SUBSIDIARY GUIDELINES ON VALIDATION AND VERIFICATION OF FOREST CARBON OFFSET PROJECTS

MALAYSIA FOREST FUND

6.1 PURPOSE

6.1.1 The Subsidiary Guidelines on Validation and Verification of Forest Carbon Offset (FCO) Projects establish the criteria and procedures for the validation and verification of FCO project but is not limited to all the relevant processes, procedures and rules based on best practices that guide and govern the FCO Program in line with the principles that are practical, effective and consistent. Validation and verification are the process of evaluating whether FCO project meets the specified requirements and procedure to meet the intended objective of Green House Gases (GHG) emission avoidances, reductions or removals from the mitigation activities.

6.2 SCOPE AND APPLICABILITY

6.2.1 The Subsidiary Guidelines on Validation and Verification of FCO Projects, along with all clauses within this document and those referenced herein are mandatory for all project owners and project proponents participating in the FCO Program to adhere to.

6.2.2 Malaysia Forest Fund (MFF) retains the authority to issue updates, modifications, clarifications or corrections to the Guidelines which will be made available in the MFF Registry. Project proponents must stay current with these updates and incorporate them as needed for their projects by regularly checking the rule updates section in the MFF Registry.

6.2.3 Stakeholders may suggest updates, edits, changes or additions to the Guidelines by sending an email to MFF at *corporate@myforestfund.com.my*. MFF reserves the right to accept or reject such requests at its own discretion.

6.3 FCO VALIDATION AND VERIFICATION BODY

6.3.1 The FCO Validation and Verification Body (VVB) is an accredited legal entity that is registered as an external assessor, who can conduct validation and verification for the FCO project under MFF.

6.4 THE ACCREDITATION OF THE FCO VVB

6.4.1 The accreditation of the FCO VVB is a formal recognition that the accreditation body possesses working standards, required skills and abilities to carry out the environmental data validation and verification activity.

6.4.2 Such environmental data includes the unit of GHG data collected and analysed in conformity with the general principles and requirements for bodies validation and verifying environmental information (ISO 14065: 2020), the International Accreditation Forum Mandatory Document (IAF MD6), and the general principles and requirements for validation and verification bodies (ISO 17029: 2019).

6.4.3 MFF may chose to work with other Malaysian government bodies during the accreditation process of FCO VVB.

6.5 REGISTRATION OF FCO VALIDATION AND VERIFICATION BODY (VVB)

6.5.1 To be eligible for registration as a Validation and Verification Body, applicants must meet the following qualifications specified in these guidelines:

(a) **Accreditation**: VVBs must be accredited by a recognized accreditation body, such as IAF MD 6, ISO/IEC 17029, ISO 14065:2020, and 14064 – 3:2019, to ensure competency and impartiality in their validation and verification processes.

(b) **Technical Expertise:** VVBs must have the necessary technical expertise in the forestry and agriculture sector, including having qualified personnel with relevant experience and knowledge.

(c) **Training and Certification:** Personnel involved in validation and verification must undergo regular training and certification to stay current with evolving standards and methodologies.

(d) **Impartiality:** VVBs must conduct operations impartially, ensuring assessments are unbiased and free from conflicts of interest.

(e) **Third-Party Independence:** VVBs need to be independent third-party organizations to maintain objectivity in their evaluations.

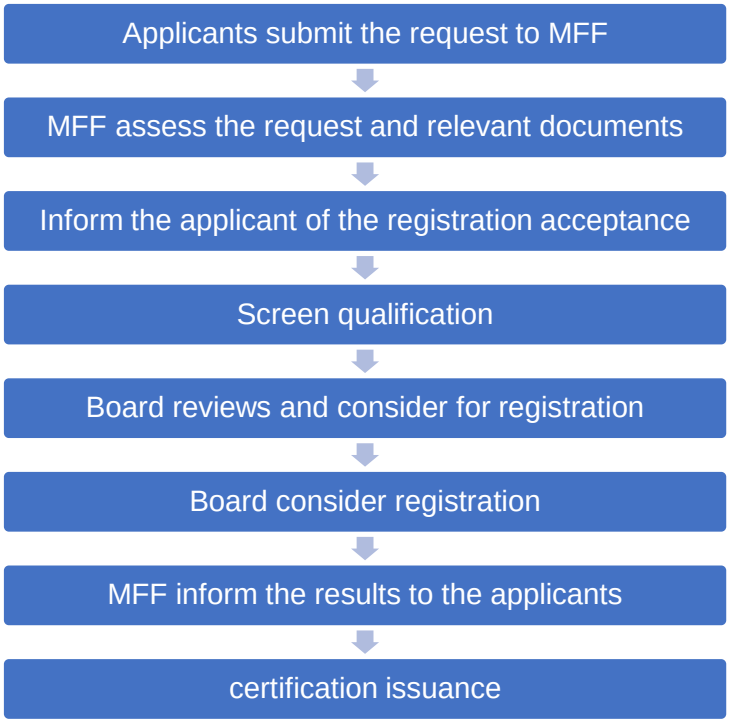


Figure 6.1: The registration procedure of a FCO VVB

6.5.2 The process for registering an FCO Validation and Verification Body is outlined in Figure 6.1 and explained as follows:

(a) The applicant gathers supporting documents for the FCO VVB registration as per the forms in Annex 6A.

(b) The applicant submits the registration documents to MFF.

(c) MFF receives the registration documents from the applicant and reviews the documentation for completeness and accuracy in line with section 6.4.1. If any details

are missing, MFF notifies the applicant to provide the additional information.

(d) MFF presents the applicant's details to the Technical Advisory Committee for FCO project and GHG activities for review. Subsequently, the information is presented to the MFF Board of Trustees for approval of the VVB registration.

(e) The applicant is notified of the registration results, and a registration certificate is issued to the FCO VVB.

(f) MFF sets a timeframe for consideration within sixty (60) business days.

6.6 RENEWAL OF FCO VVB REGISTRATION

6.6.1 The VVB must submit a renewal request and all necessary documents to MFF at least ninety (90) business days before the registration's expiration date.

