



ORMEX

VALIDATION AND VERIFICATION BODIES Requirements

ORMEX

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SEC/VVB/RQT_EN v1.0_2023_06_08

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LIST OF ACRONYMS

Acronyms	Definition
AFOLU	Agriculture, Forestry and Other Land Use
CDM	Clean Development Mechanism
FAO	Food and Agriculture Organization
GHG	Greenhouse Gases
IAF	International Accreditation Forum
IPCC	Intergovernmental Panel on Climate Change
IPLC	Indigenous Peoples and local communities
NDC	Nationally Determined Contributions
PDD	Project Design Description
SDG	Sustainability Development Goals
UNFCCC	United Nations Framework Convention on Climate Change
V-ACORs	Verified Agriculture Carbon Offset Registered
VVB	Validation and Verification Body

LIST OF REFERENCED DOCUMENTS

This document is established in relation with ORMEX PROGRAM's others documents as listed hereabove.

Document Id	Title
ORM/OPR/GLO	ORMEX GLOSSARY
SEC/OST/SPR	ORMEX STANDARD PRINCIPLES AND REQUIREMENTS
NA	APPROVED METHODOLOGIES (as Selected by the Project Holder)
SEC/VVB/GTC	VVB GENERAL TERMS AND CONDITIONS
ORM/OPR/OPF	ORMEX PROGRAM FEES

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1 INTRODUCTION

The robustness of the Project's audits is a key objective of the ORMEX STANDARD.

The confidence in the Project, its consistency, transparency, and integrity cannot be achieved without high-quality auditing and verification processes. These processes assess Project's compliance with the conditions of the ORMEX STANDARD and the Selected Methodology.

In a complex and long-term project, the Validation and Verification Body ("VVB") plays a key role in ensuring that the Project is well organized and monitored to meet the requirements of the ORMEX STANDARD. The VVB ensures that the planned Activities, Carbon Balance, and co-benefits impacts (Environmental, Biodiversity and Social) are fully implemented as described in the Project Design Description ("PDD").

This document sets out the requirements that a VVB must comply with to be approved by ORMEX as an Approved VVB and maintain its VVB Role.

This VVB Requirements is part of the ORMEX STANDARD's documentation and complies with the IPCC methods¹ and is aligned² with most of the requirements of the *International Carbon Reduction and Offset Alliance (ICROA)*³ and the *Integrity Council for the Voluntary Carbon Market (IC-VCM)*⁴. It is drafted taking in consideration the Assurance model proposed by the ISEAL Code of Best Practice, the ORMEX STANDARD would like to refer⁵, in particular with regard to the assessment phases.

The VVB requirements are based on the following principles:

- Independence of the VVB from the auditing Project (including adherence to conflict of interest rules and impartiality),
- High-level professional processes, such as accreditation by a member of the International Accreditation Forum (IAF) for ISO 14065 certification or accreditation under the UNFCCC,
- Transparency in terms of organization, management, resources, and internal processes, fully complied with the related requirements as set forth herein, through providing proper information and documentation to ORMEX

To support all the workflows and processes of the ORMEX STANDARD, ORMEX offers VVBs an

¹ IPCC. 2019. 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Geneva, Switzerland. www.ipcc-nggip.iges.or.jp/public/2019rf/index.html

² ORMEX is not endorsed nor elected to those international standard certifications yet

³ ICROA New Standards Endorsement

⁴ High Quality Voluntary Carbon Credits Principles (icvcm.org)

⁵ ORMEX is not endorsed to ISEAL. ORMEX PROGRAM intends to meet voluntarily the ISEAL Code of best practice, Second consultation draft, Consultation open until from 30 May to 31 July 2023

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access to a digital platform accessible at the URL address www.ormex.app, using blockchain technology (ORMEX STANDARD REGISTRATION PLATFORM or Platform). This tool assists them in carrying out the various phases provided for by the ORMEX STANDARD in relation to the Validation and/or Verification Phase under which they are acting. After following the Approval Procedure of the VVBs by the ORMEX STANDARD (section 4), their selection for Validation and/or Verification by the Project Holder, the documentation exchanges between them, and the issuance of its final opinions, reports and certificates (section 6).

The VVBs have to enter into the VVB GENERAL TERMS AND CONDITIONS as set forth in the Section 4.

2 DOCUMENT OVERVIEW AND DEFINITION

Definitions and acronyms that apply to this document are set out in the ORMEX GLOSSARY, in addition with any specific terms defined herein.

Terms in **color**: Means a term defined in the List of Definition.

Sentences *in Italics*: Means definition coming from external sources

LIST OF DEFINITION

term	Definition	Additional Information Definition Sources base
Accreditation	<i>Third-party attestation related to the VVB, conveying formal demonstration of its competences, impartiality and consistent operation in performing specific Assessment activities.</i>	ISO: IEC 17000: 2020
Agriculture Sector	Means the agriculture scope within the AFOLU (Agriculture, Forestry and Other Land Use) sector, as defined by IPCC ⁶	
Agricultural sectors.	Sub- Means the sub-sectors within the Agriculture Sector, as defined by IPCC ¹	The eligible Agricultural Sub-sectors under ORMEX STANDARD are further detailed in the ORMEX STANDARD

⁶ IPCC. 2019. 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Geneva, Switzerland. www.ipcc-nggip.iges.or.jp/public/2019rf/index.html

		PRINCIPLES AND REQUIREMENTS.
Approved VVB	Means the VVB being approved by ORMEX according to the VALIDATION AND VERIFICATION BODIES REQUIREMENTS. (Section 4)	The Approved VVB has to comply with the VVB Role.
Assessment	Means a review of compliance of Project's Holder Project Statements with the ORMEX STANDARD Requirements and Selected Methodologies.	Based on ISEAL Code of Conduct Practice, second draft
Assurance	<i>Means the demonstration that the specified requirements related to the ORMEX STANDARD and Selected Methodology are fulfilled.</i>	ISO: IEC 17000: 2020
Authorized Representative	Means an individual being the legal representative (meaning having the related statutory rights to represent and engage the legal entity) or pursuant an internal effective delegation of authorities.	
Assessor	<p><i>Means a person with the competence to conduct an Assessment.</i></p> <p>The Assessor are employed by the VVB, or being an external employees of a subcontractor appointed by the VVB, acting as an experienced Assessor for the completion of a Validation and/or Verification as set forth in the VALIDATION AND VERIFICATION BODIES REQUIREMENTS.</p>	<p>ISO 9000: 2015</p> <p>Accessors shall comply with the requirements set forth in section 3.5.2. of the VALIDATION AND VERIFICATION BODIES REQUIREMENTS. Same requirements apply to Assessors of a Subcontractors.</p>
Buffer	Means a volume of CO2 eq. used to correct the total volume of Estimated CO2 eq. calculated for the Project, for the purpose of metering inaccuracies or risk events.	The Buffer estimation is determined by the Project Holder through a risks Assessment of the Project.
Business Day	Means any day (other than Saturday or Sunday or any public holiday) on which ordinary banks are open for their full range of normal business where the Project is located	
Calendar Day	Refers to a day not a Business Day	

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Carbon Pools	Means the above-ground biomass, below-ground biomass, litter, dead wood and soil organic carbon.	
Carbon Quantification	Means the CO ₂ volume calculation of the Carbon Removal and the Carbon Reduction	
Carbon Removal	Means the CO ₂ volume as achieved by absorbing CO ₂ from the atmosphere and preventing its entrance to the atmosphere by converting the CO ₂ to a stable storage, which for a long-term prevents the CO ₂ from being released to the atmosphere (removals by Carbon sinks)	
Competency	<i>Means the quality of having sufficient knowledge, judgement, or skill for a particular duty.</i>	ISO 9000:2015
Complaint	<i>Expression of dissatisfaction, other than an appeal, by any person or organization to a scheme owner, assurance provider or oversight body relating to their respective activities, where a response is expected.</i>	ISO/IEC 17000:2020
Conflict of interest	<i>Any circumstance in which the impartiality and professional responsibilities of an individual or organization are, could be or may appear to be compromised. Thus, conflict of interest can be actual, potential, or perceived.</i>	SEAL Code of Good Practice, second draft
Conformity Compliance	Or <i>Demonstration that requirements of a standard are fulfilled.</i>	ISO 9000:2015
Corrective action	<i>An action to eliminate the cause of a non-conformity or another undesirable situation and to prevent recurrence.</i>	
Financial Compensation	Means, in a context of conflict of interest situation, any direct and indirect payment, salary, investment return, or remuneration, as well as gifts or favors. Such Compensation should be considered sufficiently substantial to influence a person's actions or decision.	

