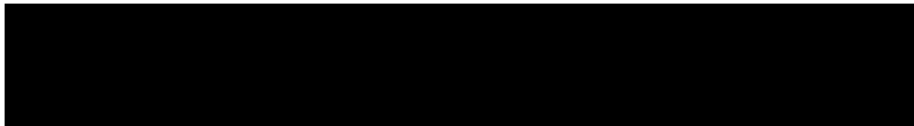


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## **Validation and Verification of Greenhouse Gases**

### **Chapter 1 General**

#### **1.1 General**

Nippon Kaiji Kyokai (hereinafter referred to as the “Society”) conducts Validations or Verifications for reports on greenhouse gases, GHG project plan or EU MRV (hereinafter referred to as the “GHGs”) of companies manufacturing ships, steel structures, machinery and/or materials, shipping companies, service suppliers, etc. (hereinafter referred to as the “organizations”) on the basis of the objective evidences collected through the validations or verifications at the requests of the organizations or individuals (hereinafter referred to as the “clients”) in accordance with the requirements of these Rules, issues validation or verification statements, and thus provides those utilizing GHG information (hereinafter referred to as the “intended users”) with the GHG information.

#### **1.2 Principles**

The Society abides four (4) principles related to the GHG validation or verification.

(1) Maintenance of independency

Remain independent of the activity being verified and free from bias and conflict of interest, and maintain objectivity throughout the validation or verification to ensure that the conclusions will be based on objective evidence generated during the validation or verification.

(2) Demonstration of ethical conduct

Demonstrate ethical conduct through trust, integrity, confidentiality and discretion throughout the validation or verification process.

(3) Fair presentation

Reflect truthfully and accurately validation or verification activities, findings, conclusions and reports. Report significant obstacles encountered during the validation or verification process, as well as unresolved, diverging opinions among validators or verifiers, the responsible party and the client.

(4) Due professional care

Maintain the skills and competence to lower risks related to the validation or verification activity to the reasonable level to exercise due professional care and judgment in accordance with the confidence placed by clients and intended users.

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### **1.3 Impartiality**

The Society declares its determination to keep impartiality in the GHG validation or verification activities, and conducts the following:

- (1) Develop internal regulations so as to enable personnel engaged on the validation or verification activities to conduct the validation or verification impartially, and exchange a written oath with them individually;
- (2) Conduct the following to manage risks to impartiality;
  - 1) Identifying risks to impartiality and analyzing them, and reviewing them by the Director in charge,
  - 2) Establishing the Impartiality Committee and having it to review for validation and verification,
  - 3) Requiring the personnel involved in the validation or verification to report on potential conflict of interest situation.

### **1.4 Disclosure of Information**

The Society maintains traceable and accurate information regarding the GHG validation or verification activities, develops regulations for information disclosure, and discloses or provides such information where necessary.

## **Chapter 2 Responsibility of the Society for GHG Validation or Verification**

### **2.1 Legitimacy**

The Society ensures the legitimacy of the GHG validation or verification activities by means of the following:

- (1) Adoption of the policy for the GHG validation or verification by the Council of the Society;
- (2) Delegation by Chairman and President of the Society of operational management to the Director in charge of the GHG activities;
- (3) Approval of individual GHG related contracts in accordance with the internal regulations;
- (4) Approval by the Director in charge for validation or verification statements.

### **2.2 Providing of Information to the Client and Responsible Party**

-1 The Society provides the following information to the client or person responsible for GHG assertion and for GHG background information (hereinafter referred to as “responsible party”) when conducting the GHG validation or verification activities individually:

- (1) A detailed description of the validation or verification process, and schedule;
- (2) Requirements for validation or verification and changes to the relevant GHG programme that could affect the objectives of the client;

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- (3) Activities and schedule for validation or verification
- (4) Advance notification of information about members of a validation or verification team;
- (5) Information about fees for validations or verifications;
- (6) Information about the “Use of Validation or Verification Statements”
- (7) Information about appeals-handling procedures and complaints-handling procedures.
- 2 In case where the client is another party than the organization, the Society provides the responsible party with the following information:
  - (1) Fact that the Society received the application from the client and accepted it;
  - (2) Objectives of the client and, where applicable, intended users;
  - (3) GHG assertion the client is intended for validation or verification.
- 3 The Society retains the relevant records for the periods specified by it to fulfill the legal responsibility or the requirements of the relevant GHG programme.
- 4 The Society identifies the information that may infringe impartiality, and may decline to provide the client and responsible party with such information.

### **2.3 Validation or Verification Based on Standards and Criteria**

- 1 The Society has the responsibility for establishing the quality management system for the GHG validation or verification activities in line with the provisions of ISO 14065 and ISO14066 as a validation or verification body and for operation of the GHG validation or verification activities.
- 2 The Society has the responsibility for conducting the GHG validation or verification activities in accordance with ISO 14064-3 and, where applicable, the GHG programme, and for issuing a validation or verification statement when conducting the validation or verification activities individually.

