization provides the Audit Service to validate and verify the amount of emissions reductions of greenhouse gas calculated on the basis of CDM Standards of CDM project that should be complied with, of an organization that has requested for our Audit Service (“Participant(s)”).

## 3. Terms and Definitions

The terms and definitions used in this Manual and relevant documents are as set forth below. However, the terms and definitions that are used uniquely in relevant documents are set forth in respective documents. Other terms and definition are pursuant to the terms and definitions in the CDM Standards.

CDM Standards:	Modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol
Validation:	Validation of CDM project activity and Programme of activities (PoA)
Verification:	Verification of CDM project activity and Programme of activities (PoA)
CDM Audit:	Validation and/or verification
CDM Project Participant:	An organization that has developed a project design for a CDM project and/or an organization that maintains its CDM registration
EB	the CDM Executive Board
Registration:	Registration of CDM project(s) under the Kyoto mechanism

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#### 4. Overview of Our Organization

Our organization is one of the group organizations and a 100% affiliate of Deloitte Touche Tohmatsu (Japan Group) (\*1) is among the nation's leading professional services firms and each entity in Deloitte Touche Tohmatsu (Japan Group) provides services in accordance with applicable laws and regulations. The main lines of business of Deloitte Touche Tohmatsu (Japan Group) are assurance (\*2), management consulting and international taxation consulting. Our organization specializes in the area of assurance, and does not get involved in consulting. Our organization was established in May 2001 with the objective to specialize mainly in the ISO Management System Certification/Registration as a part of our nonfinancial information assurance service. Our organization is a joint stock company under Japanese law, and acts as a juridical entity.

Our Board of Directors is responsible for the management of our organization as a joint stock company. However, the Board of Directors has transferred the authority over the management of our services to the Steering Committee with a well-balanced membership, thus ensuring the fairness of our Service.

In order to be able to respond to unexpected events that may arise from our services, our Audit Service is covered by the indemnity group insurance of which Deloitte Touche Tohmatsu (Japan Group) is the policyholder.

\*1: Deloitte Tohmatsu Group (Deloitte Japan) is the name of the Japan member firm group of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee, which includes Deloitte Touche Tohmatsu LLC, Deloitte Tohmatsu Consulting LLC, Deloitte Tohmatsu Financial Advisory LLC, Deloitte Tohmatsu Tax Co., DT Legal Japan, and all of their respective subsidiaries and affiliates.

\*2: The definition of assurance services refers to No.20 Research Report of Inspection/Assurance Implementation Committee "Research Report on Certified Public Accountants Related Assurance Services", 1 July 2009.

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## 5. Audit Policy

The CEO, as the highest ranking person in charge of our Audit Service, has stipulated the policy thereof as follows:

### CDM AUDIT POLICY

Our organization considers that our ultimate mission is to play an active role in cultivating the sound growth of corporations/groups and contribute to the sustainable development of society through our Audit Service. In order to accomplish this goal, it is essential to manage the organization and operate the quality management systems that can ensure fairness and independence for all parties that wish to use our Audit Service, regardless of the industry category or type and size of their business. Operating our business according to the following policies will enable us to fulfill our mission of providing assured audit services.

#### 1. Fair management of the service

We shall ensure Audit/Registration Services to all Participants that wish to use them within the scope of the services we provide. Persons involved in the Audit Services shall not discriminate against any participant because of the size of their business or for any other reasons. Additionally, our services must be fair to all Participants.

#### 2. Independent management of the service

We shall firmly hold our position as a third disinterested party, independent from any and all parties involved in order to conduct the Audit Service. Moreover, participants and auditors should be mutually considered as an independent party in the Audit Service. Therefore, there should be no improper pressures on auditors, nor catering to Participants involved. Our organization and persons involved in the Audit Service shall ensure impartiality and should be engaged in any activity that might fall under the category of consulting as part of the Audit Service.

#### 3. Implementation and continual improvement of the quality management system

We, as an Audit Service organization, shall build and implement a quality management system for Audit Service in accordance with the decisions made by the CDM executive board or the Standards stipulated by other regulatory organizations. All the Persons involved in our Audit Service shall strive to perform the tasks in accordance with the quality management system, and in a manner that will satisfy the needs and expectations of the participants involved and the society, to improve the quality of the said Service through the continual improvement of the quality management system.