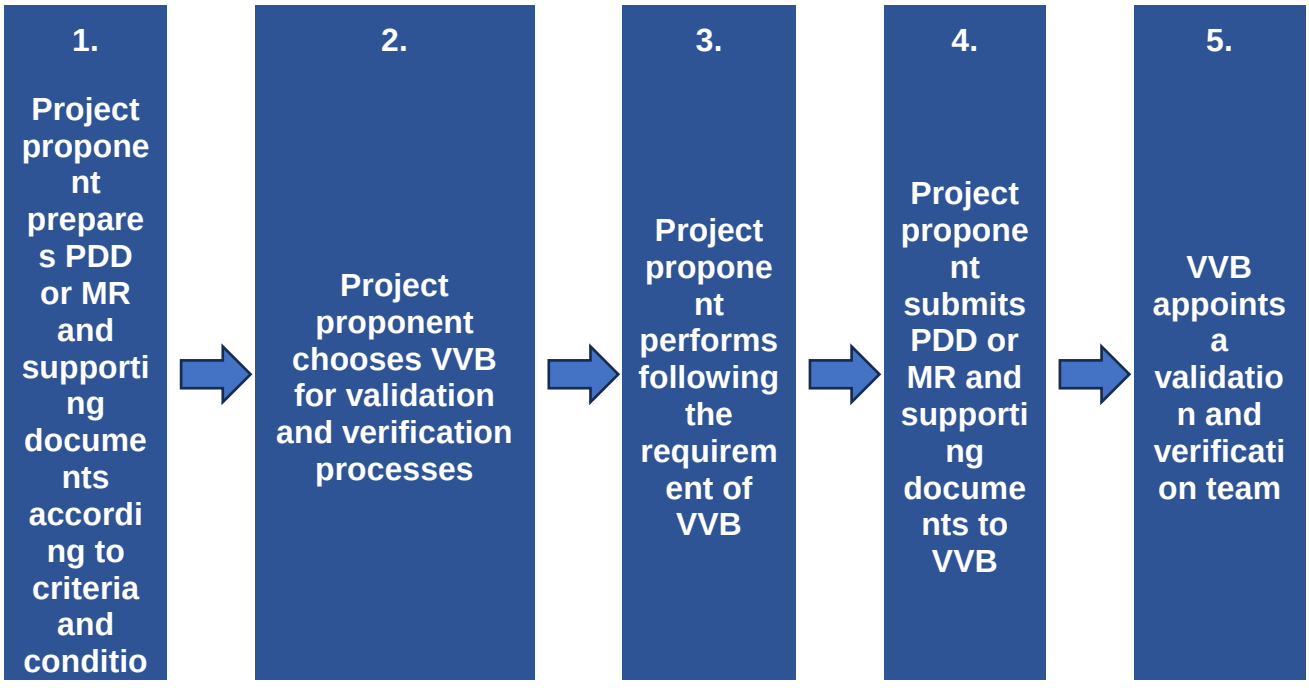
6.6.2 Upon receiving complete and accurate renewal documents without missing essential information, MFF will review and process the submission for approval.

6.6.3 The FCO VVB certificate remains valid for three (3) years from the original or renewed certificates expiration date. To request renewal, the VVB must not be under suspension or have their current registration certificate and accreditation revoked.

6.7 ROLE OF THE FCO VVB

6.7.1 The FCO VVB is responsible for assigning validator and verifier teams to offer impartial assessments on the project proponent in the project design document (PDD), monitoring report (MR), GHG effect, methodology utilised, and other related materials. They also issue statement certifying the validation and verification outcomes of GHG emissions.

6.7.2 The overview roles and responsibilities of VVB and project proponents are shown in Figure 6.2.



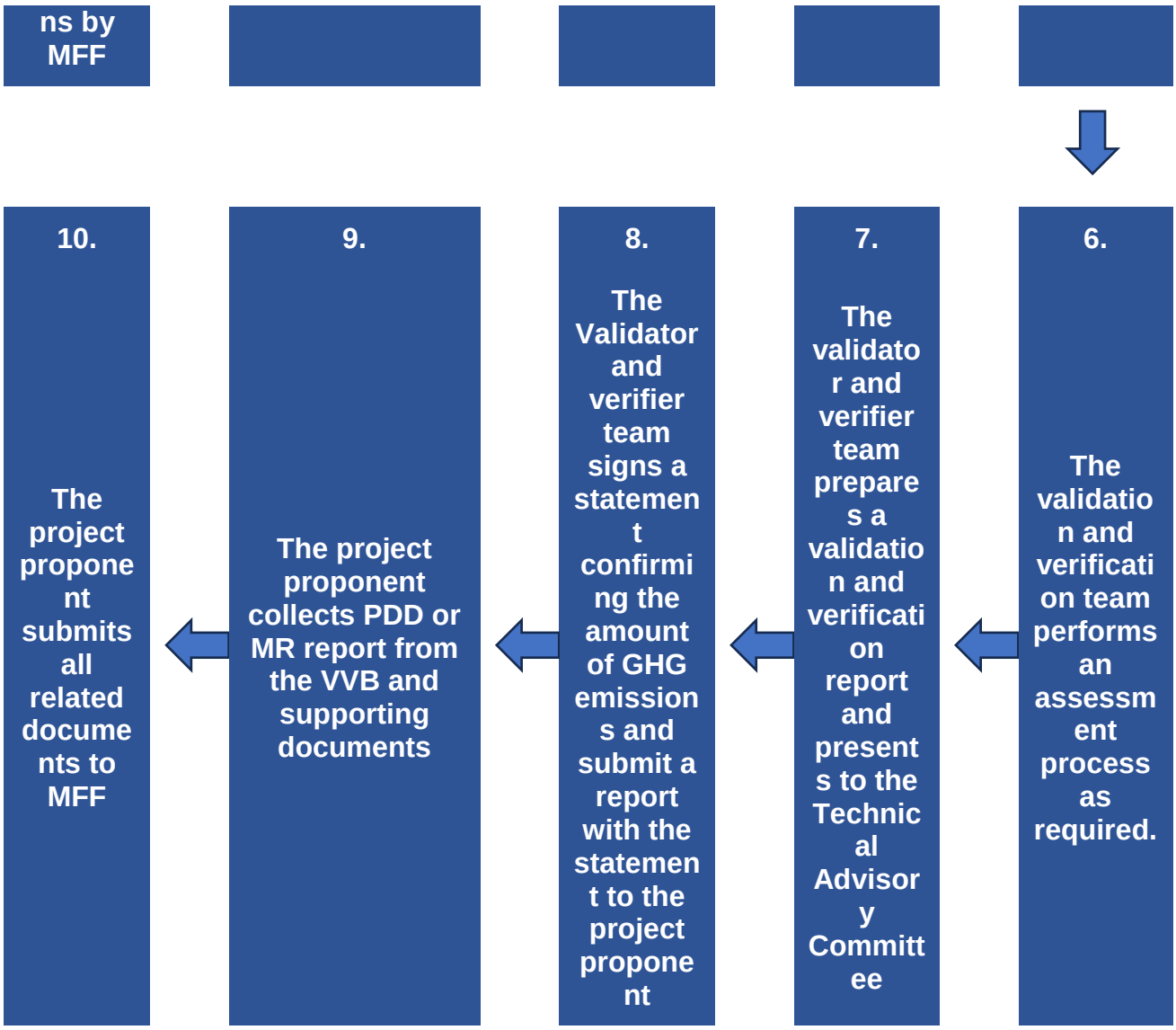


Figure 6.2: Role and Responsibilities of Project proponent and VVB

6.8 GENERAL PRINCIPLE FOR THE VALIDATION AND VERIFICATION BODY'S RESPONSIBILITY

6.8.1 The FCO VVB is required to follow they key principles outlined in ISO14065:2020.

(a) **Impartiality** - The VVB must conduct validation independently, ensuring impartiality and avoiding conflicts of interest in certification activity.

(b) **Competence -** The VVB members must possess the necessary expertise, experience, and skills to validate or verify GHG reduction, removal and avoidance activities.

(c) **Confidentiality** - The VVB must establish data management and confidentiality procedures, ensuring secure handling of information during validation and verification.

(d) **Openness** – Communication with project proponents and the stakeholders must be conducted openly, appropriately, and truthfully.

(e) **Responsibility -** The VVB must be accountable for validation results, statements confirming GHG forecasts, carbon credit certifications, ensuring the accuracy and truthfulness of findings.

(f) **Responsiveness to complaints** - The VVB must address complaints promptly, taking corrective actions as necessary to maintain the integrity and reliability of validation and verification results.

(g) **Risk-based approach** – The VVB must identify and manage risks associated with the validation and verification process effectively.

(h) **Conservativeness** – The VVB must use reasonable assumption in the calculating GHG emissions from projects, giving preference to cautiously moderate alternatives during assessments.