## **Chapter 3 Responsibility of the Client and Responsible Party**

The Society requires the following as the responsibility the client and/or responsible party shall take when accepting the application for GHG validation or verification.

### **3.1 GHG Assertion Based on Standards and Criteria**

The Society requires the responsible party to take the responsibility for GHG assertion in accordance with ISO 14064-1 and, where applicable, with the requirements of GHG programme, and for controlling information related to the GHG assertion in accordance with the standard and requirements.

### **3.2 Providing of Information and Acceptance of Validation or Verification**

The Society requires the client and/or responsible party of the following when conducting the

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validation or verification:

- 1 Responsibility of the client and responsible party to follow the requirements for validation or verification;
- 2 Responsibility of the responsible party to provide the GHG assertion and related information;
  - (1) The Society requires the responsible party to provide it with information necessary for the validation or verification in writing at the time of the application submitted by the client in case where the client is the organization, or at the time when the Society has decided to accept the application in case where the client is other than the organization.
  - (2) The validation or verification team requires the responsible party in writing to provide additional information where the team considers it necessary to be provided as a result of the review of the information provided prior to the validation or verification.
  - (3) The validation or verification team may require personnel of the organization to provide it with information whenever the team considers it necessary to ascertain the information during the course of the validation or verification.
  - (4) The Society may require the responsible party to provide it with information to respond to a case coming out after completion of the validation or verification, such as changes in the assertion, appeals, special validation or verification, facts discovered after the issue of the validation or verification statement.
- 3 Responsibility to make all necessary arrangements for the conduct of the validation or verification, including access to all relevant processes, areas, records and personnel;
- 4 Responsibility to accommodate observers the Society appoints where necessary;
- 5 Responsibility to provide the Society with the fact the organization has reported using the validation or verification statement and with the relevant records when requested;
- 6 Responsibility to inform the Society of any fact discovered during the validation or verification process and/or after the issue of the validation or verification statement;
- 7 Responsibility to inform the Society of any changes in the GHG assertion prior to reporting them or making them public.

### **3.3 Use of Validation or Verification Statement**

The client takes the responsibility for using the validation or verification statement for intended objectives and for not misleading in use.

## **Chapter 4 Contract**

### **4.1 Application for Validation or Verification**

- 1 The Society uploads the forms for application and for quotation on its homepage allowing everyone to download them for use. The Society accepts any inquiry about application orally or

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by phone, but require an applicant to make it in writing in principle.

- 2 After receipt of the application for validation or verification, the Society reviews it with validation or verification activities required, and decide whether to accept the application after receipt of further information from the client or responsible party where necessary. Cases where the Society judges it not appropriate to accept the application and declines to accept it are exemplified below:

- (1) The organization has no eligibility for participation in the programme in question.
- (2) The Society has no eligibility for validation or verification of the activity of the organization.
- (3) The Society is not capable of doing the validation or verification of the organization.
- (4) The relation between the Society and the client and/or organization causes for conflicts with the requirements of impartiality.

#### **4.2 Terms and Conditions Agreed Upon**

- 1 The Society prepares documents of terms and conditions to be agreed upon in consultation with the client about the objectives, criteria, scope, level of assurance and materiality for the GHG validation or verification.
- 2 The Society discloses the terms and conditions agreed upon with the client to the responsible party where the client is not the organization.

#### **4.3 Concluding of Contract**

- 1 After confirming that the client follows the requirements of the Rules, the Society consults with the client about other issues than the terms and conditions agreed upon, such as the form of a validation or verification statement, fees for the validation or verification and invoicing and payment of the fees, prepares a basic agreement in accordance with the form separately specified, attaches the terms and conditions agreed upon to it as the contract document, and concludes the contract after approval thereof.
- 2 After confirming that the responsible party follows the requirements of the Rules in case where the client is other than the organization, the Society concludes the contract for validation or verification activity including the confidentiality.

#### **4.4 Suspension of Validation or Verification Activity**

The Society may suspend the validation or verification activities in case where a validator or verifier has judged no necessary preparation being made, no representative (s) from the client being available and the site being in danger, and where the judgment is validated under the procedures specified by the Society. How to handle such a case is consulted with the client and responsible party when concluding the contract.



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#### **4.5 Completion of Contract**

- 1 With the exception for the cases under 4.4, the Society defines as the completion of the contract when confirming that the Society has issued a validation or verification statement, that the client has confirmed the receipt of the statement and settled the payment for the service rendered by the Society in accordance with the invoice.
- 2 Any issues not clear under the Rules in connection with the definition of the concluding of contract and with the duties and responsibilities of both parties after completion of the contract are dealt with under the contract document.