November 1, 2003

Revised February 1, 2017

Keiko Tatsuwaki

Chief Executive Officer

The CEO internally posts the Audit Service policies to ensure that all the persons involved in the service understand, implement and maintain them. Additionally, the CEO makes efforts to publicize the policies through conferences, individual meetings, etc.

The Director and the Manager sets and manages an aim of the year concerned that is based on a policy at the beginning of the year of the CEO and in consideration of the activity report of last year. Additionally, the Director and the Manager makes efforts to publicize the aim to Auditors and office staffs through conferences, individual meetings, etc.

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## 6. Organization

### (1) Organization

The “**organizational chart**” below shows the organization of the Audit Service (including the Board of Directors and Steering Committee). The persons involved in the Service are shown in the “**Name List of CDM Clerical Persons,**” “**Register of CDM Audit Personnel**” and “**Name List of Steering Committee Members.**” See “**Attachment 3: Organizational Chart**” for details.

The CEO shall appoint the GHG Team Leader, and give him/her the authority to build, implement, control quality and maintain the Audit Service, regardless of his/her other responsibilities. The GHG Team Leader shall report to the CEO the results of implementing the Audit Service as the basis for possible revision and/or improvement thereof.

The GHG Team Leader appoints Engagement Quality Assurance Reviewer to control the quality of audit.

To ensure the fairness of our Services including Audit Service, our organization shall form the Steering Committee. Any matters of significance, such as crucial decisions and reasons for actions for or in our Audit Service, shall be reported to the Committee.

To ensure the objectivity and fairness of the judgment of throughout the entire Audit Service, our organization shall appoint a Technical Reviewer and Engagement Quality Assurance Reviewer according to the certification condition for each project. For matters concerning audit results, the authorized person as indicated under Job Responsibilities shall make the final decision based on the review result, unless under special circumstances, for example, where an appeal has been lodged.

At the judgment of the audit results, the Steering Committee must not be influenced by any pressure from the business, financial, and other considerations.

The details of the management of the Steering Committee are specified in the **Regulations for Steering Committee.**

### (2) Job Responsibilities

The CEO, as the Management Entity, is held ultimately responsible for the following matters.

- Formulation and development of policy matters relating to the operations of our organization
- Establishment of quality management system in line with policies formulated
- Documentation of policies and procedures and the implementation
- Supervision and monitoring of implementation of policies and procedures
- Supervision of finances, administrative matters and dealing with contractual matters and arrangements
- Performance and final decisions on validation and/or verification/certification
- Decisions relating to disputes and complaints
- Providing adequate and competent human resources for validation/verification functions related to CDM
- Supervision of sufficiency of human resources
- Development of the audit service and scheme
- Delegation of authority to committees of individuals, as required, to undertake defined activities on its behalf of the Management Entity (CEO)

The details of the responsibilities and authorities of performing Audit Service are shown in **Attachment 1 Job Responsibilities Schedule.** When the responsible person is absent due to a business trip, illness, or other reasons and unable to exercise his/her authority, a person who is directly under his/her jurisdiction and next in rank or a person of an equivalent position shall stand proxy and exercise the assigned authority, unless otherwise specified elsewhere. If such a case of proxy exercise of responsibilities and authorities takes place, the proxy shall report the content and

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results thereof to the responsible person.

(3) Competence for management functions

Our management (Management function) shall be internal resources and ensure that its management is competent to:

- Determine the human resource requirements;
- Evaluate and demonstrate competence of personnel, quality, and select members of technical review(er) team.
- Approve contract reviews;
- Maintain competence level of validation and/or verification/certification personnel
- Supervise implementation of validation and/or verification/certification procedures;
- Make a final decision on validation and/or verification/certification opinions and reports;
- Manage all activities related to the safeguarding of the impartiality of our functions;
- Establish, implement and maintain a quality management system.

See “Attachment 2 Table of Management Competence” for details.

## 7. Control of Documents and Records

Our organization shall specify and abide by the procedures to control the documents and records, including working papers prepared, used in the Audit Service in **Regulations for CDM Documents and Records**. The documents and records used in our organization are listed in the **List of CDM Documents** and **List of CDM Records**, respectively.

