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## **Provisions for CDM Audit System [Guidebook]**

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### **Revision History**

Ver.	Date	Description and Reason for Revision	Prepared by	Checked by	Approved by
1.0	1 May 2008	Newly enacted			
2.0	1 August 2009	Revision for incorporation of CDM procedure			
3.0	1 October 2009	Revision for corrective action of CDM Re-Accreditation Desk Review			
4.0	17 March 2011	Revision based on CDM Accreditation Standard Ver.02			
5.0	1 February 2012	Revision of internal procedure			
6.0	19 October 2012	Revision for CDM AT indication at regular surveillance			
7.0	19 April 2013	Revision for desk review of re-accreditation			
8.0	1 April 2015	Revision for group company name and its explanation document			
9.0	1 November 2015	Revision for corrective action of CDM Regular surveillance			
10.0	1 February 2017	Revision for corporate name and organizational changes			

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## 1. Purpose

The purpose of this provision (guidebook) is to provide a clear overview of the CDM Audit System of Deloitte Tohmatsu Sustainability Co., Ltd. (hereinafter referred to as “DTSUS”) and to present it to clients.

## 2. Scope

The provisions (guidebook) described in this document will be applied to the CDM audit performed by DTSUS according to CDM Standards for a client requesting audit for CDM project.

## 3. Outline of DTSUS

DTSUS was established as a wholly-owned subsidiary of Deloitte Touche Tohmatsu LLC in May of 2001. As a member of the Deloitte Touche Tohmatsu (Japan Group) (\*1), DTSUS is currently engaged in the third party assurance for CSR/Environmental Reports, and CDM Audit services as Validation/Verification for greenhouse gas Emission and reduction for CDM projects (“assurance services” hereinbefore).

DTSUS shall not provide any consultation services since we are requested to assure our independence from our customers. The Steering Committee which consists of well-balanced intellectuals including ones from outside to assure impartiality of the CDM Audit services. The judgment of the audit result is also assured its impartiality by the Engagement Quality Assurance Reviewer. The GHG Team Leader is responsible to DTSUS’s CDM audit services with impartiality operation, as well as serves as a contact for appeals on the CDM audit services.

\*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. Deloitte Tohmatsu Group (Deloitte Japan) is among the nation’s leading professional services firms and each entity in Deloitte Tohmatsu Group (Deloitte Japan) provides services in accordance with applicable laws and regulations. The services include audit, tax, legal, consulting, and financial advisory services which are delivered to many clients including multinational enterprises and major Japanese business entities through over 8,700 professionals in nearly 40 cities throughout Japan. For more information, please visit the Deloitte Tohmatsu Group (Deloitte Japan)’s website at [www.deloitte.com/jp/en](http://www.deloitte.com/jp/en).

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## 4. Audit Policy

DTSUS shall implement the CDM Audit services by following the policy below:

### 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

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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 person 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**  
**Deloitte Tohmatsu Sustainability Co., Ltd**

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## 5. Confidentiality

All personnel of DTSUS have an obligation to keep secret information concerning the client that is obtained through the performance of services. DTSUS will not disclose any client information to a third party without the written consent when such information is requested through a legal process. When complying with the law, DTSUS will notify the client of the information to be disclosed and to whom the information will be disclosed. While client information may be disclosed to accreditation bodies during accreditation audit procedures, all personnel of accreditation bodies have the same obligation to secrecy as the personnel of DTSUS.

## 6. Billing

A quotation (or equivalent documents) detailing audit fees shall be sent to the client. A quotation should be revised audit fees for audit-related cost to be incurred in the following cases.

- 1) when a service(s) not included in the quotation was provided
- 2) when an actual service boundary is significantly deviated from information provided by a customer at the quotation prepared period

## 7. Procedures of CDM Audit Service (See Appendix 1)

The CDM Audit service shall be implemented by following outline of procedures.