(i) **Professional scepticism** - The VVB must maintain a critical perspective to recognize and address potential errors affecting GHG emission figures.

6.9 VALIDATOR AND VERIFIER

6.9.1 The FCO VVB will assign a validator and verifier team comprising of at least 1 resource who acts as the validator and verifier to provide independent opinion on the information submitted by the project proponent in the PDD or MR, and other relevant documents.

6.9.2 The validation or verification team must have relevant knowledge, understanding, and experience related to the FCO project such as:

(a) Criteria, conditions, requirements, and methods related to the FCO project development

(b) Skills and expertise all aspects of GHG reduction, removal and avoidance, removal and avoidance activities such as:

(i) Identification of the source of GHG emissions and sink.
(ii) Consideration of project scope, baseline emission, project emission, and leakage emission.
(iii) GHG emission principles and calculation techniques.
(iv) Guidelines, methodologies, and tools used for monitoring GHG emission reduction, removal and avoidance from project operations.
(v) Reviewing GHG emission reduction, removal and avoidance report.

(c) Validation and verification skills in providing opinions towards findings, summarizing the validated and verified results based on findings such as the risk assessment from data received and sampling planning.

(d) The validator and verification team leader must possess team management and stakeholder engagement skills.

6.9.3 In case that the validation or verification team does not have experience or expertise in aspects related to GHG reduction, removal and avoidance activities from the FCO project requiring the validation and verification activities, the team shall recruit certified experts with relevant knowledge and experience to join the team to provide specific advice related to the GHG reduction, removal and avoidance activities from the FCO projects.

6.10 GENERAL PRINCIPLES FOR THE VALIDATION AND VERIFICATION PROCESS

6.10.1 Validator and verifier team responsible for validating and verifying the operations of the FCO project proponent whether the project proponent does it according to the general principles of ISO 14064-3: 2019 requirements and other criteria, methods, and conditions specified by MFF. The general principles for validation and verification process are based on ISO 14064-3:2019 requirements as shown below:

(a) **Impartiality** - The validation or verification team shall design and implement validation activities to provide independent opinions while maintaining impartiality with no conflict of interest in certification activities.

(b) **Evidence-based approach to decision making** - The validation or verification team must carry out the validation and verification activities using reasonable methods of information gathering, concluding reasonable and validation and verification results based on sufficient and appropriate reference evidence.

(c) **Fair Presentation** - The validator and verifier team must justify that their findings, comments, and the results of the assessed activities are based on facts and industry wide best practices. Significant obstacles found and unsolved, various comments, and different opinions from the validators and verifiers must be reported.

(d) **Documentation** - The validation and verification process shall record the results and related evidence to confirm that the conclusions are consistent. The validation and verifier team is required to store the records in an appropriate, secured and convenient location as agreed with MFF.

(e) **Conservativeness** - The decision of the validator and verifier team must confirm the results of the GHG reduction, removal and avoidance, removal and avoidance result from the project implementation. It must be assured that the GHG reduction, removal and avoidance, removal and avoidance results proposed by the project proponent are not overstated. It must consider the assumptions, figures and processes used for the assessment of GHG reduction, removal and avoidance, removal and avoidance generated from the project.

6.11 LEVEL OF ASSURANCE

6.11.1 The level of assurance is an indicator of the level of confidence that the validator and verifier team use in determining the nature and context of a project to appropriately assess evidence and verify the facts of the project. The level of assurance cannot be changed during the validation and verification process.

6.11.2 MFF determines the level of assurance for validation and verification of the FCO project at a reasonable level of assurance by evaluating both qualitative and qualitative GHG data of the project. The quantitative shall be free from errors, omissions, and distortions of any significance and at the specified materiality level. The validator and verifier team shall be equipped with relevant information and evidence of sufficient and appropriate credibility to ensure that the PDD and MR are accurate and reliable.

6.12 OBJECTIVE FOR VALIDATION AND VERIFICATION PROCESS

6.12.1 The validator and verifier team and the project proponent must agree and set objectives with the project proponent from the start of the validation or verification process, including the guidelines for using the VVB result requested from the service.

6.12.2 The purpose of validation is to assess the probability of implementing GHG reduction, removal and avoidance, removal and avoidance activities. The operation is in line with the criteria of the FCO project and the chosen GHG reduction, removal, and avoidance methodology applied for FCO project registration with MFF.

6.12.3 The purpose of verification is to confirm that the project is implemented in accordance with methods, procedures, and monitoring plans. This is specified in the project proposal document that has been registered with MFF and has a GHG assessment, including details and operations that the project proponent specified in the monitoring report on gas emissions.

6.12.4 The GHG are accurate and appropriate as specified by MFF and the results of the assessment of quantification of GHG emission avoidances, reductions or removals from the mitigation activities are at the material level specified by MFF to certify the amount of FCUs with MFF.

6.13 CRITERIA USED IN THE VALIDATION AND VERIFICATION PROCESS

6.13.1 The validator and verifier team and the project proponent must agree on various criteria to be used for validation and verification at the beginning of the validation and verification process. This is to confirm that the project proponent will implement the FCO project in a consistent manner according to MFF Standards / Guidelines.

6.13.2 MFF determines various criteria related to the FCO project development, the validation and verification process as follows.

(a) Guideline for the Forest Carbon Offset Program
(b) Subsidiary Guideline for Forest Carbon Offset Methodologies
(c) Manual for Validation and Verification of FCO Project according to MFF
(d) Others as specified by MFF

6.14 SCOPE OF VALIDATION AND VERIFICATION

6.14.1 The validator and verifier team and the project proponent must agree on the scope of validation or verification at the beginning of the validation and verification process. The validator and verifier team must be able to specify the scope of the FCO project development and related details written in the agreement or other documents required according to the general principles of the operational regulations for the validation and verification team. This process is to confirm the scope for joint assessment between the project proponent and the validator and verifier team such as specifying representative images, describing the nature of the project proponent's operations.

6.14.2 Determining the project scope, including determining the credit period in the validation and verification process, MFF determines the credit period according to the credit period of each type of project in the verification process and the project proponent determines the credit period for the verification process of the FCO project.

6.15 MATERIALITY THRESHOLD

6.15.1 The validator and verifier team and the project proponent shall mutually agree on the level of materiality of validation and verification process from the beginning of the validation and verification process.

6.15.2 Materiality in the context of the FCO project is any errors, omissions or misrepresentations that may have a consequential effect on the FCUs that can be issued. MFF has set a

materiality threshold for the FCO project, data inconsistencies result in inaccurate GHG estimates and affect decision-making by data users. The materiality must not be more than 5% of the total GHG reduction, removal or avoidance amount.

6.15.3 Materiality can be considered from both qualitative and quantitative perspectives. Assessing materiality in terms of quality, the validator and verifier team must consider whether the project complies with FCO project requirements and GHG reduction, removal and avoidance protocol. The conflicts of qualitative data such as characteristics of eligible projects must be identified as a material non-conformity. Qualitative discrepancies may not be evident, such as quantitative discrepancies.

6.15.4 To assess the quantitative magnitude of the errors, omissions or misrepresentation of information, the validation and verification teams must assess materiality at the total amount of GHG emission reduction, removal and avoidance.