Documents that may be disclosed to outside parties during the audit process are categorized as disclosure documents in the **List of CDM Documents**.

The language used in CDM shall be English, including the documents and records.

## 8. Hiring and Training of Personnel

Our organization shall specify and abide by the procedures concerning the following matters in the **Regulations for CDM Personnel Management**.

- (1) We shall hire auditors and clerical persons who are capable of providing our Audit Service.
- (2) We shall plan and implement the education and training of Audit Personnel and clerical persons to maintain and improve the quality of our Audit Service.
- (3) We shall periodically observe the conduct and the performance of Audit Personnel.
- (4) We shall evaluate the competence of Audit Personnel and record.
- (5) We shall appoint the right Audit Personnel for the right job of each Audit.
- (6) We shall keep the data always updated on the background, qualifications, education and training, and audit experience of our Audit Personnel.
- (7) We shall select Audit Personnel based on their audit skills, education and training, qualifications and experience.
- (8) The criteria relating to the Audit and Audit Personnel shall be based on the CDM Standards and JISQ19011 (ISO19011).

Audit skills include thorough knowledge of the methodologies and procedures of the Audit Service as well as the ability to trace the source of technical knowledge necessary for performing the Audit service.



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## 9. Ensuring Fairness and Confidentiality

### (1) Ensuring Fairness

Our organization shall identify and analyze the possibilities for any conflicts of interests arising from its relationships. Our organization shall not contract with any contractor. If any relationship creates a threat to impartiality and/or a potential financial risk, our organization shall not provide any audit service. See “Analysis for Conflict of interest” for details.

The policy and procedures of our Audit Service are documented in this Manual and Regulations, etc., and the content thereof must not be discriminatory for or against Participants. All the Persons (including External Audit Personnel; the same applies hereinafter) of our organization who perform our Audit Service must not put in practice the policy and procedures of the Audit Service in any discriminatory manner. Unless otherwise specified in the Audit/Registration System, our Persons must not hinder or prohibit accesses from Participants.

Our organization must provide its service to all Participants fairly. All the Persons of our organization who perform our Audit Service must not consider the size of the participating organization or their existing relationship with our organization as the condition of providing our service. They must not limit the number of projects to be audited for the reasons of the number of the already audited projects.

The standards which our organization adopts to CDM Audit must be the CDM Standards that are cited in the “Scope” of this Manual.

Our organization must limit the scope of our Audit Service to those services necessary for the Audit.

Our organization shall not conduct the Audit Service except in the situations allowed by the latest VVS.

All the Persons of our organization who perform the Audit Service must not be influenced by any pressure from business, financial, or other considerations in our audit process and conclusion.

All the Persons of our organization who provide the Audit Service must not allow the confidentiality, objectivity, or fairness of our Audit Service to be affected by the activities of our parent company, Deloitte Touche Tohmatsu LLC (hereinafter referred to as “parent company”), and/or its affiliates (hereinafter referred to as “related organizations”).

All Audit Persons who provide our Audit Service must not allow the audit to be influenced by the business or other interests or the past, present, or planned relationship that may exist between our organization and the Participant.

An Audit Person who has been involved in, or have had professional relationships, other than a third party conformity assessment, with the PP(s) of any CDM Validation and or Verification/Certification within the last two years, must not perform the Audit Service for the Participant/Project.

Our organization also shall not use for the verification/certification of a CDM project activity or PoA personnel who was involved in the validation team of such CDM project activity or PoA, except in the cases in which a DOE is allowed to conduct by the latest VVS. ;

In addition to that, Deloitte Tohmatsu Sustainability Co. Ltd. (DTSUS) shall require Audit person to reveal any potential conflict to interest known to them and those information shall be used to identify threats to impartiality raised by the activities of such personnel and not to employ and use such personnel. Furthermore, DTSUS shall require Audit person to report any situation of influence or pressure from CDM PPs that may threaten their independence in the course of CDM audit, Validation, Verification and/or Certification. If those personnel are during the course of CDM audit, the concerned personnel shall be removed from those function immediately.

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(2) Ensuring Confidentiality

All the Persons of our organization who perform our Audit Service must not disclose to any third party the confidential information about the requester of the Audit Service that they came to know of through the process of our service, without the written consent or approval from the Participant to do so.