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Date of Validation Request	Means the date of the submission of Validation request by the Project Holder.	
Final Opinion	Means the opinion that cannot be modified and issued by the Approved VVB, following the last decision of the Project Holder. (Section 7.8.3.2)	
Financial Interest	Means, in a context of conflict of interest situation, having a direct or indirect business relationship, investment or benefits, entrepreneurial influence (such as owning more than 5% of the holding shares or voting rights, or being a member of an executive board), Financial Compensation arrangement, or a family relationship that has similar Financial Interest.	
Governmental/ Regional Project	Means a Project initiating and dealing by a Public Institution.	
Grouped Project	Means a Project with possibility for several Farmers to be initially identify as Farmer or enter into the Project during the Project Timeline. The Grouped Project can be a framework project with eligibility criteria to comply with for a Participant to be part of it.	A Governmental/Regional Project is a Grouped Project.
Indicators	<i>Quantitative or qualitative factor or variable that provides a simple and reliable means to measure achievement of outcomes, to reflect the changes connected to the Selected Methodology, or to help assess the performance of the Project.</i>	OECD Glossary Key Terms in Evaluation and Results Based Management, 2002
Internal Audit	<i>An Assessment carried out by an organization on itself in order to determine the extent to which specified requirements are fulfilled.</i>	SO/IEC 17000:2020
Methodology	Refers to the description of the Carbon Quantification method and requirements appropriate to a particular scope of project and activities. The Methodology has to be approved by ORMEX to be used under the ORMEX STANDARD.	The approved Methodologies are publicly available in the ORMEX website: www.ormex.io

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The Methodology identifies the Benefits, related Indicators and relevant monitoring requirements.

Monitoring Means the activities performed by the Project Holder as necessary to monitor the Project and its Indicators in compliance with the Selected Methodology and ORMEX STANDARD.

Monitoring Period Means a determined period of time under which the Monitoring is performed and ending with a Monitoring Report issued by the Project Holder. The Monitoring Period is defined in the Selected Methodology. The Monitoring Period in relation with a Past Started Project covers the whole past period at the Project Creation Date.

Monitoring Report Means the report produced at the end of a Monitoring Period in accordance with the ORMEX STANDARD and Selected Methodology, including the status/results of the monitored Indicators. The Monitoring Report can be further detailed in a Project plan. A Monitoring Report has to be provided to the VVB for Monitoring Periods related to a Vintage Period to be Verified by the VVB. The Monitoring Report of a Past Started Project is part of by the PDD documentation.

Non-conformity Or Non-compliance *A requirement identified as non-fulfilled during an Assessment* ISO 9000:2015

Project Certification Means the stage of the ORMEX STANDARD following the Validation Phase. The Project Certification ends with the ORMEX Project Certificate.

Project Design Description (PDD) The PDD identifies and describes with appropriate details the Project and related Activities, as well as among others, the Project location, Project Boundaries, Project Start Date, Project Timeline, Carbon Quantification, ownership, Indicators of measurement, Baseline Scenario and Additionality.

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Project Plan	Means the document that described in the Monitoring organization, calendar, indicators, methods, and resources involved	
Public Institutions	Means country government, its ministries, national/ regional public institutions, or local elected authorities or organization.	
Results	The outputs, outcomes, and impacts resulting from the implementation of a sustainability system.	OECD Glossary Key Terms in Evaluation and Results Based Management, 2002
Safeguard	Refers to the risks management mechanism and relevant tool to identify, monitor, mitigate and prevent adverse effects of the implementation of the Project within its environmental and social ecosystem.	
Validation Validate	<p>Means the independent Assessment of the Project by an Approved VVB appointed by the Project Holder. The Validation determines whether the Project complies with the eligibility requirements and conditions of the ORMEX STANDARD and the Selected Methodology, as well as the robustness and reasonableness of the assumptions and the methods supporting the statements outlined in the PDD.</p> <p>The Validation must be done in accordance with the VALIDATION AND VERIFICATION BODIES REQUIREMENTS and the Validation and/or Verification Services Agreement</p>	
Validation Submission	Refers to the formal demand submitted by the Project Holder to initiate the Validation Phase.	The Validation Request has to be done within the twelve (12) months following the Project Creation Date. Otherwise, the Project status is automatically changed to “on hold”.

Validation Phase	Refers to the stage of the Validation under the ORMEX STANDARD, starting at the Validation Request and ending at the Project Certificate.	
Validation Timeline	Means the appropriate period of time for the completion of the Project Validation by the VVB, agreed between the Project Holder and the Approved VVB in the Validation Services Agreement. The Validation Timeline starts at the agreed start date of the Validation services and ends at the date of the closing meeting.	Specific Validation Timeline is suggested in the VALIDATION AND VERIFICATION BODIES REQUIREMENTS.
Validation/Verification Body (VVB)	Refers to an internationally accredited independent third-party with a high level of expertise on audit activities on GHG statements and Agricultural Carbon Removal practices.	The VVB is an Assurance provider defined by the ISO/IEC 17000:2020
VVB Approval Fees	Means the fees to be paid by the VVB in relation with the Approval Procedure and the VVB Role. The VVB Approval Fees are specified in the ORMEX PROGRAM FEES.	
VVB Approval Procedure	Means the procedure sets out in Section 4	
Validation or Verification Certificate	Means the certificate issued by the Approved VVB sets forth in Section 7.8.3.2	
Validation and/or Verification Services Agreement	Means the agreement signed between the Project Holder and the Approved VVB that set out the terms and conditions of the VVB Services provided by the Approved VVB.	
Validation and/or Verification Final Report	Means the certificate issued by the Approved VVB sets forth in Section 7.8.3.2	
Verification (Verify)	Means a periodic independent evaluation by the VVB of the Carbon Quantification statements occurred during a Vintage Period. The Verification must be done in accordance with the VALIDATION AND VERIFICATION REQUIREMENTS and the Validation and/or Verification Services Agreement.	

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Verification Phase	Means to the stage of the Verification under the ORMEX STANDARD, starting at the Verification Request and ending at the VVB Verification Certificate.	
Verification Submission	Refers to the formal demand submitted by the Project Holder to initiate the Verification Phase.	<p>The Verification Submission has to be done within the month following the end of the Vintage Period.</p> <p>For the Past Started Project, the Verification Submission has to be initiated at the same time of the Validation Phase.</p>
Vintage Period	Means a period of time determined by the Project Holder to be assessed by an Approved VVB to obtain a VVB Verification Certificate.	The Vintage Period can include on or more Monitoring Periods.
VVB Deliverables	Means all documentation to be provided by the Approved VVB to the Project Holder pursuant to the Validation and/or Verification Services Agreement.	
VVB GENERAL TERMS AND CONDITIONS	Means the document SEC/VVB/GTC as amended from time to time.	
Or VVB-GTC		
VVB Services	Means the Validation and/or Verification services to be performed by the Approved VVB pursuant to the Validation and/or Verification Services Agreement.	
VVB Role	Means the meaning given to it in the article "Definitions" of the VVB-GTC.	
VVB Verification Certificate	Refers to the written document issued by the Approved VVB ensuring that the Project achieved the net Carbon Balance (Carbon Benefits) removals by sinks since the Project Start Date of the Project for the relevant Vintage Period, as verified by the Approved VVB.	The VVB Verification Certificate ends the Verification Phase.

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VVB Certificate	Validation	Means the written document issued by the Approved VVB ensuring that the Project is compliant with the ORMEX STANDARD requirements and other conditions.	The VVB Validation Certificate ends the Validation Phase.
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On this document:

- the verb “shall” or “must”⁷ are used to express a mandatory commitments or obligations VVBs (and following the approval by the ORMEX STANDARD, the Approved VVBs) have to comply with. These commitments and obligations are those reflecting or referring of the ISO 14064-3 and/or ORMEX STANDARD.
- The verb “should” is used to indicate that a recognized means of meeting the requirements and obligations of the ISO 14064-3 and/or ORMEX STANDARD, most of the time referring the usual best practices. In some circumstances, it can also express a best effort obligation meaning that the VVB (and following the approval by the ORMEX STANDARD, the Approved VVBs) can meet the requirements or obligations in an equivalent way, but still in connection with professional behaviors that it would have to demonstrate.
- The verb “may” be used to express that the means of implementation of the requirements or obligations is leaves up to VVB (and following the approval by the ORMEX STANDARD, the Approved VVBs) to decide with no recommendation comes from ORMEX STANDARD. In some circumstances, it can also express no commitment or obligation of the VVB, but a possibility to do it leaves up to the VBB’ sole discretion.

⁷ In addition to the ISO 14064-3 that only Means “shall”, ORMEX STANDARD uses “must” with the same level of strength of commitment.