For Audit and other actions below, the VVS is used. Whenever VVS is revised by EB, which shall be replaced to newest one.

### 7.1. Formulation of Audit Plan / Preparation of Audit Implementation

An audit plan shall be formulated based on an emission inventory report provided from our customer. A basic interview survey for major emission sources and internal control system shall be implemented in order to formulate an effective and efficient audit service. The audit plan shall be sent to our customer in writing and confirmed after obtaining consent from our customer.

### 7.2. Document Review Prior to On-site Audit

The emission inventory report and other related reports shall be reviewed and discuss points to be checked and methodologies for the on-site audit. Additional documents and information shall be collected as necessary.

### 7.3. On-site Audit

On the basis of the document examination prior to on-site audit, the auditors will confirm vouchers and documents stored in the audit site, and evaluate emission amount of an emission inventory report by interview and observation.

### 7.4. Report of Findings

Findings from the on-site audit shall be reported to our customer after summarization and evaluation.

- Corrective Action Request [CAR]: Issue(s) which does not adopt CDM requirement, or issue(s)

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which effect significant impact on calculation of emission (reduction) amount

- Forward Action Request [FAR]: No immediate thread currently, but possible issue which may affect impact on calculation of emission (reduction) amount in the hereafter

For the findings, the audit team shall fully exchange opinions with the client. On the basis of mutual consent, the audit team shall may request the customer for correction of the emission inventory report.

### **7.5. Preparation of Audit Report**

After the confirmation to the finding by the customer, an audit report will be prepared. The audit result will be presented and submit the audit report. A representative letter shall be submitted by the client prior to a submission of the audit report.

### **7.6. Debriefing Session of Audit Result**

As necessary, a debriefing session of audit result shall be held.

## **8. Operation and Quality Management Systems (See Appendix 2)**

[Quality Management]

- First of all, the audit team leader shall review the Draft Audit Report to check its quality of audit result as the Audit Department.
- The Engagement Quality Assurance Review on the Draft Audit Report shall be performed by the GHG Team Leader.
- Technical review shall be performed by Quality Control Group. The technical review is to confirm the relevancy of the audit result by the reviewer who is not from the audit team in a position of independence and fairness.
- The Engagement Quality Assurance Reviewer will judge the objectivity and impartiality on the Draft Audit Report which assured through the Engagement Quality Assurance Review on the request from the GHG Team Leader/CDM Manager according to the certification condition for each project.

[CDM Project Management]

- The Steering Committee shall be set in order to discuss widely about the progress of audit and verification services and the existence or nonexistence and handling of appeals and complaints as well as give suggestions to the CEO for the operation policy of the CDM services overall.
- The Steering Committee shall be comprised of outside members from the business and academic communities and consumer organizations to ensure impartiality and transparency of project management.

## **9. Appeals and Complaints**

The client who has been audited by DTSUS may appeal to DTSUS. A client who is not satisfied with

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DTSUS's negative audit results or CDM Audit service before the final decisions are made, or those who have objections and complaints against with regard to the CDM Audit service provided for the project participant may file complaints or objections with DTSUS. Those who wish to file complaints or objections should submit a Libel to the Administrative Team Leader of DTSUS within 30 days from the day when cause(s) of such complaint/objection occurred.

Deliberations on appeals are carried out by the panel designated for handling demurrals established by the management of DTSUS. The demurrer and the panel will be given opportunities to make known their opinions. Neither party may object to decisions made by the Panel for Handling of Demurrals.