To ensure that above is adhered to, all the Persons of our organization who perform our Audit Service shall covenant to assume an obligation to confidentiality.

The duty to confidentiality of the members of the Steering Committee is pursuant to above, and a Committee Member shall covenant to assume an obligation to confidentiality at the time of inauguration as a Committee Member.

Our organization must take necessary and appropriate measures to protect the documents and records, including but not limited to the Audit Report, that bear the Participant/Project's confidential information.

If our organization is required by law and regulations to disclose the Participant/Project's confidential information to a third party, our organization must notify the Participant the content of the disclosure.

Information used to support the project design document, the monitoring report and environmental impact assessment is not considered confidential.

(3) Ethics for Audit Personnel

The details of the provisions that our Audit Personnel must adhere to for ethical reasons including those specified in (1) and (2) above, shall be specified in **Code of Ethics for CDM Audit and Clerical Personnel**.

The GHG Team Leader and each of our auditors shall submit the comprehensive declaration that states that he/she will abide by the Code of Ethics for CDM Audit and Clerical Personnel.

Every two years member of steering committee shall submit the comprehensive declaration that states that he/she will abide by the Code of Ethics for CDM Audit and Clerical Personnel.

(4) Using External Audit Personnel

Our organization shall not outsource to another organization. Our organization shall sign a Service Agreement specifying provisions including the maintenance of confidentiality, independence from commercial and other interests, and fully complying with the policy and the quality management system, when our organization subcontracts our Audit Service to External Audit Personnel. The agreement also includes External Audit Personnel to notify DTSUS of any existing or prior association with any CDM PP they may be assigned to validate/verify as well as actual or potential involvement in identification, development or financing of CDM activities.

Our organization shall be responsible for the Audit Service even when it has outsourced the Audit Service to External Audit Personnel, and take full responsibility for validation and/or verification or rejecting the CDM project. Furthermore, the relevant procedure for External Audit Personnel shall be applied to employees of our parent company or related organizations who engage in our Audit Service.

The hiring, evaluation and qualification, monitoring and personnel records, education and training, and assignment to Audit teams of External Audit Personnel as well as their audits are as specified in **Regulations for CDM Personnel Management, Regulations for CDM Audit Application Acceptance, and Regulations for CDM Audits**.

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## 10. Audit/Submission Procedure

Our organization shall specify and abide by the procedures for the following processes of our Audit Service in the Regulations listed below. These Regulations shall include the procedures to check the use and application of documents that are used in the Audit.

- (1) Application acceptance: **Regulations for CDM Audit Application Acceptance**
- (2) Preparation for audit: **Regulations for CDM Audit Application Acceptance, Regulations for CDM Audits**
- (3) Audit: **Regulations for CDM Audits**
- (4) Engagement Quality Assurance Review: **Regulations for CDM Engagement Quality Assurance Reviews**
- (5) Submission and publication: **Regulations for Internal Registration (CDM), Regulations for CDM Audits**

## 11. Handling of Appeals, etc.

Our organization shall specify and abide by the policy and procedures to resolve any complaint, appeal, or conflict from a Participant or a third party in relation to our Audit Service or related matters, in **Regulations for CDM Concerning Handling of Complaints, Appeals, and Conflicts. Regulations for CDM Concerning Handling of Complaints, Appeals, and Conflicts** covers the following:

Our organization shall set up the website for accepting complaints from outside the organization and personnel, and maintain the accessibility to the procedures for processing them.

- (1) Records of the contents of and actions taken for the complaints, appeals, and conflicts in relation to our Audit Service.
- (2) Appropriate correction and corrective action
- (3) Documentation of the implemented correction and corrective action and the assessment of the effectiveness thereof.

Our organization shall maintain a record of all the judicial processes pending against it as well as information of any judicial cases held in the past. If the subject matter of a judicial process pending or instituted against our organization is such that it is incompatible with our functions as a DOE, we shall promptly report the matter to its management and the UNFCCC secretariat.