6.16 VALIDATION AND VERIFICATION GENERAL PRINCIPLES

6.16.1 The validator and verifier team apply the general principles for project development and GHG validation and verification processes. They also utilize their professional judgment to make decisions throughout each stage of the validation and verification process, which includes:

(a) Pre-engagement
(b) Engagement
(c) Validation and Verification Process
(d) Validation and Verification Review
(e) Decision and issue of the Validation and Verification Statement

6.16.2 Pre-engagement

(a) When contacted by the project proponent, the VVB gathers relevant information about the FCO project before commencing the validation and verification process.
(b) This information is considered mutually with the project proponent to determine the feasibility of validation and verification services. This ensures that the team can provide independent opinions on the FCO project, and have the necessary documentation and time for the validation and verification process.
(c) Key information, including project objectives, project details, scope of work, location, assurance level, and materiality, is vital for assessing various aspects of the project.

6.16.3 Engagement

The VVB and project proponent, must establish a legally binding written contract or agreement outlining the validation or verification services. Responsibilities are distributed among the team and project proponent as follows:

(a) The project proponent must adhere to the specified criteria and requirements of the FCO project set by MFF.
(b) The project proponent is responsible for implementing validation or verification procedures for external assessment agencies.
(c) Necessary preparations and requirements for the validation or verification process, such as providing secure access to the project information and site, must be met by the project proponent.
(d) The project proponent must agree to have an observer from an external assessment agency to participate in a validation or verification process (if applicable).
(e) Defining the project objectives, operational details, scope and location.

(f) Establishing the materiality relevant to the FCO project.
(g) Using various criteria specified by MFF as references for validation and verification.
(h) Setting a time frame for validation and verification.
(i) The VVB are accountable for all information obtained during the validation or verification process, maintaining confidentiality unless disclosure is required by MFF or related parties.

6.16.4 Validation and Verification Process

All FCO projects follow consistent principles during the validation and verification process. For FCO project with international objectives, MFF prescribes additional criteria and conditions at specific stages. Projects aiming for International Objectives must also consider a minimum of two (2) sustainable development goals and additional integrity labels.

6.16.4 Team formation process

(a) Upon agreement between the FCO VVB and the project proponent, the VVB will assemble a team in accordance with clause 6.9 of this Guideline

(b) The FCO VVB is required to provide the project proponent with a list of team members names, their roles, responsibilities, and allow the project proponent to approve or reject the team composition. The notification of team members can occur either prior to or after finalizing the agreement with the project proponent.

6.16.4.1 Steps for planning and preparing the validation

Step 1:
During the planning stage for the validation process and desk review, the validator team must evaluate the project proposal details provided by the project proponent. This includes assessing adherence to the chosen GHG reduction, removal and avoidance methodology and other MFF criteria.

Step 2:
The team collects project specifics, relevant GHG emission activities, project location, and the validation scope (e.g., project type, development scope, activities, GHG assessments). Additionally, the team conducts strategic analysis, scrutinizes validation techniques, performs risk assessments on data for sampling determination, and prepares report related to GHG emissions and project development.

6.16.4.2 Review of PDD

The validator team is tasked to scrutinized the adherence to the latest PDD form stipulated by MFF. The team examines various aspects related to the development of the FCO project to ensure accuracy and consistency such as:

(a) The relationship between the FCO project owner and the project proponent

The validator team reviews the association between the project proponent and the project owner. When the project owner and project proponent differ or multiple individuals are involved, the team verifies the legal status of the project development, ownership of carbon credits, carbon credits sharing methods, contracts or agreements, and the project implementation timeframe for each project activities.

(b) Project details

The validator team conducts an assessment to verify that the project proponent reports project details presented in the PDD in an accurate, complete, and sufficient manner. The project proponent must understand the project, and the content is consistent with reality. The report must cover the appropriate and adequate project activity details, forest sensing / monitoring technology and equipment installed in the project, project status, iterations, reliable data, or documentation. Project details such as:

(i) The project proponent's FCO project name should clearly reflect project activities, location and project proponent identity, including corresponding Malay and English names.
(ii) Accurate reporting of project types based on chosen GHG methodologies. The team to ensure that all identified project types align with the selected methodologies.
(iii) Comprehensive reporting of project locations, including multiple sites, with coordinates provided using the Geographic Information System for accuracy.
(iv) Confirmation of project start date, alignment with the GHG methodologies and evidence of project initiation.
(v) Correctly documentation of raw materials, energy sources, and GHG reduction methods, including planting plans and forest area changes.
(vi) For projects related to GHG reduction, removal and avoidance, absorption and sink from the forestry sector, planting plan, plant species and duration of the project must be reported correctly together with the forest area changes in the past. The project management is in line with the GHG reduction, removal and avoidance method set forth.
(vii) Detailed reporting on forest sensing or monitoring technology, equipment specifications, details of installed capacity and number installed in the project in its entirety and in accordance with the supporting evidence.
(viii) Clarification on registration with other carbon crediting standards to prevent duplication of credits.
(ix) Compliance with relevant laws and.
(x) Any additional requirements specified by MFF.

(c) Demonstration of Additionality

The validator team assesses the additionality of the FCO project based on the validation and verification criteria for both Domestic and International FCO projects.

(d) Check consistency of the GHG reduction, removal and avoidance methodology with FCO methodology

The validator team conducts a review to confirm that the FCO methodology that the project proponent chooses to use in calculating GHG reduction, removal and avoidance is the latest version as specified by MFF or an effective version on the date of project registration submission. The selection of a GHG reduction, removal and avoidance methodology must conform to the objective of FCO project. The team verifies that the document includes complete details of the project types, project nature, characteristics of the activities involved, conditions of project activities, and specify the name, code, and version of the GHG reduction, removal and avoidance methodology used in the project proposal document completely, including specifying the name, code and version of the calculation tool used completely (if any). In case the project proponent uses multiple methodologies, the validator and verifier team must verify to confirm its compliance with each

methodology. Additionally, the validator team must review the project proponent's statement and the supporting documentation to support such statement.

(e) Scope of the project

The validator team must verify that the project proponent accurately and consistently portrays the relevant activities and includes GHG reduction, removal and avoidance elements associated with the FCO project in the PDD in compliance with the selected FCO methodology. The project proponent is required to provide visual representations, such as pictures, that accurately depict the project scope in a correct, comprehensive, and suitable manner.

(f) Sources of GHG gases within the project scope

The validator team reviews and validates the consistency and validity of GHG emission sources within the project scope, including those from the base case, project implementation, and external to the project scope. The assessment focuses on determining the appropriateness, accuracy and reliability of these sources to ensure transparency and credibility in the project evaluation process..

(g) Assessment approach for project performance monitoring and data management

The validator team will conduct a comprehensive evaluation of the project performance monitoring plan and data management approach, considering the following key aspects :

(i) The project proponent should define the responsible authority for activity-related information. Personnel should be equipped with the necessary knowledge and understanding of data collection procedures, methods and frequencies as outlined in the FCO methodology.
(ii) Specific monitoring parameters, methods, frequencies, and data collection processes must be detailed by the project proponent. These should align with the selected activities and methodology for GHG emissions reduction, removal and avoidance, including complete and accurate calculation tools.
(iii) Information risk management guidelines, such as calibration procedures for monitoring instruments should be identified by the project proponent.
(iv) Guidelines for data quality control, data flow, and backup procedures related to project implementation should be established by project proponent.
(v) A detailed data flow chart illustrating measurement points for monitored parameters must be defined by the project proponent. These measurement points can be indicated in the project diagram for clarity and reference.