3 ELIGIBILITY CONDITIONS

This section sets out the conditions the VVB shall comply with to be eligible for being approved by ORMEX. Once approved, these conditions must be maintained for the duration of the VVB Role.

3.1 International accreditation

The VVB must obtain full accreditation from the following entities:

- ✓ The UNFCCC CDM executive board, in accordance with the CDM accreditation standard for Designated Operational Entities (DOE), OR
- ✓ An International Accreditation Forum (IAF) member body, in relation to the current edition of ISO 14065 and ISO 14066, OR
- ✓ Any new relevant accreditation system under the UNFCCC,
AND.
- ✓ Any accreditation that may be required for carrying out Carbon Quantification Assessment activities in the jurisdiction where the Project is to be carried out

This international accreditation must be in effect at the date of the submission of the VVB APPLICATION FORM and throughout the Validation and/or Verification Phases, as well as during the submission of the final version of its opinion, Validation and/or Verification Final Report, and associated Validation or Verification Certificate.

ORMEX will ensure that the international accreditation is effective at the time of the VVB's approval decision pursuant to the VVB Approval Procedure outlines in [Section 4](#), and is not suspended or denied during the duration of the VVB Role.

3.2 Sectoral expertise

The ORMEX STANDARD is specifically related to the Agriculture Sector.

Only VVBs meeting one of the following criteria can be eligible for the Approval Procedure:

- i. VVBs that have previously performed Validation or Verification on AFOLU projects related to cropland and have these projects certified (or Carbon Credits registered) under another Carbon Standard Program, OR
- ii. VVBs have previously performed Validation or Verification on AFOLU projects related to forestry under another Carbon Standard Program, OR

- iii. VVB that are in their first Validation or Verification Services on cropland projects not yet certified or registered under another Carbon Standard Program (“ongoing Assessment”),

For criteria ii. and iii. above, the VVBs must comply with the following additional condition:

- The VVBs should be able to demonstrate internal Competencies in the fields of Agricultural Sector. The demonstration should be:
 - o Having at with at least one (1) employed Assessor with (1) year of experience on Validation and/or Verification assessment in Agricultural Sector, OR
 - o having at least one (1) employed Assessor with related education (or an equivalent combination of education and work experience), OR
 - o having scheduled education program in place within the year for its Assessors Team, OR
 - o Any other demonstration that it will be able internally or with the support of subcontractors or external experts Assessors, for providing in a strong professional manner the Validation and/or Verification Services.

The VVBs must also have an appropriate organization to support and audit such sector according to [Section 3.5.1](#).

The VVBs must provide ORMEX STANDARD with the necessary information and documentation to justify the fulfillment of the above conditions.

3.3 Avoidance of Conflicts of interest

A conflict of interest situation can raise significant concerns and undermine confidence in the Project’s integrity and robustness.

The VVB must be an independent party from ORMEX or the Project Holders, with no conflict of interest situation. This means that the VVB, its appointed team of Assessors, and associated management, shall not have a Financial Interest in these entities or their employees.

The VVB should have internal regulation in place to prevent such conflicts of interest situation and explicitly state that it has no litigation regarding this matter. The VVB’s conflict of interest policies should be as restrictive, if not more so, than the conflict of interest rules outlined in the ORMEX CODE OF ETHICS. In the event that the VVB lacks internal conflict of interest rules, it shall comply with the rules set out in the ORMEX CODE OF ETHICS.

Upon entering the VVB GENERAL TERMS AND CONDITIONS, the VVB must conduct its own Assessment of any potential conflict of interests in accordance with the applicable rules mentioned above. The VVB should disclose its conflicts of interest procedure to the Project

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Holder before signing the Validation and/or Verification Services Agreement. During the VVB Role, the Approved VVB shall regularly conduct its own conflict of interest Assessment.

3.4 Impartiality

3.4.1 Avoidance of internal self-review

In addition to the conflict of interest management outlined in Section 3.3, the VVB must have a clear and documented procedure in place to avoid self-review. This means that the VVB cannot provide the Validation and/or Verification Services and consulting services for the same Project Holder on the same project.

3.4.2 Situation of intimidation

The VVB's team must not be in a situation of intimidation with the Project Holder. The VVB shall demonstrate the existence of an internal procedure to prevent such situations and allow staff to escalate and report them to the management.

An internal regulation regarding gifts should be in place and provided to ORMEX STANDARD. In the event that the VVB lacks internal gifts policy, it shall comply with the rules set out in section 2.2 of the ORMEX CODE OF ETHICS (without the last sentence about the recommendation related to the gift amount which is not applicable).

3.4.3 Impartial decision-making

The Validation and Verification Phase shall not be performed by the same Approved VVB (or by an Approved VVB under common control of the Approved VVB that performed the Validation Phase), unless in the following exceptions:

- ✓ the Validation and Verification Phases occur simultaneously
- ✓ the Validation and Verification are conducted within a three-year timeframe.
- ✓ Due to logistical constraints, like *absence of alternative option*⁸, the Project Holder can appoint the same VVB.

In such cases, the Project Holder must justify this exception. The Verification Rapport of the VVB shall identify its involvement on the Validation part. and, when possible, in consideration of the constraints, assign competent Assessors other than the Assessors having performed the Validation.

⁸ ISEAL's possible justified exceptions

3.5 Requirements for performing the auditing role and responsibilities

3.5.1 Organization and structure requirements

The VVB shall provide ORMEX with an overview of its general and management organization, as well as the number of staff resources dedicated to Validation and Verification Services. It must demonstrate how its organization is well-established to perform Validation or Verification Services worldwide. Additionally, the VVB shall detail the countries where it operates directly, has a group entity or branch offices to operate, or engages subcontractors.

3.5.2 Determination of involved resources

The VVB shall demonstrate the proper Competencies of the team appointed to perform audits and explain how appropriate Competencies are selected to complete the scope of works for the Validation and/or Verification Services within an appropriate timeframe proposed to the Project Holder for the Validation or Verification Phases.

The VVB should be certified or compliant with ISO 14066, which details the Competency requirements for GHG Validation and Verification teams, or can demonstrate that it has started or scheduled to start the certification procedure in the following year. Even if the VVB has not obtain the ISO 14066 certification yet, it is required of the VVB to apply the requirements of the ISO 14066. This will be assessed during the regular VVB Performance Audit according to [Section 8.2.1](#)

When signing the Validation/Verification Services Agreement with the Project Holder, the Approved VVB must commit to determining the appropriate team capable of delivering the Validation and/or the Verification Services and associated deliverables in a professional manner, adhering to the scope of works and contractual timelines.

Every three (3) years, as part of the Approved VVB performance audit performed by the oversight organization appointed by the ORMEX STANDARD ([section 8.2.1](#)), the Approved VVB must demonstrate its Competence Internal Assessment program or oversight third-party bodies (including the one used by its Subcontractors and its control of these requirements performed against them).

3.5.3 Clear and well-known auditing processes

The VVB must provide internal procedures that clearly describe its auditing processes and demonstrate that these auditing processes are fully documented and well-known to both managers and staff.

The VVB shall also detail the training programs regularly offered to its management and staff.

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3.5.4 Risks and liability management

. The VVB must provide a detailed explanation of its internal process and escalation models related to risks and liability management, as well as its internal system for audit monitoring and reviews.

When approved by ORMEX STANDARD, the Approval VVB must conduct annual Internal Audits of its performance relative to the Validation and/or Verification Assessments performed under its VVB Role, and share the Results of these internal Audits and how any findings were addressed with ORMEX STANDARD.

3.5.5 Clear public grievance procedure

The VVB should have a grievance principle in place for its clients to Complain or appeal their assessment decisions. This Grievance Procedure should be:

- ✓ a publicly available procedure, OR
- ✓ a usual contractual provision used in its standard contract signed with Project Holders, OR
- ✓ an email contact to receive and appropriately answer and treat any complaints

4 VVB APPROVAL PROCEDURES

This section sets out the procedure that the VVB must follow to obtain approval from ORMEX STANDARD, acquire and retain the VVB Role. (“the Approval Procedure”).

4.1 VVB Approval procedure

4.1.1 VVB Application Form

To apply for the Approved VVB status, VVBs must submit the VVB APPLICATION FORM and sign the VVB GENERAL TERMS AND CONDITIONS.

The VVB must send an email to contact@ormex.org to receive these documents. The email must include clear identification of the VVB organization’s name, relevant contact information for the Approval Procedure, and a short explanation of its motivation to be approved under the ORMEX STANDARD.

The VVB is required to fill out the VVB APPLICATION FORM with all necessary information, provide related documents, and sign it with the VVB GENERAL TERMS AND CONDITIONS.