## 12. GHG Team Meeting, Internal Audit and Management Review

### (1) GHG Team Meeting

Our organization shall call a meeting based on the request for reviewing our quality policies accomplished and evaluating achievement of our annual target. The deliberation in the GHG Team Meeting must be recorded. The participants are corporation officers in the organization, and they shall conduct and document the following subjects:

Follow-up for External and Internal Audit, and Management Review

Review of our quality policies accomplished, evaluation of achievement of our annual target and the effectiveness of internal education/training for Audit Personnel

Analysis for sufficiency of human resources and coverage of technical areas

Review of recruitment planning and orders entry planning

Monitoring of income and expenditure

Competence analysis for implementation of CDM project on an as-needed basis.

### (2) Internal Audit

Our organization shall carry out the internal audit annually and whenever necessary to verify that our Audit Service satisfies the CDM Standards or the standards provided by other laws and regulations to be conformed to and abides by the procedures specified in this Manual and other Regulations, in a

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manner that strictly follows the **Provisions for Internal Audit**. The said Provisions cover the following:

- Notification of the result of the audit to the audited departments/areas
- Implementation of correction and corrective action against the nonconformance identified in the audit
- Records of the audit results

**(3) Management Review**

The CEO shall convene the Management Review Meeting annually to ensure that our Audit Service is appropriate and effective to satisfy CDM Standards or the standards provided by other laws and regulations to be conformed to and the Quality Policy and Objectives that our organization adopted. The CEO may also convene extraordinary sessions as necessary. The CEO shall take necessary actions to the Quality System of the Audit based on the results of the internal audit, records of the handling of appeals, mitigation actions, etc., and other necessary information.

**【INPUT INFORMATION】**

- (a) Result of accreditation and internal audit
- (b) Feedback from clients and/or related organizations/
- (c) Feedback from steering committee
- (d) Follow-up for external and Internal Audit
- (e) Follow-up for last Management Review
- (f) Review of our quality policies accomplished, evaluation of achievement of our annual target and the effectiveness of internal education/training for Audit Personnel
- (g) Changed which may give effect on Quality management system
- (h) Complaints, Appeals, and Conflicts
- (i) Review of recruitment planning and orders entry planning
- (j) Monitoring of income and expenditure
- (k) Competence analysis for implementation of CDM project on an as-needed basis
- (l) Review of mitigation strategies and actions taken

**【OUTPUT INFORMATION】**

- (a) Improvement of Quality management system and effectiveness of the process
- (b) Improvement related to certification process
- (c) Necessity of Resources
- (d) Further mitigation strategies and actions

The Management Review Meeting shall consist of the CEO, GHG Team Leader, CDM Manager, and Administrative Team Leader. When the CEO finds CDM requiring improvement, the CEO shall instruct the responsible person to take the correction and corrective action. The deliberations in the Management Review Meeting must be recorded in the Minutes by the Administrative Team Leader or a clerical staff member.

The Minutes of Management Review Meetings shall be disclosed to the CDM executive board or other authorities upon request.

A Management Review may be performed at the same time as a Management Review of other audit programs.

## **13. Handling of Nonconformance and Correction and Corrective Action**

**(1) Correction**

- (1) If an internal audit, the Management Review, the Board of Directors, or Steering Committee result in identifying any nonconformance, or if EB result in identifying any nonconformance, e.g. Request for Review, unsuccessful validation or verification /certification submissions, implementation of the DOE performance monitoring procedure, CDM accreditation assessment, the GHG Team Leader shall evaluate the significant of the nonconformity.

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- (2) After the evaluation, the GHG team Leader shall instruct the responsible person to take actions against the nonconformity, if necessary.
- (3) The assigned responsible person, upon receiving, shall confirm the content of the nonconformance, identify the cause thereof, and decide and implement the necessary actions to rectify the nonconformance.
- (4) The assigned responsible person shall also assess the needs for correction to prevent the nonconformance from recurring, and if deemed necessary, implement the correction.
- (5) As an exception of (3), the correction as a result of an internal audit must be carried out in accordance with the correction procedures specified in **Provisions for Internal Audit**.
- (6) The assigned responsible person shall record the activities as described in (2) and (3) above, in the **Record of identification and correction/corrective action of operational non-conformity** and report it to the GHG Team Leader.
- (7) The GHG Team Leader shall review whether the activities described in (2) and (3) above are effective for handling non-conformities and the prevention of the recurrence of nonconformance, and give additional instructions where necessary.
- (8) Where any non-conformities related to Unsuccessful validation or verification/certification submissions and implementation of the DOE performance monitoring procedure, an analysis of its technical review process shall be carried out and shall be defined measures to improve its effectiveness.