(h) Accuracy assessment of the GHG emissions projection and calculation

(i) The validator team will validate of the GHG reduction, removal and avoidance, removal and avoidance calculation by comparing them with data from the base case, project implementation and external to the project scope, ensuring consistencies with the evidence gathered. Data used in the calculation for the validation process, can include internationally accepted proxies, research data, academic articles or information outlined in the FCO methodology. Historical data can also be utilized to forecast GHG reduction, removal and avoidance. (If the project has already been implemented) If multiple FCO methodologies are applied, each methodology will be reviewed separately.

(ii) Emission factors and constants utilized in the calculations will be verified by the validator team. Coefficients and constants will be cross-checked with relevant reference sources to ensure accuracy.

(iii) The accuracy and appropriateness of the GHG forecast will be assessed by the validator team based on the conditions specified by the FCO methodology. The team will verify the accuracy of the calculations, parameters and details in accordance with MFF requirements.

(iv) The validator team must assess the uncertainty and the error of the GHG assessment data for the information to be accurate and correct at the level of materiality as specified by MFF.

(i) Calculation and estimation

The calculation and estimation process using calculation models (Model), as required by the FCO methodology, enables project proponent to complete the necessary calculations and estimations for the relevant activity. The validator team is tasked with evaluating the reason behind the chosen methodology, assessing the uncertainty and data source discrepancies, and verifying the credibility of reference sources utilized in the calculation Model.

(j) Appropriateness assessment of the public hearing

In the case of an International FCO project, MFF mandates that project proponents conduct a meeting to gather feedback from relevant stakeholders before the project commences. The validator team is responsible for verifying the adequacy of meeting guidelines and processes concerning the organization of these stakeholder engagements. This includes assessing the outcomes of stakeholder engagements and evaluating project proponent's responses to stakeholder comments for project improvement.

(k) Conformity assessment to Guidelines for FCO projects

The validator team must verify that the project proponent has adhered to the prescribed PDD format for the FCO project and the latest version of the PDD of the component of project activities as specified by MFF for all project activities. They are required to review all project reports, analyze the specific characteristics of activities related to FCO project development, and confirm alignment with the project's guidelines and objectives.

6.17 VALIDATOR STRATEGIC ANALYSIS

6.17.1 The validator team delves into the intricacies of the FCO project, evaluating crucial factors such as carbon stock and significant GHG emission sources essential for quantifying GHG reduction, removal and avoidances. The team gathers evidence from various sources, including references to each GHG emission source, project development requirements and carbon credit certification, data collection and data quality control procedures. The team to meticulously scrutinize the data to identify any errors, omissions or distortions that could have a material impact on the quantification of GHGs (Material misstatement). This strategic analysis step can be carried out in conjunction with a desk review step.

6.17.2 When a validator team is assigned by the VVB, the validator team is tasked with planning activities and determining the level of assurance required by MFF to ascertain the depth of information necessary for validation activities and the PDD. The team summarizes the

validation outcomes in a validation report and provides a statement to the project proponent for to use as a supporting document during FCO project registration.

6.17.3 For more detailed understanding on the strategic analysis process, additional information on the specific steps can be found in ISO 14064-3: 2019.

6.18 VALIDATOR RISK ASSESSMENT

6.18.1 Risk assessment involves identifying the level of severity, significance of risk factors that influence the evaluation of GHG emissions. The assessment takes into consideration the nature of data sources, data transmission and quality control measures to inform the design of a sampling method. The aim is to mitigate risks, prevent potential issues and minimize the impact from unforeseen events throughout the validation process.

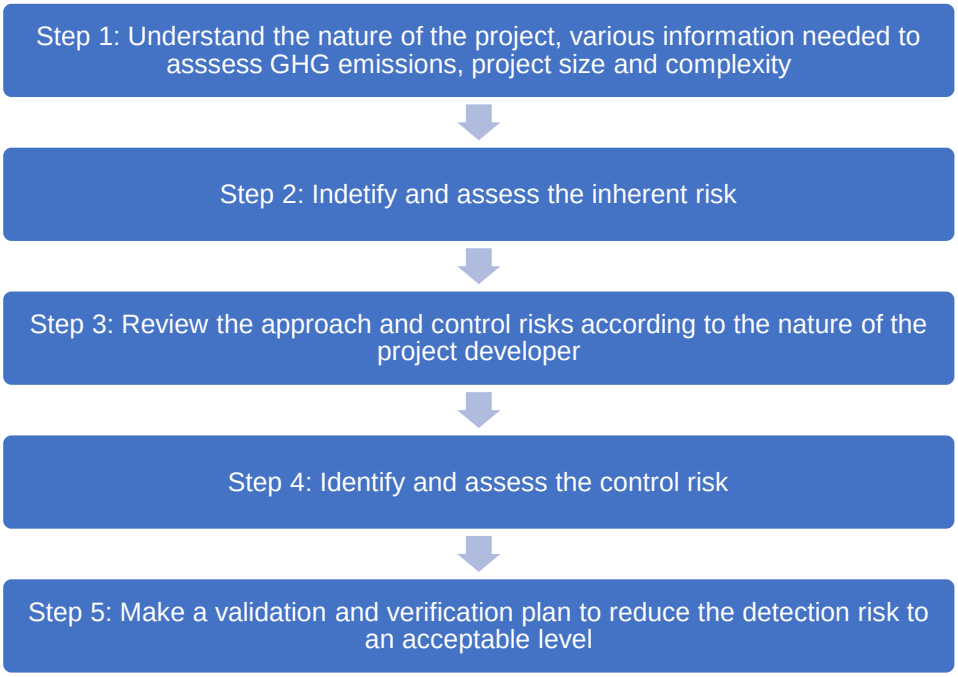


Figure 6:3 Risk Assessment Steps

6.18.2 Risk in the validation and verification process refers to the possibility that the validation or verification result may be inaccurate, potentially impacting the materiality of GHG data presentation in FCO projects. The risk assessment process in Figure 6.3 above must be undertaken both in the validation phase and in the future. The classification of risks can be classified into 3 types as follows:

(a) **Inherent risk** - The inherent risk pertains to the sensitivity of parameters influencing GHG emissions and assessments. The risk is influenced by factors such as data size, data flow, complexity of information management systems, data collection and measurement methods, and potential issues like incomplete or erroneous data collection, data duplication, and conflicting data collection methodologies.

(b) **Control risk -** Control risk arises from inadequate data quality control measures that can lead to data collection errors and fail to mitigate inherent risks effectively. Factors contributing to control risk include the absence of internal audits, lack of calibration for measuring instruments, inadequate supervision of data collecting processes and unclear data collection protocols.

(c) **Detection risk** - Detection risk refers to the risk that the validator and verifier team may overlook errors or misstatement during the assessment. This risk may stem from inherent risks and control weaknesses, including limitations in accessing documented information, and the proficiency or familiarity of the validation and verification team in the FCO or other international carbon crediting standard's methodologies.

6.18.3 The validator team must evaluate the overall risks to plan and design the required validation or verification activities effectively, aiming to achieve an appropriate level of confidence in the assessment process. This involves leveraging insights gained from strategic analysis, and considering emissions, absorbers, reservoirs, project scope, management practices, data transfer procedures, and information quality control within the FCO project.

6.18.4 For FCO project, MFF mandates that projects implemented within the past 3 years from the PDD validation date may use historical data for predicting GHG reduction, removal and avoidances. Validators must assess the origins, risks and suitability of information used in such forecasts. Detailed guidelines and procedures for risk assessment are described in the Subsidiary Guidelines on Integrity Assessment Criteria and Requirements.