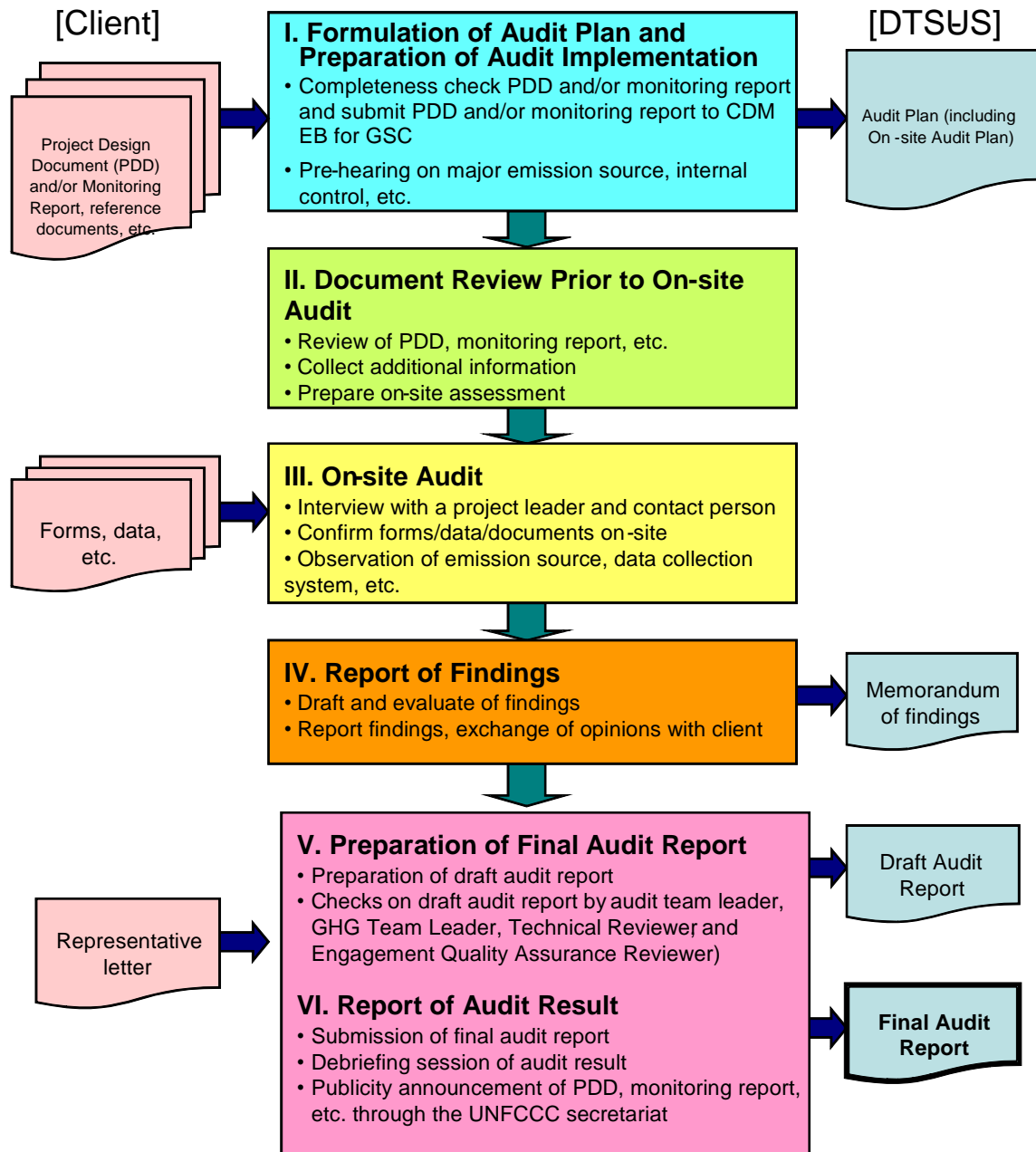
Deliberations on complaints will be carried out by the panel. The panel will give the audit team, demurrer and other interested parties and witnesses opportunities to make known their opinions as appropriate.

**Should you have any questions or find any ambiguities after reading this document, please do not to hesitate to contact us.**



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### Flowchart of CDM Audit Service



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Appendix 2

## CDM Audit Service Operation and Quality Management Structure of Deloitte Tohmatsu Sustainability Co., Ltd.

(Approved on 1 February, 2017)