## (2) Corrective Action

If an internal audit, the Management Review, the Board of Directors, or Steering Committee result in identifying any nonconformance, or if EB result in identifying any potential nonconformance, e.g. Request for Review, the GHG Team Leader shall instruct the responsible person to take actions against it.

The assigned responsible person, upon receiving the said instruction, shall confirm the content of the potential nonconformance, identify the cause thereof, and decide and implement the necessary actions to rectify the potential nonconformance.

The assigned responsible person shall also assess the needs for corrective action to prevent the nonconformance from occurring, and if deemed necessary, implement the corrective action.

The assigned responsible person shall record the activities as described in (2) and (3) above, in the **Record of identification and correction/corrective action of operational non-conformity** and report it to the GHG Team Leader.

The GHG Team Leader shall review whether the activities described in (2) and (3) above are effective for handling non-conformities and the prevention of the occurrence of nonconformance, and give additional instructions where necessary.

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## **Attachment 1: Job Responsibilities Schedule**

The job responsibilities mentioned in “6. Organization,” in the CDM Audit Manual ( TECO-CM001 ) shall be specified below. The details not specified below shall be pursuant to the description in the CDM Audit Manual and other Regulations based on the said Manual.

### **1. CEO**

- (1) The CEO, as the Management Entity, is held ultimately responsible for the following matters.
  - Formulation and development of policy matters relating to the operations of our organization
  - Establishment of quality management system in line with policies formulated
  - Documentation of policies and procedures and the implementation
  - Supervision and monitoring of implementation of policies and procedures
  - Supervision of finances, administrative matters and dealing with contractual matters and arrangements
  - Performance and final decisions on validation and/or verification/certification
  - Decisions relating to disputes and complaints
  - Providing adequate and competent human resources for validation/verification functions related to CDM
  - Supervision of sufficiency of human resources
  - Development of the audit service and scheme
  - Delegation of authority to committees of individuals, as required, to undertake defined activities on its behalf of the Management Entity (CEO)
- (2) The CEO shall approve of the enactment and revision of the Audit Manual and Regulations based thereon.
- (3) The CEO shall appoint the members of the Steering Committee.
- (4) The CEO shall convene the Steering Committee Meetings.
- (5) The CEO shall check the results of the handling of appeals etc. against our organization.
- (6) The CEO shall receive the report of the internal audit.
- (7) The CEO shall review our Audit Service based on the internal audit results, records of the handling of appeals etc. and other necessary information.
- (8) The CEO shall approve of the draft Audit Service Agreement with a Participant and sign the Agreement.
- (9) The CEO sign the Validation Report and Verification Report,

### **2. GHG Team Leader**

GHG Team Leader shall;

- (1) take charge of the management of the Audit Service, and report to the CEO and the Steering Committee,
- (2) establish, implement, and maintain the Audit Service in accordance with the CDM Standards or the standards provided by other laws and regulations to be conformed to,
- (3) report the results of the Audit Service to the CEO as the basis of the possible revision or improvement of the Audit Service,
- (4) take charge of the handling of appeals etc. arising from our Audit Service,
- (5) direct the internal audit of the Audit Service,
- (6) check the draft for enactment or revision of the Audit Manual and Regulations based thereon,
- (7) check the draft Audit Service Agreement with a Participant,
- (8) appoints Engagement Quality Assurance Reviewer
- (9) attend to the Steering Committee.
- (10) review working papers and determine the content of the Validation Report and Verification Report,
- (11) request the Engagement Quality Assurance Review,
- (12) support the Audit service,
- (13) approve quotations.

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#### 4. Administrative Team Leader

Administrative Team Leader shall;

- (1) prepare the draft for the enactment or revision of the Audit Manual and Regulations based thereon,
- (2) design and revise the forms to be used in the Audit Service,
- (3) maintain and manage the distribution of the documents used in the Audit Service,
- (4) prepare the draft Audit Service Agreement with a Participant,
- (5) supervise all affairs concerning the EB or other authorities,
- (6) take charge of the secretarial functions for publication of CDM project, validation and/or verification,
- (7) take charge of the clerical functions for the Steering Committee ,
- (8) control the records concerning the management side of the Audit Service, and
- (9) assess the risks before agreeing to provide the Audit Service for a Participant.