These documents must be signed by an Authorized Representative of the VVB organization. If the signatory is not the statutory legal representative of the VVB organization, the VVB must

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provide a proper delegation of authority that clearly states the individual's ability to bind the VVB's organization by signing the VVB GENERAL TERMS AND CONDITIONS.

Once the VVB has completed all the requested information, provided related documents, and signed the documents, they must send them back to the ORMEX STANDARD using this email address contact@ormex.org.

By signing the VVB APPLICATION FORM and the VVB GENERAL TERMS AND CONDITIONS, the VVB confirms its formal demand to initiate the Approval Procedure, is irrevocably committed to enter into the Approval Procedure and agrees to pay to ORMEX Approval Services necessary for ORMEX STANDARD to start the analyzing the information and documentation provided and to communicate its related decision (Section 4.1.2).

The VVB must have the VVB APPLICATION FORM and the VVB GENERAL TERMS AND CONDITIONS signed by an Authorized Representative of the VVB organization.

Once the full payment is received, the VVB Approval demand is analyzed by ORMEX STANDARD, which reviews the information and documents provided related to the eligibility requirements. If necessary, the VVB may be required to attend a meeting to answer any questions raised by ORMEX STANDARD and/or present the VVB's activities, organizations and Competencies.

The VVB may also be asked by the ORMEX STANDARD for additional information and documents, which must be provided within the specified time frame. If the VVB fails to respond within fifteen (15) calendar days following the first reminder notification sent by ORMEX STANDARD, ORMEX STANDARD can decide to terminate the VVB Approval Procedure or agree on a time extension, at its sole discretion.

4.1.2 Approval decision

ORMEX STANDARD decides on the approval of the VVB at ORMEX's sole discretion and without liability.

Once the decision is made, ORMEX STANDARD informs the VVB.

The notification of the ORMEX STANDARD Approval decision is conditional upon the signing of the VVB GENERAL TERMS AND CONDITIONS, and payment of the relevant VVB Approval Fees outline in the Section 4.1.1.

In accordance with the VVB GENERAL TERMS AND CONDITIONS, the VVB agrees to pay the VVB Approval Fees as specified in the ORMEX PROGRAM FEES. This will allow the VVB organization to be publicly identified as an Approved VVB in the ORMEX STANDARD REGISTRY PLATFORM and to use this status for the duration of the VVB Role.

To formalize its Approval or rejection, ORMEX STANDARD files and signs the dedicated field in the VVB APPLICATION FORM and sends the form back by email to the VVB.

Without the ORMEX's Approval notification, VVBs are not authorized to provide Validation or the Verification Services to Project Holders.

4.2 Confidentiality

The VVB (and the Approved VVB) shall comply with the confidentiality requirements set out in the VVB GENERAL TERMS AND CONDITIONS.

4.3 Duration of the VVB Role

The document VVB GENERAL TERMS AND CONDITIONS gives further information about the VVB Role.

The duration of the VVB Role is tied to the duration of VVB's international accreditation, as the VVB Role terminates with the terms of the VVB's international accreditation. If an Approved VVB wishes to continue in the VVB Role, it must initiate a new VVB Approval Procedure to renew its status at least three (3) months before the expiration of its VVB Role specified in the signed VVB APPLICATION FORM. During the renewal period, the VVB Role is suspended.

If VVB's internal accreditation under which ORMEX based its approval is terminated, denied or suspended due to any reason, the Approved VVB must no longer claim its Approved VVB status.

If the Approved VVB breaches its obligations or warranties pursuant to its VVB Role according to the VVB GENERAL TERMS AND CONDITIONS, or fails to provide Validation or Verification Services, ORMEX may terminate its approval.

The VVB GENERAL TERMS AND CONDITIONS govern the termination or suspension of the VVB Role.

5 APPOINTMENT OF THE APPROVED VVB BY THE PROJECT HOLDER

5.1 Appointment process

The Project Holder must select an Approved VVB from the list of proposed VVBs based on the project's sectors and geographical area. ORMEX cannot be held liable for this decision. The selection is entirely the Project Holder's own choice and responsibility.

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ORMEX STANDARD REGISTRY PLATFORM does not allow for Project certification and Carbon Credits Issuance without following a step by step process proposed to the Project Holder, with a clear completion status of the previous step.

For every Approved VVB proposed to the Project Holder, the Project Holder has visibility regarding the VVB contact information.

The Approved VVB can only be appointed by the Project Holder for Validation and/or verification Services for Project falling within its accredited and approved sectoral scope(s). If the Project falls within multiple sectoral scopes, the Approved VVB must have accreditation and approval for all relevant sectoral scopes.

ORMEX is not a party to the Validation and/or Services Agreement and therefore cannot assume any responsibility under it. Once receiving the “*Submission for Validation*” Request, the Approved VVB should enter into contact with the Project Holder within five (5) Calendar Days.

5.2 Validation or Verification Services Agreement

The Approved VVB cannot start the Validation and/or the Verification Services without being notified by a Validation or a Verification Request, as the case may be.

The Approved VVB must act with professional manners when negotiating with the Project Holder to reach an agreement on the Validation and/or Verification Services and have the related agreement signed within a reasonable time.

Considering, the Validation or Verification Phase must be completed within six (6) months starting from the Validation or Verification Request, the ORMEX STANDARD suggests that the Project Holder and the selected Approved VVB enter into a Validation and/or Verification Services Agreement within one (1) month of Validation Request or the Verification Request as a maximum.

This Validation and/or Verification Services Agreement should cover the following topics:

- **Objectives of Services:** Clearly define whether the services provided will be Validation, Verification, or both if conducted simultaneously)
- **Services scope of works:** Specify the scope of work for the Validation and/or Verification Services, along with the related Deliverables to be provided by the Approved VVB to the Project Holder. This includes:
 - o Validation and/or Verification Reports and opinions,
 - o VVB Validation and/or Verification VVB Certificate in the case of positive Final Opinion

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- **VVB organization and resources appointed:** Provide information about the organization and resources assigned by the Approved VVB to carry out the Validation and/or the Verification Services
- **Assurance level and the Materiality Threshold** which determine the assurance level and materiality threshold for the Validation or Verification assessment according to the Section 6.1.8.
- **ORMEX's rights:** Clarify the ORMEX's rights to use and make publicly available of the Deliverables produce by the Approved VVB, set out in the VVB GENERAL TERMS AND CONDITIONS.

6 VVB ROLE AND RESPONSIBILITIES

6.1 General principles

According to the ORMEX STANDARD PRINCIPLES AND REQUIREMENTS, all Projects shall be audited by an Approved VVB.

The main role and responsibilities of the Approved VVB include:

- ✓ **Project design Assessment (Validation):** Assessing the design of the Project, including the Estimated Carbon Quantification, the objectives related to High-Integrity Environmental, Biodiversity and Social outcomes, and compliance with the Selected Methodology and ORMEX STANDARD rules, (Section 6.2.3)
- ✓ **Project performance Assessment:** Evaluating the Project's performance, including Carbon Quantification performance,
- ✓ **Project High Integrity Environmental, Biodiversity and social performance Assessment (not applicable for past Vintage periods):** Evaluating Indicators and Results related to High-Integrity Environmental, Biodiversity and Social outcomes, and compliance with the Monitoring and risk management rules set forth in the Selected Methodology and the ORMEX STANDARD, (Section 6.2.4)
- ✓ **Methodology Assessment** (if requested by ORMEX): Evaluating Methodology elements.

The Approved VVB is expected to follow the fundamental five principles outlined by ISO 14064-3 as summarized below. Additionally, there are specific conditions that govern the Validation and Verification detailed below.

6.1.1 Impartiality

The Approved VVB must provide Validation and/or Verification Services with complete impartiality, and take appropriate measures to prevent and avoid any situations that could lead to partiality. If any partiality situations are discovered, internally escalated, or if a high-probability of risk occurrence is identified by the risk management procedure, the Approved VVB must inform ORMEX STANDARD promptly and provide all information on measures taken to solve the situation in a timely manner.

If ORMEX becomes aware of any situation that could impact the impartiality of the Validation and/or Verification, it may initiate a meeting with the Project Holder and the Approved VVB, and decide to suspend or terminate the VVB Role at its sole discretion without liability.

6.1.2 Evidence-Based approach

The Assessment methods and audit plan used by the Approved VVB must be based on sufficient and appropriate evidence to ensure reliability. The Assessment methods and plan must be rational to reach reproducible conclusions.

