

# GUTcert audit and verification procedures for

## EMISSION REPORTING AND VERIFICATIONS ACCORDING TO DIN EN ISO 14065

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### Principles of GUTcert verification

The verification of PCFs, CCFs, greenhouse gases, emission reports and allocation requests (Directive 2003/87/EC) includes various review activities according to the requirements of the applicable standards. For the non-statutory area, these include DIN EN ISO 14065 and DIN EN ISO 14064-3. In the statutory area of European emissions trading, these regulations are supplemented for by EU Regulations 2018/2066 and 2018/2067 in conjunction with 2020/2084 as well as the statutory implementations of the Member States. In national emissions trading, the regulations are laid down by the Brennstoffemissionshandelsgesetz (Fuel Emissions Trading Act) and its subsequent ordinances.

Verification shall be a systematic, independent and documented process for assessing a statement on greenhouse gases in relation to the agreed or legally specified verification criteria, resulting in a compliant validation/verification statement on the client's statement on greenhouse gases.

In doing so, we apply the principle of materiality underlying the standard with regard to the agreed level of assurance (ISO 14064 & ISO 14067) or the legally defined materiality levels and uncertainty assessments (e.g., emissions trading).

In accordance with our business policy, all information obtained or created during validation or verification is treated as strictly confidential.

Furthermore, the auditors determine together with the client what potential for improvement exists with regard to the management system and the greenhouse gas statement. Only auditors who have a high level of technical and methodological qualification are used in the verification of greenhouse gases. The process for identifying and maintaining this qualification is described in PB90\_Auditor Management. The audit team:

- audits the relevant data from the primary data source to the statement on greenhouse gases / emissions report and the effectiveness of the client's procedures (in existing management systems, if applicable),
- verifies compliance with the relevant laws.

Special features of the GUTcert verification process:

- Individual support of the organisation in preparation and implementation of the procedure as well as quick response to enquiries.
- An organisation is understood as a partner. The aim of the audits is to sustainably improve the organisation's business processes.
- Standards are accumulated expert knowledge. The GUTcert auditors only apply them considering the individual circumstances of each client.

- The employees of GUTcert have a high level of skills and professional competence to implement these principles.

The individual processing of offers, the good preparation of the auditors in order to effectively use the time during the audit on site as well as a constant personal accessibility of the auditors and staff in the verification body are important prerequisites for achieving these goals.

Note: GUTcert is, among other things, an accredited certification body for the above-mentioned system, a certification body for management systems, an environmental verifier organisation for EMAS tests, technical monitoring organisation for EfBV certifications and expert body for approvals of carriers and measures according to AZAV. In all further general GUTcert documents, however, the general term "certification body" is used for better readability.

## Verification of emission reports and carbon footprints

### First data collection

#### Emissions Reporting

To request a quotation for the verification of emissions reports in emissions trading, it is possible to make an enquiry by telephone or alternatively via the query on the GUTcert website. Among other things, information on the basis and scope of audit as well as the level of assurance (amount of assurance) is requested. In emissions trading, for example, the current monitoring plan is required to assess the scope of the audit and the associated risks. The preparation of the offer is based on this information.

#### Carbon Footprints:

To prepare a quotation for the verification of carbon footprints and comparable testing services, you will receive our data collection form "FL010\_Data\_collection\_universal" from our employees, in which you enter the general conditions and test basis of your carbon footprint and the desired testing service. On the basis of this information, the offer will be prepared.

### Quotation preparation

On the basis of the basic data, GUTcert prepares an offer describing the conditions for greenhouse gas-related validation or verification activities. The selection of the preliminary audit team is made taking into account the necessary competence and availability. Possible risks in the validation or verification activities are also already taken into account during the preparation of the offer.

In the interest of the clients, all reduction options with regard to audit time are used. However, the terms of the offer also include the possibility of charging for additional time requirements (extra work) if the audit effort is higher than initially contractually agreed. In this case, adjustments would be clarified with you in advance and mutually agreed.

If the organisation confirms the offer or places an order on this basis, a desired date for the audit can already be specified.

### Conclusion of contract, selection of auditors

The signed order placement, which can be found in the appendix of each offer, is deemed to be a legally binding contract. An order confirmation to the client is only issued upon request. After signing of the contract, the current availability and approval of the planned auditor team shall be checked again on the basis of the available information.

The auditors of GUTcert are appointed according to their professional competence for the respective sectors (scopes) and are regularly trained on current issues of quality, environmental, energy and occupational health and safety management and on international standard contents.