#### 5. CDM Manager

CDM Manager shall;

- (1) take charge of the education and training, accreditation, and appraisal of Auditors,
- (2) assist in selecting the audit team members,
- (3) monitor the actions of the audit team after the instructions are given,
- (4) decide to accept or refuse the requested audit, based on the risk assessment made by the Administrative Team Leader,
- (5) review working papers and determine the content of the Validation Report and Verification Report,
- (6) confirm the contents of the Validation Report and Verification Report,
- (7) evaluate and select the members of the audit team and give the instructions to the team,

#### 6. CDM Technical Reviewer

Technical Reviewer shall:

- (1) have a qualification of ISO 14001 or ISO 9001 Auditors; or
- (2) have a CDM related audit experience as Lead Auditor
- (3) be accredited by DTSUS the technical area within the sectoral scope regarding a specified CDM audit and
- (4) be designated by agreement of CDM Manager and Quality Control Group Manager

#### 7. CDM Engagement Quality Assurance Reviewer (CDM Quality Control Group Manager, See TECO-CP014 for details)

- (1) GHG Team Leader shall, from an independent standpoint, review the validation implemented effectively and efficiency in conformity with the steps, which are based on **Regulations for CDM Audits and Operational Management Procedure CDM (Validation/Verification)**. If GHG Team Leader/CDM Manager does not have expertise which is required for reviewing the CDM project activity, technical reviewer shall review the additionality, baseline methodology, and monitoring methodology.
- (2) Engagement Quality Assurance Reviewer shall, from an independent standpoint, review the appropriateness of the process from ordering the CDM project to requesting registration to EB, based on **CDM Audit Manual** and the related procedures.
- (3) Based on the steps (1) and (2), Engagement Quality Assurance Reviewer and technical reviewer, on the request from the GHG Team Leader/CDM Manager according to the certification condition for each project, shall perform the Engagement Quality Assurance Review for the determination of submission to register CDM project and/or the response to the request for review from CDM EB. See TECO-CP002 for details.
- (4) CEO shall, based on (1) (2) and (3), express the final opinion.

#### 8. CDM Clerical Staff

- (1) Clerical Staff shall perform supplementary tasks upon instructions by the Director in charge.

#### 9. Audit Team Leader

The Audit Team Leader shall;

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- (1) prepare the audit plan,
- (2) direct the audit team, give instructions to the audit team members, and carry out the audit,
- (3) review the audit working papers prepared by the audit team members,
- (4) act as our organization's auditing body representative where necessary, upon the instructions of the GHG Team Leader/CDM Manager, and
- (5) prepare the draft Validation Report and Verification Report, and submit it to the GHG Team Leader/CDM Manager.

#### **10. Audit Team Member**

An Audit Team Member shall;

- (1) cooperate with **the Audit Team Leader** in carrying out the audit, and
- (2) receive the on-the-job training to become a team leader under the guidance of **the Audit Team Leader**.

#### **11. CDM Technical Expert**

A CDM Technical Expert shall join the audit team and advise Auditors based on the expert knowledge of the particular industry segment to which the Audit is relevant.

#### **12. Key personnel**

Board Directors, Chief Executive Officer and GHG Team Leader are defined as Key personnel in the management structure. (Refer, Organizational Chart of Attachment 3). Any planned changes of key personnel shall be notified in advance in accordance with the CDM accreditation procedure. Any unexpected key personnel changes shall be notified to the UNFCCC CDM secretariat within 10 days of the change took place.