6.1.3 Fair presentation

The Approved VVB must conduct Assessment activities, determine and report findings, and conclusions truthfully and fairly, and provide all other deliverables as required. Significant obstacles, discrepancies, or any other major situations or events impacting the implementation of the Assessment plan by the Approved VVB must be reported in the VVB Validation and/or Verification Report.

6.1.4 Documentation

The Approved VVB conclusion, including its Final Opinion and related Final Validation and/or Verification Reports, must be established based on documentation. The Compliance Assessment must rely on documentation as well.

6.1.5 Conservativeness approach

The Approved VVB shall apply the principle of conservativeness to every situation where data, values or assumptions are used. When alternative options are possible, the Approved VVB shall choose the most *cautiously moderate one*⁹ to avoid as much as possible overestimation in Carbon Quantification.

Any chosen options must be appropriately justified.

⁹ ISO-14064-3

6.1.6 Uncertainty and Risk buffer

6.1.6.1 Uncertainty

The Approved VVB shall carefully assess the assumptions governing the uncertainty associated with the reliability of the Carbon Quantification as specified within the Selected Methodology.

6.1.6.2 Risk Buffer

In addition to the Uncertainty, the risks inventory and management implemented for the Project, and related assumptions, such as those related to the Buffer, must also be analyzed by the Approved VVB. The VVB shall evaluate the relevance, accuracy and completeness of the risk analysis table, and (if applicable – Section 6.1.7) including the environmental and social safeguards principles and requirements. The approved VVB should assess the organization's ability to periodically analyze and update the risk analysis table, and identifying how the grievance situation is monitored and interacts with the risk analysis assumptions.

When necessary, the Approved VVB must propose an adjustment of the Carbon Quantification or the Risk Buffer to cover unanalyzed situations or to apply a better conservativeness approach.

6.1.7 High-Integrity Environmental, Biodiversity and Social Co-benefits

The objectives and assumption regarding the High-Integrity Environmental, Biodiversity, and Social Co-benefits, as well as the risk analysis done by the Project Holder, must also be assessed. The Approved VVB must propose adjustments of the assumptions and related Indicators targets to apply a better conservativeness approach.

This assessment is not applicable for past Vintage Periods (Vintage Periods before the Project Creation Date). If the Project Holder has data that can be used to identify the baseline scenario of these co-benefits specified in the PDD and under which the Project Holder is committed to Monitor, the Project Holder and the VVB can agree to assess the indicators results related to Verification scope.

For future Vintage Periods (Vintage Periods following the Project Creation Date), the verification assessment of High-Integrity Environmental, Biodiversity and Social Co-benefits shall be carried out in accordance with the relevant Selected Methodology.

6.1.8 Materiality Assessment and reasonable level of assurance

The Assessment process acknowledges the possibility of errors, misrepresentations and omissions when designing and implementing the Project. Therefore, the associated Carbon Quantification may be materially overestimated.

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In addition to the conservatism approach mentioned in [Section 6.1.1](#), a materiality plan and Assessment, as well as, an assurance level, must be considered to limit overestimation and ensure a robust Carbon Quantification.

The confidence of the audit phases is based on the Approved VVB's ability to identify errors or other misunderstandings that materially affect the Carbon Quantification. The Approved VVB must control all relevant and sufficient data as per a risks Assessment. The [Section 7](#) outlines the requirements for a rigorous audit.

6.1.9 Completeness

The Approved VVB shall assess the completeness of the Carbon Quantification, in particularly analyzing the Leakage assumptions used by the Project Holder pursuant to the Selected Methodology. The method for addressing Leakage is part of the Selected Methodology, and the Approved VVB shall analyze whether Leakage assumptions are complete, accurate, and well-quantified. If necessary, the Approved VVB can Means appropriate sources and data for comparison.

Regarding Leakage to be quantified pursuant to the Selected Methodology (if any), the Approved VVBs must assess if the Project has accounted for any Leakage considered to be significant (ie, greater than the de minimis threshold of **five percent (5%)** of total Carbon Balance). The VVB shall Means the Selected Methodology to identify the Leakage assumptions to be taken in consideration by the Project Holder, if any.

6.2 Pre-engagement, Validation and Verification Process

6.2.1 General process overview

The Approved VVB shall implement the following main steps for the completion of the Validation or Verification as outlined in the ISO 14064-3,

- ✓ Pre-engagement activities
- ✓ Selection of the appropriate teams
- ✓ Validation and/or Verification planning
- ✓ Execution of the Validation and/or Verification activities
- ✓ Completion of the Validation and/or Verification activities
- ✓ Independent review
- ✓ Issuance of the Approved VVB Opinion and the Validation and/or Verification Reports

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The Approved VVB has the right to request disclosure of any information and documentation deemed necessary for the Assessment of the requirements and conditions that must be complied with by the Project in accordance with ORMEX STANDARD and the Selected Methodology.

6.2.2 Pre-engagement activities

6.2.2.1 Pre-engagement activities for Validation

When entering into the Validation Services Agreement, pre-engagement activities have to be done by the Approved VVB.

The Approved VVB must verify:

- ✓ that the Selected Methodology used by the Project Holder is the latest effective version available (meaning there is no revised version between the Project Creation Date and the “*Submission for Validation*” Request received) and is appropriate to the scope of the Project,
- ✓ the Project is not “On-Hold” or “Achieved” status,
- ✓ The Validation Timeline proposed for the completion of the Validation Services can be achieved without delay and needs to be consistent with the Project Start Date and the maximum time for the completion of Validation Phase outlines in the [ORMEX STANDARD PRINCIPLES AND REQUIREMENTS](#).

As a professional entity, the Approved VVB shall inform and advise the Project Holder of any inconsistencies, errors or misunderstandings to ensure that the Project Holder is well aware of the Validation Services, the Selected Methodology inputs/outputs, and the Validation process.

All above items are part of the VVB Validation Final Report and shall be filed with sufficient and proper details, documentation references if any.

6.2.2.2 Pre-engagement activities for Verification

When entering into a Verification Services Agreement, the following pre-engagement activities have to be done by the Approved VVB.

The Approved VVB shall verify;

- ✓ that the Project is not at “On-Hold” or “Achieved” status,
- ✓ that the Carbon Verified Credits to be verified were not already issued pursuant to another Carbon Standard Program
- ✓ The Validation Timeline proposed for the completion of the Verification Services can be achieved without delay and in consistent with the maximum time for the completion of Verification Phase outlines in the [ORMEX STANDARD PRINCIPLES AND](#)

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REQUIREMENTS.

As a professional entity, the Approved VVB shall inform and advise the Project Holder of any inconsistencies, errors or misunderstandings to ensure that the Project Holder is well aware of the Verification Services, the Verification Plan inputs/outputs, and the Verification process.

All above items are part of the VVB Verification Report and shall be filed with sufficient and proper details, and documentation references if any.

6.2.3 Validation Process

6.2.3.1 General Validation Requirements

During the Validation Phase, the Approved VVB is required to implement the Validation process and follow guidance outlined in ISO 14064-3 to ascertain the validity and reasonableness of the assumptions, limitations, and methods used to support assertions about the outcomes of the past or future Activities. If a project plan is developed by the Project Holder, the Approved VVB must validate it.

The Approved VVB has been assigned specific Assessment topics and associated responsibilities, which include:

- ✓ **Project Participants identification:** Ensuring the accuracy of the Project Holder's information and other Project Participant' identification and associated evidenced documentation provided by the Project Holder according to the **ORMEX STANDARD PRINCIPLES AND REQUIREMENTS**,
- ✓ **Credits Carbon Claims:** Ensuring the accuracy of the Project Holder's legal or contractual base of its rights to claim Carbon Credits, according to the **ORMEX STANDARD PRINCIPLES AND REQUIREMENTS**
- ✓ **, Rights to operate the Activities:** Ensuring the accuracy of rights for the Farmers to operate the Activities because of being Land Owners or having the proper rights to operate the Activities on the Lands,
- ✓ **Land ownership, rights to operate the Activities, or to be eligible to enter into a Grouped Project or a Governmental/Regional Project:** In consideration of the Segmentation of the Project, ensuring the accuracy of (i) Land ownership and the legal status evidence, and/or (ii) the proper rights for the Farmers to operate the Activities on the Land, and/or the Farmer eligibility conditions to inter into a Group Project or a Governmental/Regional Project.
- ✓ **PDD :** Verifying the clarity, completeness and consistency of the Project description and assumptions, stated in the PDD and related documents, and the compliance of the Project description and statements with the eligibility requirements under the **ORMEX STANDARD**, like verifying project Start Date evidence (past-Start Date) or its realistic assumptions (Future Start Date),

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- ✓ **Project Boundaries:** Reviewing the Project Boundaries (geographical, Project Timeline, Crediting Period, and carbon sources)