6.19 EVIDENCE-GATHERING ACTIVITIES OR SAMPLING PLAN FOR THE VALIDATION PROCESS

6.19.1 Evidence-gathering activities involves using the outcomes of the risk assessment to select appropriate sampling methods and establish the sample size that is both adequate and representative of the data. Larger sample sizes offer higher level of assurance regarding the absence of misstatement. The determination of sampling plans should be guided by established principles or theories, in combination with the professional judgment of the validator and verifier team. The validator team is responsible for selecting the data to be sampled and developing the validation plan to be shared with project proponents.

6.19.2 An example of using risk assessment results to determine the number of samples to be randomized can be referred to in the Subsidiary Guidelines on Integrity Assessment Criteria and Requirements.

6.20 PREPARATION OF A VALIDATION PLAN

6.20.1 Upon evaluating the information contained in the PDD, the validation team determines the strategy and methodologies to be used in the validation process. The validation team compiles a validation plan that includes the following key components:

(a) Scope and objectives of the validation and verification process.
(b) Criteria used for the validation and verification.
(c) Composition of the validation/verification team with their respective responsibilities.
(d) Information regarding project proponents and involved stakeholders.
(e) Identification of activities that require verification.
(f) Definition of the Level of Assurance Materiality (Materiality).
(g) Schedule for potential on-site visits, if applicable.

6.20.2 For validation purposes, MFF typically does not mandate on-site visits to the project site, except for projects within the GHG reduction, removal and avoidance sectors of forestry, which may require physical inspection of the project area. However, in cases where the validator and verifier team encounters insufficient documented information that hinders validation and

impacts materiality, the validation team can collaborate with the project proponent to arrange for a site visit for detailed validation and verification procedures as necessary.

6.21 PLANNING AND PREPARATION STAGES FOR VERIFICATION

6.21.1 The verification planning process, and the desk review conducted as per the GHG Assessment Report provided by the project proponent, aims to evaluate project compliance with the chosen FCO methodology. This assessment encompasses the scrutiny of the various criteria established by MFF and outlined in the registered PDD.

6.21.2 The verifier team is responsible for collecting project details, pertinent GHG emission reduction, removal and avoidance activities, project locations, and the associated scope, including project type, and the nature of related development activities. Additionally, the team scrutinizes the relevant GHG data and assess emissions based on the chosen FCO methodology selected by the project proponent.

6.21.3 More details about the fundamentals of strategic analysis can be found in ISO 14064-3: 2019

6.22 REVIEW OF GHG MONITORING REPORT

6.22.1 The verifier team is tasked with validating whether the project proponent has adhered to using the most recent GHG assessment report as mandated by MFF or the one currently in effect. This verification involves scrutinizing all aspects covered in the report, including verifying the specific attributes of activities linked to the registered FCO project.

6.23 PROJECT IMPLEMENTATION STATUS

6.23.1 The verifier team is required to verify the accuracy of information pertaining to the actual project implementation status provided by the project proponent. This involves verifying the timely reporting of up-to-date activity details in-line with the PDD. Key elements to be verified include registration dates, commencing dates, any modifications in project implementation details, changes in equipment, and the availability of reliable supporting documentations.

6.23.2 The verifier team must verify the information in the GHG assessment report against the information in the PDD used during project registration with MFF, as well as information from prior GHG assessment report or verification report (if any). This cross-referencing process seeks to identify potential risks that could impact the materiality of GHG reduction, removal and avoidance outcomes. The verification team should address these issues in their preparation of a comprehensive verification plan for the verification process.

6.24 CHANGE IN DETAIL AFTER PROJECT REGISTRATION

6.24.1 In the event of any modifications to project activities post-registration that deviate from the specifics outlined in the PDD, the project proponent is required to alert MFF before submitting their application for GHG emissions certification. The classification of these changes occurring after the project registration, should be clearly documented.

6.25 DEVIATION

6.25.1 Should alterations in project activity details differ from those initially stipulated in the PDD submitted for certification, potentially impacting the quantification of GHG reduction, removal and avoidance, the project proponent must promptly inform MFF about such deviations for evaluation and feedback prior to the completion of the review process. Result stemming from

these deviations must be incorporated into the corresponding monitoring report. Example of changes necessitating notification include:

(a) Changes in the methodology governing monitored parameters for certification. The project proponent may not apply the methodology outlined in the PDD.
(b) Changes in the parameters that no longer require monitoring.
(c) Changes in the calculation equation.
(d) Changes in the constants used in the calculation process.

6.26 CHANGE AFTER PERMANENT REGISTRATION

6.26.1 When deviations in project activity details arise post-registration, they are categorized into 2 main cases:

(a) Changes with no impact on project emissions, such as:

(i) Change of the project proponent.
(ii) Change of the project owner.

(b) Changes impacting project emission, which is categorized into 3 main cases:

Case 1: Changes requiring to re-validation:

Permanent changes affecting the amount of GHG reduction, removal and avoidance, necessitating re-validation, include changes resulting in over 60,000 tCO_2eq or an increase exceeding 15%. Example:

(i) Introduction of additional project activities not initially specified in the PDD, requiring modification of the FCO methodology or inclusion of new GHG emission reduction methods.
(ii) Incorporation of new project activities beyond those outlined in the PDD.
(iii) Alterations in the monitoring approach for parameters tracking.
(iv) Extension of the credit period, leading to adjustments in baseline assumptions and frequency of validation and verification.

Case 2: Changes not requiring re- validation:

(i) Request to change the equipment used in the project other than the original size specified in the PDD.
(ii) The measurement equipment in the project has been changed.
(iii) Changes in the calculation method or the monitoring method for tracking parameters required follow-up.

6.26.2 The verifier team is responsible for confirming that the project proponent has communicated any post-registration alterations. MFF must be informed of such changes before the conclusion of the validation and verification process the respective cycle. The team must verify that the project proponent has documented these changes in the relevant GHG monitoring report. Communication of project modifications to MFF can be facilitated through letter, e-mail or other appropriate channels.

6.27 PROJECT MONITORING

6.27.1 The verifier team is responsible for scrutinizing the GHG emission reduction, removal and avoidance monitoring methodology to ensure the project proponent is effectively tracking these metrics. This involves confirming the accuracy and consistency of the monitored information with the registered PDD submitted to MFF. The project must provide details on the project implementation outcomes in a GHG monitoring report, and furnish supporting evidences to validate the credibility of their actions.

6.27.2 This information should include:
a) organizational structure of agencies involved in monitoring activities
b) flowchart depicting data collection processes and responsible individuals
c) guidelines for data quality control and calculation methods
d) identification of measurement points or sample conversion information or parameters for GHG emissions monitoring
e) reporting of relevant parameters in adherence with the chosen GHG methodology
f) storage of activity data as per the PDD assessment plan
g) supporting evidence presented appropriately to substantiate monitoring outcomes

6.27.3 In case a measurement equipment is utilized, the verifier must confirm that the equipment used for measuring and collecting data has been calibrated correctly and has been maintained at an acceptable standard. This includes verifying that the equipment is in operational condition and aligns with the specified calibration procedures. Should the verifying team encounter unreliable calibration practices or prolonged calibration lapses, adjustments to monitored parameters may be required. The adjustments aim to maintain the reliability and significance of GHG reduction data within acceptable tolerances. Calibration adjustments could involve percentage error corrections or other methodology conforming to recognized principles and verifier team's professional judgement.