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## Attachment 2: Table of Management Competence

Criteria per Accreditation Standard (Ver. 06.0)	DTSUS rules
A DOE's top management shall have overall authority and responsibility for the following functions:	According to TECO-CM001 ( <i>CDM Audit Manual</i> ) and TECO-CP004 ( <i>Regulations for CDM Personnel Management</i> )
(a) Formulation and development of policy matters relating to the operations of the AE/DOE;	CEO should meet the following requirements: <ul style="list-style-type: none"> <li>a) Qualification or knowledge of ISO series;</li> <li>b) At least two years' at executive position or position of a partner or above in the Deloitte Group</li> </ul>
(b) Establishment of a quality management system in line with policies formulated;	Same as (a)
(c) Documentation of policies and procedures and their implementation;	Same as (a)
(d) Supervision and monitoring of implementation of policies and procedures;	Same as (a)
(e) Supervision of finances, administrative matters and dealing with contractual matters and arrangements;	Same as (a)
(f) Final decisions on validation and/or verification/certification activities;	Same as (a)
(g) Decisions relating to disputes and complaints;	Same as (a)
(h) For providing adequate and competent human resources for validation and/or verification/certification functions.	Same as (a)
A DOE's management shall manage all validation and/or verification/certification resources and activities, and:	According to TECO-CM001 ( <i>CDM Audit Manual</i> ) and TECO-CP004 ( <i>Regulations for CDM Personnel Management</i> )
(a) Determine the human resource requirements;	GHG Team Leader should meet the following requirements: <ul style="list-style-type: none"> <li>a) ISO auditor;</li> <li>b) CDM or GHG lead auditor; and</li> <li>c) at least two years' ISO management experience.</li> </ul>
(b) Evaluate and demonstrate competence of personnel, qualify them, and select members of technical review teams;	CDM Manager should meet the following requirements: <ul style="list-style-type: none"> <li>a) CDM lead auditor or equivalent;</li> <li>b) At least two years' GHG project experience; and</li> <li>c) <b>Fluency in English</b></li> </ul>
(c) Approve contract reviews;	Administrative Team Leader should meet the following requirements: <ul style="list-style-type: none"> <li>a) Bachelor degree;</li> <li>b) At least two years' contracted project experience; and</li> <li>c) <b>Fluency in English</b></li> </ul>
(d) Maintain the competence of its validation and/or verification/certification personnel;	Same as (a)
(e) Supervise the implementation of validation and/or verification/certification procedures;	Same as (a)
(f) Make a final decision on validation and/or verification/certification opinions and reports;	Same as (a)
(g) Manage all activities related to the	Same as (b)

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safeguarding of the impartiality of AE/DOE functions;	
(h) Establish, implement and maintain a quality management system	Same as (a)
The top management of a DOE shall appoint a member of the management as a CDM quality manager, who, regardless of other responsibilities, shall have responsibility and authority for the following:	According to TECO-CM001 (CDM Audit Manual) and TECO-CP004 (Regulations for CDM Personnel Management)
(a) Ensuring that the DOE's procedures for complying with CDM accreditation requirements are established, documented, implemented and maintained;	CDM Engagement Quality Assurance Review (CDM Quality Control Manager) should meet the following requirements; (1) GHG Team Leader
(b) Reporting to the DOE's top management on the performance of the quality management system and proposing required improvements.	Same as (a)
A technical review team, whether it is composed of one or more persons, shall collectively have all knowledge and skills required in the latest Accreditation standard and the ability to apply such knowledge and skills, to conduct a technical review.	According to TECO-CM001 (CDM Audit Manual) and TECO-CP004 (Regulations for CDM Personnel Management)
A technical reviewer shall meet the requirements as follows;  (a) Data, information and system auditing techniques and methodologies;	Technical Reviewer should meet the following requirements; (1) Have a qualification of ISO 14001 or ISO 9001 auditor; or (2) Have a CDM related audit experience as Lead Auditor (3) Be accredited by DTSUS the technical area within the sectoral scope regarding a specified CDM audit, and (4) Be designated by agreement of CDM Manager and Quality Control Group Manager
(b) Risk assessment techniques and methodologies;	Same as (a)
(c) Data and information sampling techniques and methodologies;	Same as (a)
(d) Application of the concepts of materiality and level of assurance;	Same as (a)
(e) Collection of information through effective interviewing, listening, observing and reviewing documents, records and data;	Same as (a)
(f) Verification of the accuracy of collected information, evaluation of the sufficiency and appropriateness of gathered evidence to support validation or verification/certification findings and conclusions;	Same as (a)
(g) Preparation of validation or verification/certification opinions and reports.	Same as (a)

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## Attachment 3: Organizational Chart

### Organizational Chart

(Approved in February, 2017)