Within the scope of validation or verification activities, the maintenance of impartiality of all parties involved is also checked in particular, such as whether:

- internal audits have been offered or provided to the client to be verified by the certification body or the auditors involved
- an unacceptable threat to impartiality exists through a relationship between an advisory organization and the certification body
- ownership, management or service relationships exist
- only auditors who have not advised the client to be verified in advance are used

The inspection body shall not have joint ownership, management or service relationships with the client. If there are doubts about impartiality and additional complete or limited audits or documented evidence are required as a result, the client shall be informed immediately.

Each auditor signs with the audit assignment that there are no conflicts of interest.

The GUTcert advisory board ensures that independence is maintained. The activities and rules of procedure of the advisory board are described in FL800.

The auditor prepares a detailed audit plan for the organisation. The nomination of the auditors is communicated to the client together with the audit plan. The organisation has the right to reject the auditors nominated by GUTcert. In this case, a new audit team will be appointed by GUTcert.

## **Verification procedure/appraisal**

The decision on validation or verification activities is made by the body identified in the FL960. Care shall be taken to ensure that:

- all validation or verification activities have been successfully completed by appropriately competent personnel,
- all documents relevant for the assessment are available,
- there are no material misstatements,
- all minor non-conformities from the previous year have been resolved and
- that, in the case of inspections according to ISO 14064 and ISO 14067, the previously agreed warranty level has been complied with.

In order to ensure an independent and competent assessment of the documents submitted for verification, the competent body may, in addition to the body designated in the FL960, also call upon further independent verifiers who did not themselves participate as auditors in the audit to be assessed. The assessment of the necessary sectoral expertise is based on the competence assessment.

An authorised member of the certification body makes the final validation or verification statement. The decision may not be made by co-owners of GUTcert, but they may be involved in the technical and procedural review if they are not majority shareholders.

### Responsibilities

The responsibility for the proper conduct of the validation or verification activities lies with the body identified in the FL960 and with the independent persons involved in the validation or verification.

### Pre-audit (optional)

A pre-audit is preferably carried out by a member of the subsequent audit team. Its main purpose is to reduce uncertainties regarding the documentation and implementation of relevant procedures and to identify non-conformities or potential risks. This enables the customer to eliminate any critical points before the validation or verification audit. It also serves to set priorities for the planning of the validation or verification procedure.

### Audit preparation

Audit preparation is based on a desk review and always includes a strategic analysis and risk analysis based on the organisation's submitted documentation.

After receipt of the project documents, they are checked for completeness at the certification body. The inspection report is checked for completeness and formal correctness by the body designated in FL960 or an appointed person. This check is documented by signature on all copies of the report, which remains in the certification body.

Documents to be reviewed in emissions trading are:

- the existing correspondence with the authority or the approval situation,
- the current monitoring plan with corresponding approval and applicable documents,
- the previous year's inspection report of the valuer and, if applicable, the improvement report or further results of the internal quality assurance.

A greenhouse gas declaration according to ISO 14064 or ISO 14067 comprises at least:

- Organizational and balance sheet boundaries and the associated reference scenarios
- Reporting and base period
- Physical infrastructure, activities, technologies and processes of the organisation
- Greenhouse gas sources, sinks and/or reservoirs and their calculation basis
- Uncertainty evaluation
- Types of greenhouse gases

The result of the strategic and risk analysis forms the basis for the audit and the audit plan. In addition to the general information on the plant operator, the audit plan contains above all:

- the duration of the inspection activities,
- the scope and
- the method for checking the data and control activities.

The review of whether a site visit is necessary is also carried out on the basis of the result of the strategic analysis and risk analysis. A site inspection is obligatory for the first inspection if no site inspection has been carried out in the two current reporting periods or in the case of significant changes to the facility/monitoring plan. A site visit is mandatory under the national emissions trading scheme as long as no simplified monitoring plan is in place. The specifications from the respective DEHSt guidelines must be taken into account.

Any major non-conformities from the strategic analysis and risk analysis found during the audit are communicated to the organisation in writing through a non-conformity report.

After the corrected documents have been made available, a repeat audit is carried out. Identified sources of error or inherent risks must be taken into account in the audit plan and in the audit implementation.

#### On-site audit / remote audit

The date for the on-site audit is coordinated with the organisation in such a way that there is still sufficient time for possible adjustments or corrections to the emissions report before the existing deadline or the desired issuing of the audit certificate.

After arranging an appointment, the audit team carries out the on-site audit on the basis of analytical procedures and the available proof documents in accordance with the audit plan. In addition to the requirements of DIN EN ISO 14065, the procedure is primarily based on the specifications of the AVR (Akkreditierungs- und Verifizierungsverordnung) and MVO (Monitoringverordnung) in emissions trading and accordingly on the specifications of DIN EN 14064-3 for carbon footprints and contains:

- an introductory interview, various inspection activities,
- a site inspection, if necessary, and
- an uncertainty assessment and a final interview.