6.28 GHG REDUCTION, REMOVAL AND AVOIDANCE CALCULATION

6.28.1 For the GHG reduction, removal and avoidance calculation, the verifier team is tasked with verifying that the project proponent has accurately identified relevant activity details. They must assess the selection of emission factors and constants in the calculation to ensure their correctness and appropriateness. The coefficients and constants utilized should align with monitoring guidelines outlined in the PDD and correspond to the selected FCO methodology or MFF specifications.

6.28.2 The verifier team should scrutinize the GHG reduction, removal and avoidance calculation concerning the base case, project implementation, and activities beyond the project scope. This review should encompass considerations of credibility, accuracy, completeness, conservativeness, and alignment with supporting evidence gathered. The calculation for each calendar year should be assessed for consistency.

6.28.3 In instances where project proponent uses multiple mitigation methodologies, the verifier team must verify that the project proponent specifies the calculation of GHG reduction, removal and avoidance separately for each calendar year and for each methodology used.

6.29 COMPARISON OF CERTIFIED AND PROJECTED GHG REDUCTION, REMOVAL AND AVOIDANCE AMOUNT

6.29.1 The verifier team is responsible for evaluating whether the project proponent has conducted a comparison between the actual GHG reduction, removal and avoidances achieved during the monitoring period and the projected figures outlined in the PDD. This assessment should include explanations and supporting rationale for any observed differences, ensuring they

reasonable, consistent with the calculation results, and reflect actual operational outcomes. Any deviations should be substantiated with relevant and reliable evidence.

6.30 RESERVE CREDIT MANAGEMENT AND MONITORING OF CREDIT RISK ASSESSMENT

6.30.1 MFF mandates that project proponents involved in International FCO projects related to GHG reduction, removal and avoidance in forestry sectors must submit a monitoring report on non-permanence risk (Non-permanence Risk Report) within five (5) years from the project commencement. Subsequent reports should be submitted every five (5) years throughout project duration. These reports aid in the evaluation of non-permanence risks and guide decisions related to reserve credit withdrawal, cancellation or retention.

6.30.2 The verifier team is tasked with validating the consistency of the Non-permanence Risk Report in line with MFF guidelines for reserve credit management and risk assessment. This verification process specifically focuses on monitoring and assessing the potential carbon loss risks associated with Malaysia's Voluntary GHG reduction, removal and avoidance initiatives in forestry project.

6.31 VERIFIER STRATEGIC ANALYSIS

6.31.1 The verifier team delves into the intricacies of the FCO project, evaluating crucial factors such as carbon stock and significant GHG emission sources essential for quantifying GHG reduction, removal and avoidance. The team gathers evidence from various sources, including references to each GHG emission source, data collection and data quality control, for example. The team to meticulously scrutinize the data to identify any errors, omissions or distortions that could have a material impact on the quantification of GHGs (Material misstatement). This strategic analysis step can be carried out in conjunction with a desk review step.

6.31.2 The verifier team is tasked with ensuring that the project activities outlined in the MR align with the PDDs registered by MFF. The verification encompasses assessing compliance with the chosen FCO methodologies and MFF criteria, as well as evaluating the accuracy and suitability of numerical data used for calculating the amount of GHG reduction, removal and avoidance calculations. Subsequent to that, the team is required to determine the strategy (Strategic Analysis), verification techniques employed, and summarize verification outcomes in a report format. The verification report, and statements serve as a crucial supporting document for project proponents seeking for FCUs.

6.31.3 For more detailed understanding on the strategic analysis process, additional information on the specific steps can be found in ISO 14064-3: 2019

6.32 VERIFIER RISK ASSESSMENT

6.32.1 In the verification process, the primary risk pertains to the potential errors arising from omissions or misrepresentations that could impact the accuracy of GHG data representation in FCO project. To mitigate these risks, the verifier team is responsible for conducting a comprehensive risk assessments. These assessments are essential in planning and organizing verification activities to instill an appropriate level of confidence and minimize verification risks. Leveraging knowledge and understanding gained from strategic analysis, the team evaluates emissions, absorbers and reservoirs dynamics relevant to the project. Additionally, considerations extend to project scope, management practices, data transfer processes, and data quality control measures specific to the FCO project to ensure robust verification procedures.

6.32.2 More details on risk assessment procedures for verification (Risk Assessment) can be found in ISO 14064-3: 2019

6.33 EVIDENCE-GATHERING ACTIVITIES OR SAMPLING PLAN FOR THE VERIFICATION PROCESS

In the verification process, evidence-gathering activities and the formulation of a sampling plan, follow a similar validation. The verifier team must incorporate insights from the risk assessment to develop robust sampling plan that aligns with verification objectives. This involves selecting appropriate sampling methods and determining the optimal amount of sampling to ensure the data collected is both comprehensive and representative. Typically, larger sample sizes offer higher level of assurance regarding the absence of misstatements. The determination of sampling plan should be guided by established principles or theories, in combination with the professional judgement of the team, for examples of statistical theory widely used for random sampling. The verifier team develops the sampling plan to communicate to the project proponent.

6.34 VERIFICATION PLAN

6.34.1 The verification team uses the results obtained from the sampling plan to determine the activities that require data accuracy and GHG assessment results. The verification plan summary will be communicated to the project proponent and relevant parties about the schedule prior to the operations or field visits or remote inspections. The verification plan includes the following key components:

1) Scope and objectives of verification.
2) Criteria used for the verification process.
3) Composition of the teams with their respective responsibilities
4) Information regarding project proponents and involved stakeholders.
5) Identification of activities that require verification.
6) Definition of the Level of assurance Materiality (Materiality).
7) Schedule for potential on-site visits, if applicable.

6.34.2 For the verification purposes, MFF mandates the verification team for on-site visit to all project sites. This may be done through field visits or remote verification, depending on the case, as appropriate and mutually agreed between the team and the project proponent. The team must consider risk assessment of the information. For projects in the category of GHG reduction, removal and avoidance, from the forestry sectors, MFF recommends that the team visits the area to inspect the project implementation area. This includes the area and suitability of the sample plots, physical characteristics of vegetation, information on plant species, and others as specified by the FCO methodology.

6.34.3 Recommendations for activities where the team should go on site to verify the project proponent's performance e.g., as the first verification activity of the project or there is a change related to the scope of the project implementation or there is a significant change that may affect its materiality.

6.35 EXECUTION OF THE VALIDATION AND VERIFICATION PROCESS

6.35.1 <u>Validation and verification activities in the field</u>

a) Meeting

Before initiating validation and verification activities on-site, the team leader conducts a meeting to establish clarify on details and criteria. The meeting aims to confirm the initial agreement between the validation and verification team and the project proponent. It involves introducing the team members, outlining their respective responsibilities, clarifying guidelines for reporting concluding comments and findings after completing the validation and verification process, and explaining the process for addressing appeals and complaints from project proponent subsequent to the review.

b) Validation and verification process

The team follows the pre-communicated plan to validate and verify the issues identified by the project proponent in the PDD and the GHG Assessment Report.

The process for data collection and review includes the following steps:

(i) Review relevant documentation to ensure alignment of project design documents and the GHG Assessment Report with data sources, legality, and MFF requirements.
(ii) Conduct evidence-gathering activities, encompassing physical evidence (e.g. measuring instruments), documentary evidence (e.g. paper or electronic records), and testimonial evidence (e.g. interviews) to validate implementation against the monitoring plan outlined in the PDD.
(iii) Monitoring operations and activities related to GHG reduction, removal and avoidance, along with physical evidence reflecting project implementation.
(iv) Ensuring proper project information management of the project, data quality control system, guidelines for preventing and correcting any errors, omissions and misrepresentations that may affect the presentation of GHG reduction, removal and avoidance and related information.
(v) Review project site, machinery or equipment as per the PDD and the GHG Assessment Report through on-site inspection, remote inspection or document review.
(vi) Verifying project proponent's scope of project as outlined in the PDD, including measurement points as specified in the project scope, through on-site or document inspections.
(vii) Examine the guidelines and methodologies for monitor project results, data acquisition, and data transfer practices.
(viii) Documenting evidence, data sampling results, decision rationale and addressing any issues encountered during validation and verification to maintain transparency and record-keeping standards.