Selected Methodology: Confirming the consistency and compliancy of the Project with the Selected Methodology and associated conditions, such as without limitation, the Baseline Scenario assumptions and quantification, the Baseline and Project Scenario equivalence principle, the Additionality assumptions, and if necessary, identifying any proposed improvements of the Selected Methodology, and confirming that the Project Holder's demonstration of such proposal triggers a stronger accuracy without negatively impact on the conservativeness principle. The Approved VVB shall determine if the proposal is appropriately described, documented and justified,

- ✓ **Monitoring organization:** Reviewing the description of the Monitoring rules, the organization about the collection and centralization of the data related to Grouped Project or Governmental/Regional Project, and the applicable Buffer, and that there are efficient controls in place to document the statistics and/or non-statistic inventory approach and measurement method,
- ✓ **Estimated Carbon Quantification:** Confirming the consistency and the completeness of the Carbon Quantification estimation, its robustness, the application of the conservativeness principles, the related uncertainty assumptions and risk Buffer to cover identified non-permanent risks, the consistency of the safeguard and risks management measures intended to apply, and if applicable pursuant to the Selected Methodology, ensuring the completeness of Leakage assumptions,
- ✓ **Public Consultation:** Confirming the public consultation activities,

The Approved VVB shall identify the audit team and associated competences, the documentation sources consulted. It shall describe the Validation process performed, including information about the number of site visits and Coordinating Stakeholders and Project Holders meetings, and describe the organization and the tools of the auditing phase, and any concerns occurring during the Validation.

All of the above items shall be included in the VVB Validation Final Report and documented in sufficient detail, with any related documentation reference.

6.2.4 Verification Process

6.2.4.1 General Verification Requirements

The ORMEX STANDARD REGISTRY PLATFORM does not permit the issuance of V-ACORs if successful VVB final conclusion is not completed, as evidenced by the issuance of the VVB Verification Certificate which determines the volume of V-ACORs authorized to be issued as verified by the VVB.

The scope of the Assessment during the Verification is outlined in the Verification Services Agreement and is tied to the implementation period of the Activities leading up to the requested Verification Start Date by the Project Holder. (“the Scope of the Verification”)

During the Verification, the Approved VVB must implement the Verification process and guidance outlined in ISO 14064-3 to ascertain if the Project Holder’s statement on historical data and information is materially accurate and aligns with the relevant criteria and requirements.

The Approved VVB has been assigned specific Assessment topics and associated responsibilities, which include:

- ✓ **Project implementation step:** Should the Approved VVB discover that the Project (i) was not initiated on the proposed Start Date and has been inactive for over twelve (12) months, it shall alert ORMEX STANDARD without delay and gives a clear opinion about the situation and the reasons for the delay according to the Project Holder. The Approved VVB may suggest deferring the Start Date to a later date as agreed upon with the Project Holder. ORMEX STANDARD may, at its sole discretion and without liability, decide to refuse the new start date and put the Project on “*on-hold status*” while suspending the Verification Phase,
- ✓ **Activities:** Identifying any Project deviation activities compared to the PDD description. The deviations shall provide details and justification of the deviations on the Monitoring Report. The Approved VVB must determine if relevant deviations materially impact the Project’s eligibility, Methodology, Baseline, and Additionality assumptions as detailed in the PDD. The Approved VVB can use the *CDM Guidance*¹⁰. If there is a significant impact on the applicability of the Selected Methodology, the Baseline Scenario or the Additionality, the PDD must be revised. The VVB shall clearly identify the magnitude of the materiality of such deviations,
- ✓ **Risk management:** Reviewing the risk management and Internal Assessment periodically performed by the Project Holder during the Monitoring periods related to Verification, and the non-permanence risks status compared to the Risk Buffer applied,
- ✓ **Carbon Quantification:** Verifying the accuracy of the Carbon Quantification for the Vintage Period to be Verified. The VVB shall provide a clear opinion about the number of V-ACORs authorized to be issued according to its view, with relevant justification or any material discrepancies discovered,

¹⁰ CDM Guidelines on Assessment of different types of changes from the project activity as described in the registered PDD, CDM – Executive Board, EB 48 Report Annex 67

- ✓ **Surface modification:** (For Grouped Project or Governmental/Regional Project) Verifying the monitoring of the modification of the surface in relation with new Farmers entering into/leaving the Project,
- ✓ **Risk Buffer:** confirming the status about new areas being part of the Project and the application of an additional Buffer or transfer from buffer to the Estimated Carbone Quantification,
- ✓ **High-integrity Environmental, Biodiversity and Social Indicators (future Vintage Period only):** Examining the related Indicators and Results and providing a clear opinion on any targets reached,
- ✓ **Monitoring:** Assessing the deviation of the Monitoring practices compared to the Monitoring Plan, (the Monitoring Plan is not required for the past Vintage Period), identified the consistency of the Monitoring report and results (including the sampling approach documentation and measurement method done in compliance with the Methodology and Monitoring Plan).
- ✓ **Data collection:** Checking the accuracy and quality of the data collected,
- ✓ **Risk Management:** identifying and qualifying any the risks situations.

The Approved VVB shall describe the Verification process performed (with an associated description, in particular without limitation, in relation to means, organization and resources involved), including information about the number of site visits, stakeholders and Project Holders meetings, and describe the organization and the tools of the auditing phase, and any concerns occurring during the Verification.

The VVB has the right to require disclosure of any information and documentation as it deems necessary for the Assessment of any requirements and principles to be complied by the Project pursuant the ORMEX STANDARD and the selected Methodology.

All of the above items shall be included in the VVB Verification Final Report and documented in sufficient detail, with any related documentation reference.

7 ASSURANCE LEVEL REQUIREMENTS

The Approved VVB shall comply with the following requirements when providing the Validation and/or Verification Services. These Requirements cannot be negotiated with the Project Holder.

7.1 Application of the strongest type of assurance

Pursuant to the ORMEX STANDARD, the degree of confidence associated in respect to material errors, omissions and misrepresentations to apply is a reasonable assurance–strongest type of assurance, meaning a “**high**” (commonly not less than 95% confidence) or “**positive**” assurance only, for both Validation and Verification.

7.2 Project’s processes and organization

The Approved VVB shall assess:

- ✓ **The Project’s policies and/or processes:** The Approved VVB shall control that Project’s policies/processes are in place for the Monitoring and are well known by the persons involved on these policies, in particular the risks management procedure.
- ✓ **The Project organization:** The Approved VVB shall control with appropriate interviews if the persons involved on the processes have a clear understanding of their roles and responsibilities. Roles and responsibilities have to be clearly assigned to individuals, not only to organization. There should be no confusion of roles and responsibilities.
- ✓ **The Project’s methods** applied for establish competencies in personnel allocated to the Project, with their allocation of time.

7.3 Site visits

It is required to the Approved VVB to perform, at least:

- ✓ one physical visit (meaning a visit to at least 10 different Areas within a Zone (particularly those associated with at least one site category in the case of implementation of any Areas categorization within the Zone), AND
- ✓ one physical meeting with the Project Holder, AND
- ✓ one physical interview with Coordinating Stakeholders and Farmers, as deems appropriate

Regardless the above requirements, the Approved VVB holds sole responsibility to:

- ✓ identify any additional meetings and visits it deems necessary to comply with its roles and responsibilities (section 6) and with the assurance requirements (section 7), AND
- ✓ identify and request more information and documentations as necessary.

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7.4 Evidence-gathering activities

7.4.1 Risks Assessment

The Approved VVB must apply a risk Assessment method in compliance with the ISO 14064-3 methods and guidelines.

To do so, the Approved VVB must:

- ✓ Clearly understand the nature, scale and complexity of the Project
- ✓ Identify the key reporting risks
- ✓ Fully understand the control system in place to manage the Project risks.
- ✓ Identify accurate areas of residual risks

The risks Assessment method used by the Approved VVB must be detailed in the Validation and/or the Verification Reports.

The Approved VVB must use a statistical or non-statistical method based on the risks Assessment results. Evidence-gathering activities should only be performed on the residual risks.

7.4.2 Statistical and non-statistical methods

The Approved VVB may utilize statistical methods to perform evidence gathering activities related to Validation or Verification audits, particularly for complex, large-scale Projects, Grouped Projects or Governmental/Regional Project.

The Approved VVB must comply with appropriate guidelines set out in ISO 14064-3.

The Validation/Verification plan indicated on the VVB Validation/Verification Report shall mention the sampling plan related to Assessment, including the description of the sampling approach used, evidence-gathering methods implemented, and testing method. The VVB must explain the justification of its choice.

