Green*ergy* Brazilian Bioethanol verification programme:

Auditor Requirements

AUD DOC – 004 v.2 7 December 2010

1. Use

This document is for use by the administrators of the Green*ergy* Brazilian Bioethanol verification programme, in the selection of third party auditors.

It sets out the requirements a third party auditor must fulfil in order to undertake an audit using the **Green*ergy* bioethanol sustainability criteria for Brazilian sugarcane** in the Green*ergy* Brazilian Bioethanol verification programme.

Potential auditors are required to provide evidence of conformance with the following requirements to the verification programme administrators prior to entering into an agreement to undertake field audits. Selection or approval of a third party auditor will only be undertaken after these requirements have been confirmed.

Records of conformance with these requirements are maintained by the verification programme administrators.

Once selected, auditors shall use the documentation associated with the Green*ergy* Brazilian Bioethanol verification programme as the basis for the verification, including:

- System description (SYS DOC – 001 v.2)
- Green*ergy* bioethanol sustainability criteria for Brazilian sugarcane (STD DOC – 002 v.4)
- Green*ergy* bioethanol chain of custody requirements (COC DOC – 003 v.2)
- Auditor Requirements (AUD DOC – 004 v.2)
- GHG methodology (GHG DOC – 005 v.2)

2. Requirements

2.1. Accreditation

Only auditors selected or approved by the administrators of the Green*ergy* Brazilian Bioethanol verification programme are recognised as being able to provide reports, (which are the basis of subsequent sustainability claims), within this programme. Auditors are selected or approved based on the criteria in this document.

Auditors shall be accredited to verify under a certification scheme that covers similar elements to the **Green*ergy* bioethanol sustainability criteria for Brazilian sugarcane.** This includes agriculture, forestry and sustainability certification schemes. This accreditation shall be issued by a conformity assessment body which complies with ISO 17011 or equivalent.

2.2. Audit quality and competency

Auditing of the practices of the economic operators producing the sugarcane approved within the verification programme is necessary, and includes review of documentation and farm audits. The review of evidence is carried out by the auditors.

The organisation, systems and procedures of the auditors shall conform to applicable ISO guidance, or publicly available equivalent. This includes:

- ISO 17065[1], which sets out requirements for bodies providing certification of product (including services) and processes

  or

- ISO 17021[2], which sets out requirements for bodies providing audit and certification of management systems

  or

- ISO 19011[3], which sets out which sets out requirements for bodies providing quality and/or environmental management systems auditing

These standards include requirements that personnel are competent for functions they perform, and that appropriately qualified personnel are assigned to tasks.

Conformance of the nominated auditors with one of these standards or justified equivalent is mandatory for field verification of GREENERGY BIOETHANOL - STD DOC – 002 v.4 and the verification of GREENERGY BIOETHANOL - COC DOC – 003 v.2.

The nominated verifier carrying out the annual audit shall have experience of carrying out audits in conformity with the International Standard on Assurance Engagements (ISAE 3000) regarding assurance engagements other than audits or reviews of historical financial information.

Use of these approaches to audit quality and competency ensures the auditor:

- is external: the audit is not performed by the economic operator or the scheme itself;
- is independent: auditors are independent of the activity being audited and free from conflict of interest;
- has the generic skills: the verification body has the general skills for performing audits;
- has the appropriate specific skills: auditors have the skills necessary for conducting the audit related to the scheme's criteria.
- Identifies the activities undertaken by the economic operator which are relevant to the scheme's criteria;
- Identifies the relevant systems of the economic operator and its overall organisation with respect to the scheme's criteria and checks the effective implementation of relevant control systems;
- Establishes at least a "limited assurance level" in the context of the nature and complexity of the economic operator's activities;

[1] Revises ISO Guide 65
[2] Revises ISO Guide 62 and 66
[3] Revises ISO 14010, 14011, 14012

- Analyses the risks which could lead to a material misstatement, based on the verifier's professional knowledge and the information submitted by the economic operator;
- Draws up a verification plan which corresponds to the risk analysis and the scope and complexity of the economic operator's activities, and which defines the sampling methods to be used with respect to that operator's activities;
- Carries out the verification plan by gathering evidence in accordance with the defined sampling methods, plus all relevant additional evidence, upon which the verifier's verification conclusion will be based;
- Requests the operator to provide any missing elements of audit trails, explain variations, or revise claims or calculations, before reaching a final verification conclusion

The auditors undertaking the field assessments (GREENERGY BIOETHANOL - STD DOC – 002 v.4 and the GREENERGY BIOETHANOL - COC DOC – 003 v.2) shall have the relevant competency to which the audit relates, including land use criteria, chain of custody and/or GHG accounting.