

**Annex 2****List of non-conformities of DNV**

1. At its forty-third meeting the Executive Board agreed to conduct a spot-check of DNV Certification AS (E-0003), in accordance with paragraphs 89 and 90 (a) of the Procedure for accrediting operational entities by the Executive Board of the Clean Development Mechanism (CDM) (version 8, EB34 Annex 1) (“the Procedures”). The Board further agreed to the scope of this spot check and informed the CDM Accreditation Panel (CDM-AP).
2. An Assessment Team appointed by the CDM-AP undertook a spot-check assessment at the accredited office of DNV in Oslo, Norway, to assess whether the DOE continued to comply with the accreditation requirements. The AT:
  - (a) Identified (5) non-conformities;
  - (b) Duly informed the DOE of these non conformities at the closing meeting of the on-site assessment; The representative of DOE signed the Non-conformance (NC), Corrective Action and Clearance Report;
  - (c) Reported these non-conformities to the CDM-AP in its report of the onsite assessment.
3. The CDM-AP considered the report of the AT and submitted its recommendation to the Executive Board. DNV Certification AS were informed of the recommendation and provided with an opportunity for a hearing at the forty-fourth meeting of the Executive Board.
4. Following this hearing, the Executive Board reviewed the recommendation of CDM-AP and the oral responses provided by the DOE during the hearing. The EB also considered the written submission provided during the hearing and a letter dated 10<sup>th</sup> November 2008.
5. The Non Conformity raised by the CDM-AT were as under:

NC No.	Description
1	<ol style="list-style-type: none"> <li>a) Analysis of competence required for technical areas within scope sectors has not been undertaken.</li> <li>b) Assignment of expertise is based on sectoral scopes and not on the basis of technical areas within the sectoral scope, for the teams.</li> </ol>
2	<ol style="list-style-type: none"> <li>a) The process of internal audits is deficient as the frequency of audits is not defined.</li> <li>b) Internal audit plan is not followed. Internal audits are not done in all identified hubs for CDM activities.</li> <li>c) No evidence was presented for corrective actions and the monitoring of non-conformities identified in an internal audit .</li> </ol>
3	<ol style="list-style-type: none"> <li>a) lack of evidence of actions considered on the non-conformities identified in the internal audits conducted nor follow up on decisions of previous reviews in the Management review</li> <li>b) Responsibility and target dates for completion of most actions are not identified in the management review</li> <li>c) lack of evidence of considering issues arising out of request for reviews by the</li> </ol>



NC No.	Description
	CDM-EB.
4	A review of a sample of 5 project activities revealed: <ul style="list-style-type: none"> <li>a) Lack of evidence that named sector expert's input and involvement with validation work .</li> <li>b) Documented contract review was not available in three surveyed cases</li> <li>c) Documentation of team nomination process was not available in three surveyed cases</li> </ul>
5	The assessment of the technical review process based on a sample of project activities revealed: <ul style="list-style-type: none"> <li>a) The basis of approval of validation/verification work has not been documented.</li> <li>b) Evidence of technical review was not available for a CDM validation project activity</li> <li>c) Approver was not qualified for a CDM project verification project activity</li> </ul>

6. The CDM-AP found that the analysis of competence required for technical areas within the sectoral scope sectors had not been undertaken. DNV questioned the clarity of the requirement in existing standards. The Board concluded that the requirement for analysis of competence in Appendix A to the List of sectoral scopes CDM-ACCR-06, includes a requirement to assess technical expertise in the technical areas within a sectoral scope. The Board also considered Paragraph 1(f) iii of Appendix A to the Modalities and Procedures which requires a DOE to have access to knowledge of the technical aspects of CDM project activities. The Board considered that DNV had not fully addressed the requirement. The Board requested DNV to address the non conformity raised by the CDM-AT.

7. The CDM-AP found that the process of internal audits was deficient as the frequency of audits was not defined, the internal audit plan was not followed, and internal audits were not carried out in all identified hubs for CDM activities. Furthermore, insufficient evidence was presented for corrective actions in response to non-conformities identified in internal audit of three hubs. DNV indicated it would prepare and implement a three year audit plan. The Board concluded that the system of internal audits was not sufficiently documented and implemented and requested DNV to address the non conformity.

8. The CDM-AP found there was insufficient evidence of actions considered on the non-conformities identified in three internal audits, and insufficient evidence of follow-up in respect of decisions of the previous management review. The CDM AP also found insufficient evidence to support that the DOE adequately considered issues arising out of requests for reviews by the CDM-EB. At the hearing DNV indicated that they provided actions in response to internal audit at one of the hubs to the CDM AT after the spot check. The Board concluded that the system of follow-up related to internal audits and management review was not sufficiently documented and implemented and requested DNV to address the non conformity:

9. The CDM-AP found that there was no written evidence of inputs and involvement of named expert as a validation team member in sample cases reviewed by the CDM-AT. The documented contract review and the documentation for team nomination process were not available in some of the sample projects reviewed by the CDM-AT. DNV indicated that documenting contract review and team nomination was not a requirements of their procedures. The Board concluded that the contribution of the sector expert was not evident from the reports, and validation activities could not be demonstrated to be based on appropriate sectoral expertise. The Board noted that the team had found records of contract review in case of some of the projects and not in case of other projects. The



Board concluded that the procedure of DNV was either unclear, or not consistently followed. The Board requested DNV to address this non-conformity.

10. The CDM-AP found the assessment of the technical review and approval process based on sample of project activities revealed that the basis of approval of validation/verification work was not documented. At the hearing DNV indicated it would define the scope of the technical review and stated that they had forwarded evidence of technical review to the CDM AT after the spot check. The Board concluded that additional information supplied during the hearing did not fully address the non conformity, and the technical review and approval process may not be effectively implemented. The Board requested DNV to address the non-conformity.

- - - - -