7.4.2.1 Statistical methods

The following statistical methods should be applied by the Approved VVB:

- **Random selection:** evidence materials are selected with an equal chance
- **Systematic selection:** the evidence materials are selected based on a numerical or spatial regularity
- **Stratified sampling:** evidences are from categorized groups (i.e. groups are determined using common identified characteristics, and samples are selected

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Within each categorized group using a random II or a systematic selection. The required reliability (precision and confidence of the sampling method used) should have small margins of error: maximum: +/- 10%)

The sampling method may be used to access compliance with the ORMEX STANDARD, validity of the DDP's assumptions and statements. The purpose of sampling is to obtain unbiased and reliable estimates of the mean value of parameters used in the calculations of Carbon Quantification.

For Grouped Project and Governmental/Regional Project, a group survey based on categorized Projects (by Zones or in relation to Project homogeneities), is usually recognized applicable, provided the required reliability is a maximum of +/-5%;¹⁴ The Approved VVB should implement a Stratified sampling following the categorization used by the Project Holder.

7.4.2.2 Non-statistical methods

The Approved VVB should use non-statistical methods, when appropriate, such as:

- **Convenience selection:** the evidence is only selected if it can be accessed easily and conveniently
- **Quota selection:** a specific number of units (quotas) are selected for various categories
- **Purpose selection:** the evidence is chosen for a specific reason

7.4.3 Verification of the evidences

When verifying the collected evidence, the Approved VVB must identify if the evidence is sufficient, appropriate, reliable, and relevant.

The Approved VVB shall prioritize the collected evidences using, in that order of priority, “**direct and personal knowledge**” (meaning obtained through physical observation and/or own mathematical computations), “**documentary evidence**” (meaning originated outside the Project's data processing system but has been received and processed by the Project Holder), and “**internal evidence**” (meaning through documents produced, circulated, and stored within the Project Holder's information system).

If “**spoken and written representations**” are used, the Approved VVB must explain why higher types of evidences cannot be used. The “spoken and written representations” evidence must be corroborated by other types of evidence.

¹¹ The VVB may use the sampling-related requirements pertaining to validation and verification, including the sampling approach, pursuant to CDM, CDM-EB50-A30-STAN version 09.0 (applicable for random errors only)

7.5 Data controls

7.5.1 Baseline scenario and additionality data

Except otherwise stated in the Selected Methodology, ORMEX STANDARD used a combined approach to identify the Baseline Scenario and the Additionality. The Approved VVB shall follow the same rules and the step-by-step method as set out in the Additionality Demonstration document, except otherwise specified in the Methodology. Each step has to be assessed by analyzing the assumptions used, the sources, the objectives evidences provided. The Methodology can propose a zero Baseline method.

In the event of any insufficient evidences, the Approved VVB shall initiate some deeper control which have to be described in the VVB Validation/Verification Final Report.

In the event of large Areas Project, Grouped Project or Governmental/Regional Project, the Approved VVB is allowed to use statistic methods as set out in [Section 7.4.2](#). The statistic methods used have to be described in the Validation and/or the Verification Final Report.

7.5.2 Data collection

The Approved VVB must identify the appropriateness of the data inputs and calculation parameters.

The Approved VVB must identify if the data collected during the Monitoring Period are complete, consistent, accurate, and relevant. The data collection by the Project Holder must be transparent and done on a conservativeness approach.

All uncertainties arising from different data sources have to be identified.

If the Project is a **Grouped Project** or a **Governmental/Regional Project**, the Approved VVB must identify whether different sources of data are used in relation to specific Areas within the Zone, and why.

7.6 Approval and amendments on Assessment plans

All the Assessment plans drafted by the Approved VVB to conduct the Assessment activities have to be approved by the team leader of the appointed team and countersigned by the manager of the team leader. Same apply for any changes in the plans.

7.7 Findings and Materiality thresholds

7.7.1 Findings

7.7.1.1 Minor discrepancies

A minor discrepancy is a discrepancy that can be easily fixed and that the Project Holder can attempt to resolve during the ongoing Validation or Verification.

The Approved VVB shall inform the Project Holder of any minor discrepancies when identified, or on a regular basis agreed with the Project Holder.

7.7.1.2 Major discrepancies

A material discrepancy is a discrepancy that has a major impact (hereafter “the Material discrepancies”). The Approved VVB shall identify the Material discrepancies, which can be qualitative or quantitative.

In addition to the Materiality Threshold inputs, the Approved VVB shall identify any other situation that can be considered to have a major impact on the Project implementation regardless of the scope of Assessment of the Approved VVB.

When discovered during the Assessment, the Approved VVB shall inform the Project Holder for trying to have them resolved within an agreed timeframe.

In the event of major discrepancies, a clear identification of the impacts on the Carbon Quantification (if any) and the timeframe for the Project Holder to update the PDD accordingly shall be provided along with a schedule of the new Assessment of the default items to be performed.

All major discrepancies that are not resolved within the timeframe must be mentioned in the Validation or Verification Final Report.

7.7.1.3 Materiality Threshold

The Materiality Threshold is used to determine the errors, omissions or misrepresentations level of impact on the Carbon Quantification. The Approved VVB must apply the Materiality Threshold to identify how the Project Holder’s statements will be affected by the Assessment process and be identified Compliant. The Materiality Threshold includes qualitative and quantitative materiality.

The Approved VVB shall provide a clear opinion on the materiality of these discrepancies.

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Materiality plan: Conducting the Materiality plan and threshold. the Approved VVB can use the CDM Guidance about Materiality.¹² And have to take in consideration the following inputs:

- ✓ **Discrepancy impacting the eligibility of the Project and Validation:**
 - A failure to conform to any Eligibility Requirements and principles of the ORMEX STANDARD and the selected Methodology must be viewed as a Material discrepancy that needs to be corrected in due time (if applicable) and the VVB shall inform immediately the Project Holder and ORMEX.
 - The Validation or the Verification Phase is postponed until the concern is solved by the Project Holder. If the concern is not solved within a proper time, then the Validation ended and the Project puts “*Rejected*”.
- ✓ **Discrepancy between PDD and the implemented Project**
 - If there are inconsistencies between the Project description, Carbon Quantification, or other requirements and the implemented Project, the Approved VVB shall apply a materiality threshold to determine if they are major discrepancies.

If the discrepancies are immaterial, or there is sufficient explanation and justification provided, the Approved VVB must finalize the Verification and note the discrepancies in the “schedule of Verification procedures and findings”.

- ✓ **Validation or Verification:**
 - The threshold for Materiality with respect to the aggregate of errors, omissions and misrepresentations relative to the total reported Carbon Balance Quantification Reductions and/or Removals shall be **five percent** for Projects (and **one percent** for Grouped Projects or Governmental/Regional Projects).
- ✓ **Grouped or Governmental/Regional Projects:**
 - If, the Approved VVB defines consequences for non-conformities (whether Material or not) detected at the level of individual group members, it must ensure that non-conformities are issued against the group as a whole when there it can identify a systemic problem with the group's internal management and organization. The non-conformity can be seen as a “systemic failure”.

¹² CDM, Guideline on the application of materiality in verifications, Ver02.0 CDM-EB69-A06-GUID

7.8 Closing of the Validation or Verification

7.8.1 Closing meeting

When issuing its pre-opinion and pre-report at the end of the agreed correction timeframe, regardless of whether there are any major discrepancies that remain uncorrected, the Approved VVB shall duly inform the Project Holder of the discrepancies and schedule the closing meeting.

During the closing meeting, which can be held either in person or via videoconference, the VVB will summarize the Validation and/or Verification Phase, discuss any remaining discrepancies with the Project Holder, and inform the Project Holder of its pre-opinions and pre-report.

If applicable, the Approved VVB and the Project Holder may agree on a new timeframe to resolve any major discrepancies still not remain uncorrected. The Project Holder or the Approved VVB shall inform ORMEX about the situation.

7.8.2 Type of opinions

7.8.2.1 Unmodified opinion

Based on the Validation or Verification Assessment, the Approved VVB may state that there is sufficient and appropriate evidence to support the Carbon Quantification statements. All eligibility requirements pursuant to the ORMEX STANDARD and the Selected Methodology are met, and all other conditions of the ORMEX STANDARD and Selected Methodology are appropriately applied.

With regard to the Verification, all the Monitoring activities are properly performed and well controlled by the Project Holder.

7.8.2.2 Modified Validation or Verification opinion

The Approved VVB can identify that there is insufficient and/or inappropriate evidence to support some matters, but they are not related to major discrepancies and are above the Materiality Thresholds.