#### **4.6 Settlement of Fees for Validation or Verification**

The Society requires the payment either at the following stages in accordance with the contract concluded:

- (1) when the validation or verification is conducted;
- (2) when the validation or verification statement is issued or re-issued.

### **Chapter 5 Issue of Validation or Verification Statement**

#### **5.1 Descriptions of Validation or Verification Statement**

- 1 The Society issues the validation or verification statement being accompanied by the GHG assertion of the responsible party with the following descriptions, provided that the statement is used by the intended user:
  - (1) Level of assurance of the validation or verification statement;
  - (2) Objectives, scope and criteria of the validation or verification;
  - (3) Whether the data and information supporting the GHG assertion were hypothetical, projected and/or historical in nature;
  - (4) Views and conclusion on the validation or verification where there are any qualifications or limitations.
- 2 The Society may amend the above in accordance with the requirements etc. of the GHG programme, and make additions where necessary.
- 3 Where the client has any special request for the form of the validation or verification statement, the Society consults the matter with it at the time of the conclusion of the contract, and reflects the matter in the validation or verification statement.

#### **5.2 Confirmation Prior to the Issue of Validation or Verification Statement**

The Society confirms the correctness of descriptions on the validation or verification statement with the client or responsible party prior to taking the official step for approval of it.

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## **Chapter 6 Appeals and Complaints**

### **6.1 Policy of the Society**

The Society enforces the following policy for appeals-handling and complaints-handling processes:

- (1) Submission, investigation and decision on appeals and complaints shall not result in any discriminatory actions against the appellant and complainant;
- (2) The decision to be communicated to the appellant/complainant shall be made by individuals not previously involved in the subject of the appeals/complaints;
- (3) Persons engaged in the handling processes shall exclude the persons involved in the causes of the appeals/complaints;
- (4) The persons engaged in the handling processes shall follow the confidentiality requirements.

### **6.2 Receipt of and Deadlines for Appeals and Complaints**

- 1 Where the client or organization files an appeal or a complaint against the validation or verification conducted under the Rules, they can do so within 45 days after the issue of the validation or verification statement.
- 2 An intended user can file an appeal within 45 days of the disclosure of the validation or verification statement.
- 3 Re-filing after the decision made by the Society for the filing shall be made within 30 days of the issue of the decision.

### **6.3 Handling of Appeals and Complaints**

- 1 When having received an appeal or a complaint against the validation or verification, the Society investigates and handles it in accordance with the procedures of the Society.
- 2 The Society informs the appellant / complainant of the person in charge, and explains about the handling policy.
- 3 The Society puts on the website the appeals-handling and complaints-handling processes specified by the Society.

The Society gives an appellant / complainant a chance to put forward a refutation against the result of the handling, and deliberates the matter at the Committee consisting of external members.

## **Chapter 7 Confidentiality**

### **7.1 Policy of the Society**

The Society has its policy on control of information it has obtained from the clients, responsible parties and organizations in connection with the GHG validation or verification activities:

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- 1 To notify the personnel engaged on the validation or verification activities of the Society's policy of confidentiality and requirements of the Rules, and let them submit the oath to follow the policy and the Rule requirements;
- 2 To notify the personnel engaged on the actual validation or verification at the sites of the organization of the remarks about how the information collected shall be treated when the validation or verification plans have been drafted;
- 3 To control and preserve the information collected and information prepared, and restrict the access to the information.

## 7.2 Notification in advance of Disclosure

The Society in principle obtains the consent from the client or responsible party about the disclosure of undisclosed information obtained through the GHG validation or verification or prepared by the Society in advance of the disclosure.

However, when requested by an organization with legally enforceable to disclose undisclosed information, the Society notifies the client or responsible party of it in advance of the disclosure. For any information which is disclosed in consequence of the GHG validation or verification and the reporting on it, the Society obtains the consent of the client or responsible party at the time of the conclusion of the agreement for disclosure.

## Chapter 8 Others

### 8.1 Special Validation or Verification

In case where the Society has judged it necessary to conduct a special validation or verification for the previously verified GHG assertion as a result of the review of the GHG assertion and validation or verification report in response to a new fact discovered after the validation or verification statement or to the complaints, the Society notifies the responsible party of it, drafts a special validation or verification plan and conducts the special validation or verification after obtaining the consent of the responsible party of it.

### 8.2 Re-Issuance of Validation or Verification Statement and Procedures for Amendments

- 1 When requested by the organization to re-issue the validation or verification statement for the reasons that the statement previously issued is lost or stained, the Society re-issues it.
- 2 Where the Society has judged it necessary to amend the validation or verification statement after reviewing the GHG assertion and validation or verification report on the basis of the facts discovered after the issue of the validation or verification statement, the Society amends the validation or verification report as necessary, and re-issue the amended statement in accordance with the procedures for the issue of validation or verification statement after clarifying the

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reasons for it.