In the final meeting, the lead auditor gives the responsible persons an oral interim report to inform them about the status of the validation or verification statement.

If non-conformities are found, the organisation is given the opportunity to define measures to remedy the non-conformities condition. The successful implementation of these measures is confirmed by the auditor either through the review of subsequently submitted documents or through a post-audit on site before the validation or verification procedure can be continued. Recommendations and complaints are checked for effective correction in emissions trading on the basis of the improvement report during the next audit. Complaints in carbon footprint audits are checked for effective correction at the next audit.

In accordance with ISO 14064-3 point 6.1.4.2, an on-site audit must be carried out in the carbon footprint during the initial audit or during a follow-up audit where the initial audit was not carried out by us. The following two audits for production activities can generally be carried out remotely, taking into account the risk analysis, before another site inspection is required. The only exception here is the assessment of companies with less complex emission-relevant activities (purely office

activities, no production). Here, the initial audit can usually be carried out remotely. The verification body decides whether a site inspection is necessary after a successful risk analysis, whereby the following situations make a site inspection mandatory, even for follow-up audits:

- Change of ownership of a plant / site,
- misrepresentations in advance,
- medium or high risk from the previous risk analysis (strategic risk analysis),
- unexplained significant changes in GHG emissions,
- significant changes in the scope, reporting boundaries, data management or calculation method.

#### Deadlines in the carbon footprint

According to ISO 14064-3:2019 Chapter 5.4.1, follow-up work must be carried out within a reasonable period of time. In general, the organization is given 30 calendar days to rectify critical findings (deviations) that come to light during the audit.

If the organization is unable to rectify the findings within 30 calendar days for justified reasons, the deadline may be extended by a further 30 calendar days. If deviations have not been rectified after two months, the verification body will inform the organization that a negative certificate will be issued after a further 30 calendar days without successful rectification of the findings and the project service will be invoiced.

The audit can be repeated after consultation and a new offer has been submitted. Arrangements in cases of hardship or fault on the part of the verification body can be agreed separately.

#### Follow-up audits in the carbon footprint

With the offer, you will usually also receive cost calculations for audits in subsequent years. A discount is usually granted here. However, this is only valid if the scope of the audit does not change significantly. In the event of significant changes in the scope of application, the limits of reporting, the calculation methodology or data management, we must reassess the costs in the following year / a follow-up audit. This may result in additional work, which we will invoice to you by arrangement. If necessary, we will send you a new offer before carrying out the audit.

## **Making the validation or verification decision**

The decision on the validation or verification statement, separate from the audit, is made through the involvement and positive judgement of technically competent persons of the certification body. In the non-regulated area (ISO 14064 & ISO 14067), the decision separate from the audit involves the participation and positive judgement of technically competent persons who were not themselves involved in the audit. The requirements for this competence are described in FL915 Competence Matrix. For review procedures of allocation requests for existing installations in emissions trading, the decision lies directly with the auditor who also performed the review activities.

The final audit report (only for the legally non-regulated area) as well as any other necessary documents (e.g., emission report, certificate, procedure for handling complaints or appeals) are sent to the client, as well as the lead auditor.

In the case of legally regulated use of certain software solutions for report generation or dispatch channels for emission reports, dispatch shall be exclusively to the client. The lead auditor is informed by e-mail.

### Issue and release of the verification statement

The final decision on issuing a Verification Statement lies with the Certification Committee. The committee issues the Verification Statement after a successful examination of the entire procedure.

## **Facts that become known after the Verification Statement has been issued**

If circumstances become known after the Verification Statement has been issued that have a significant impact on the Statement, the lead auditor will check whether a revision is necessary. Should the revision require a special audit, this will be communicated to the client in good time.

## **Additional communication with external bodies**

DAkKS:

Every year, by 15 November, the responsible employee of GUTcert sends a list of the planned audit activities (times and places, address and contact details of the plant operators) in the legally regulated area of European emissions trading to the national accreditation bodies (DAkKS). For this purpose, the planned audit dates are maintained in the database and the required information is provided by means of a database extract.

Dispatch takes place after approval by the subject leader.

## **Complaints and appeals**

There is a regulated **documented** complaints management system (PB96) for dealing with complaints and objections. Complaints can be forwarded directly to GUTcert or communicated within the framework of the customer satisfaction analysis, which takes place in the form of a questionnaire after the completion of each project. Existing complaints and objections are followed up immediately.

## **Retention of records**

The validation and verification records are managed by the verification body and kept in AA151 archiving according to the necessary time limits. They include the justification for determining the validation and verification times (quotation) and, if applicable, records of complaints or appeals.