7.8.2.3 Adverse Validation or Verification opinion

The Approved VVB may identify that the Project Holder' statements are inappropriate, considering that:

- ✓ supported evidence is insufficient or inappropriate for issuing an unmodified or modified opinion,
- ✓ some eligibility requirements pursuant to the ORMEX STANDARD and the Selected Methodology are not respected,

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- ✓ all other conditions of the ORMEX STANDARD or the Selected Methodology are not applied appropriately applied, or
- ✓ the effectiveness of the Monitoring activities cannot be determined

The [Section 7.8.3](#) determines the effect on the above types of opinions on the Validation Phase or the Verification Phase.

7.8.3 VVB conclusion

7.8.3.1 Pre-opinion

Following the term of the Validation or Verification Phase, the Approved VVB shall provide the Validation or Verification pre-opinion, as applicable.

The pre-opinion must be either an **Unmodified opinion**, (means a positive opinion), a **Modified opinion** (meaning that some major discrepancies shall to be modified), or an **adverse opinion** (meaning a negative opinion) about the Validation or the Verification of the Project.

In addition to the pre-opinion for Validation in relation to the Estimated Carbon Quantification, the Approved VVB opinion shall include a clear pre-opinion about the likelihood that the implementation of the Activities during the Project Timeline will result in the achievement of the Carbone Benefits as estimated in the PDD, with written detailed justification.

Any Minor and Major Discrepancies not yet resolved must be reported on the pre-opinion.

➤ Unmodified pre-opinion

Within seven (7) calendar days following the closing meeting, the Project Holder must notify the Approved VVB about its objection, if any. If there is no formal objection notified by the Project Holder within the given timeframe, the Unmodified pre-opinion issued by the Approved VVB will be considered the final Unmodified opinion. Furthermore, as outlined in [Section 7.8.3.2](#), the formal final Unmodified opinion must be signed and notified to the Project Holder and ORMEX by the Approved VVB.

➤ Modified pre-opinion

In case of a **Modified pre-opinion**, the Approved VVB must propose to the Project Holder either:

- ✓ to postpone the Validation Phase for an agreed timeframe, not exceeding with to the Validation, the Validation Period, or with regard to the Verification, (3) months, for the Project Holder to have the opportunity to:
 - change and/rectify the major discrepancies, and initiate a new

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Assessment limited to those discrepancies to reach an Unmodified opinion, OR

- with regard to the Validation only, revise consequently the part of the PDD in relation to some discrepancies, and initiate a new Assessment of the major discrepancies items), OR
- ✓ to agree on the pre-opinion being the **final Modified opinion** that will include all the Major Discrepancies identified by the Approved VVB during the Validation or Verification Phase. Therefore, the Validation or the Verification Report will include a complete list of the major discovered discrepancies, their materiality threshold, and their resolution status (“resolved” or “not resolved”).

Within seven (7) calendar days following the closing meeting, the Project Holder must notify the Approved VVB about its decision. If there is no formal decision notified by the Project Holder within the given timeframe, the modified pre-opinion issued by the Approved VVB will be considered the final modified opinion. Furthermore, as outlined in **Section 7.8.3.2.**, the formal final modified opinion must be signed and notified to the Project Holder and ORMEX by the Approved VVB.

➤ **Adverse pre-opinion**

In case of an **Adverse pre-opinion**, the Approved VVB must propose to the Project Holder, either:

- ✓ to postpone the Validation or the Verification Phase for an agreed timeframe, not exceeding, with regard to the Validation, the Validation Period, and with regard to the Verification, three (3) months for the Project Holder to have the opportunity to revise the PDD, and initiate a Validation Phase). This option is suggested only if the Major discrepancies can be easily corrected within the given timeframe or,
- ✓ to agree on the pre-opinion being the Final Adverse Opinion that will include all the major discrepancies identified by the Approved VVB. The Validation or the Verification Report will include a complete list of the discovered major Discrepancies, their materiality threshold, their resolution status (“resolved”/“not resolved”). Therefore, with regard to the Validation, the Project will not pass the Project certification under the ORMEX STANDARD. With regard to the Verification, the Verification will not pass and the carbon credits related to the relevant Vintage Period cannot get the verified status by the ORMEX STANDARD necessary to be issued on the Registry.
- ✓ to decide to not have the adverse opinion issued and to terminate the Validation or the Verification.

Within seven (7) calendar days following the closing meeting, the Project Holder must notify the Approved VVB about its decision. If there is no formal decision notified by the Project Holder within the given timeframe, the adverse pre-opinion issued by the Approved VVB will

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be considered the final adverse opinion. Furthermore, as outlined in [Section 7.8.3.2](#), the formal final adverse opinion must be signed by an Authorized Representative of the VVB and notified to the Project Holder and ORMEX by email.

7.8.3.2 Final opinion and Reports

The Approved VVB shall use issue its VVB Final opinion and Validation or Verification Final Report with all appropriate information according to this document.

The Approved VVB's Final Opinion and corresponding Validation or Verification Final Report must be sent to ORMEX STANDARD to be uploaded to the Project Holder's dedicated Account (not publicly) on the Platform, for ORMEX to oversee, as outlined in [Section 8](#).

RECORD REQUIREMENTS

7.8.3.3 The Approved VVB shall keep all documents and records in a secure and retrievable manner for at least two years after the end of the Verification Periods, even where they do not conduct Verification for the whole Crediting periods of the Project

7.8.3.4 The Approved VVB is committed to transfer all the documents and data collected to another Approved VVB on the first demand of the Project Holder.

8 ORMEX OVERSIGHT PROCEDURE

8.1 VVB opinion and Report review

8.1.1 ORMEX oversight

All opinions and Validation or Verification Reports submitted by the Approved VVB will be reviewed by the STANDARD EXECUTIVE COMMITTEE, as identified in Governance section of the ORMEX PROGRAM.

The STANDARD EXECUTIVE COMMITTEE can issue any necessary questions, which must be answered by the Approved VVB without undue delay or within the timeframe required by the committee. Should the Approved VVB fail to provide a proper answer within the specified time, the STANDARD EXECUTIVE COMMITTEE may, at its sole discretion, decide to postpone the issuance the Validation/Verification Certificate. In such an event, ORMEX will inform the Project Holder of such situation.

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8.1.2 VVB Validation or Verification Certificate

Following ORMEX's review of the Approved VVB's final opinion and relevant Report uploaded on the Project Holder's dedicated account (not publicly available), the Approved VVB is notified by ORMEX that it has the right and is required to issue the Approved VVB Verification Certificate and the Final Verification Report within 48 hours by uploading the relevant documents to the ORMEX Platform for public disclosure.

8.2 Performance Audit of the Approved VVB

8.2.1 Regular Performance Audit

In addition, the Approved VVB is audited every three (3) years by a third-party conduct). The performance review will focus on previously Validations and/or Verifications done by the Approved VVB and/or on current ongoing Validation and/or Verification Phases.

The oversight third party body appointed by ORMEX STANDARD will implement and have an effective ISO/IEC 17011 certificate.

8.2.2 Unscheduled Performance Audit

At any time, with a minimum of five (5) calendar days prior notice, ORMEX STANDARD is authorized to conduct third-party conduct) an audit of the Approved VVB organization, its performance, and compliance with the requirements set out in this document. The Performance Audit will be performed by an oversight third-party conduct) appointed by ORMEX STANDARD.

Following the performance audit, ORMEX (or its appointed third-party) will issue a Performance Audit Report detailing the performance results and any non-conformities discovered during the audit phase.

If there are major non-conformities or serious performance issues, ORMEX STANDARD may, at its sole discretion and without liability, choose either:

- suspend the VVB approved status until the VVB corrects all major non-conformities. In this case, a new performance audit must be conducted, or
- revoke the VVB from the Approved VVB list and status immediately.

In the case of minor non-conformities, the Approved VVB is required to correct them within the timeframe notified by the STANDARD EXECUTIVE COMMITTEE. Once corrected, the Approved VVB must notify ORMEX that the non-conformities have been fully corrected, and a new performance audit will be conducted at the VVB's financial expense.

SOURCES REFERENCES

Sources
IC-VM, High Quality Voluntary Carbon Credits Principles (icvcm.org)
IPCC. 2019. 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Geneva, Switzerland. www.ipcc-nggip.iges.or.jp/public/2019rf/index.html
ICROA New Standards Endorsement
CDM, Guideline on the application of materiality in verifications, Ver02.0 CDM-EB69-A06-GUID
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DOCUMENT HISTORY

Please check this table to ensure you are using the latest version of a given document. The document, as updated below, is effective at the Issuance date.

Document reference	SEC/VVB/RQT_EN
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SEC/VVB/RQT_EN v0.1	2023_04_26	Initial Draft Version	Under review
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