6.35.2 Response to comments and findings

Upon completion of the validation and verification process, the team convenes to address issues, errors or not compliances discovered during the inspection. The discussion aims to summarize key findings and clarify these points with the project proponent after the completion of the process.

6.35.3 Meeting adjournment

Following the validation and verification, the team leader communicates conclusions, comments, and findings to the project proponent. The project proponent is given an opportunity to discuss any issues or discrepancies before further action is taken. A timeline for corrective measures and additional information clarification is set based on identified discrepancies, with clear communication channels established for future coordination.

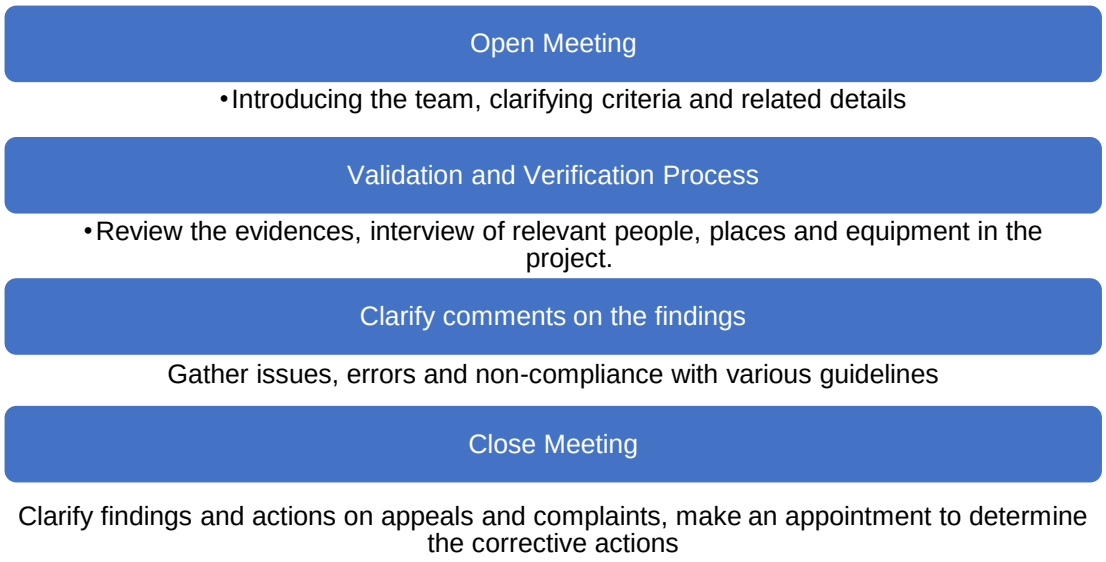


Figure 6.4: Communication Channel Steps

6.35.5 Classification of the validation and verification results as material misstatement

The validator and verifier team issues material misstatement when discrepancies are found in the GHG figures presented in PDD and GHG emission monitoring reports. These misrepresentations impact the reported materiality related to GHG reduction, removal and avoidance by exceeding 5 percent (5%) as mandated by MFF and influencing the decisions of the intended users.

a) Misstatement
The verification and verification team issues a misstatement when it is found that information related to GHG figures in PDD and GHG emission monitoring reports are inaccurate and affects the materiality reported regarding the amount of GHG reduction, removal and avoidance and exceeding 5 percent (5%) threshold established by MFF.

b) Non-conformity
The validator and verifier team issues nonconformity, when it is found that the information reported in the PDD and the monitoring reports on GHG emissions with actions or evidence of incompliance with the criteria and requirements of the FCO project including FCO methodology that the project proponent chooses to use.

c) Conclusion of the validation and verification results
For validation cases, the validation team must conclude validation results from adequate and appropriate assessment of the evidence and ensure that it is consistent with the project development guidelines. The project proponent must rectify material misstatements and nonconformities. Failure to address these issues would result in the validator team being unable to certify the project development.

6.35.6 For verification scenarios, the verifier team must conclude verification results from comprehensive assessment of evidence, ensuring consistency with the registered PDD by MFF. The project proponent must correct material misstatements and nonconformity. Failure to address these issues would result in the verifier team being unable to certify the FCUs.

6.35.7 The validator and verifier team are responsible for reviewing the outcomes of correcting material misstatements and nonconformities. They should clarify the details of the closure of various issues along with supporting reasons, including suggestions or additional comments (if any) to confirm that the project proponent has prepared a PDD and a monitoring report on GHG emissions. This is consistent with the conditions of the FCO project implementation, including the results of the project proponent's GHG reduction, removal and avoidance assessment in the monitoring cycle at the materiality level specified by MFF and at the level of reasonable certification.

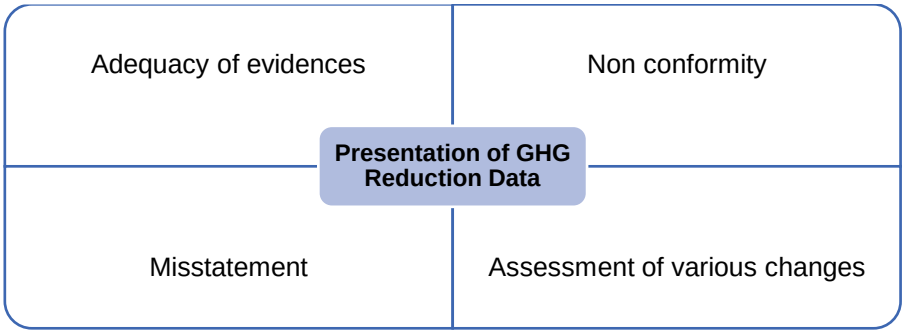


Figure 6.5: Presentation of GHG Reduction Data

6.36 VALIDATION AND VERIFICATION REPORTS

(i) When the project proponent finalizes revisions to the PDD and GHG Assessment Report, the validator team prepares (draft) a validation report for summarizing the validation results according to the form MFF sets and the ISO 14064-3: 2019 (7.3.3) requirements. The purpose of this report is to validate that the project proponent has appropriately prepared PDD in alignment with FCO project conditions and that the GHG emission results conform to the selected FCO methodology at the materiality level specified by MFF.

(ii) Upon completion of revisions to the monitoring report by the project proponent, the verifier team prepares a verification report summarizing the verification results. This report conforms to the designated format established by MFF and complies with the requirements specified in ISO 14064-3: 2019 (6.3.3). This verification report serves to confirm that the project proponent has accurately prepared the monitoring report in line with the conditions of the FCO project, ensuring the GHG emission results align with the chosen FCO methodology at the materiality level mandated by MFF..

(iii) The validator and verifier team are tasked with drafting a comprehensive validation and verification reports respectively. These reports encapsulate a summary of opinions and statements derived from the validation and verification processes. They must adhere to the format by MFF, using the most current version specified by MFF or the version deemed effective as per MFF's announcement. Importantly these reports should confirm the date of issuance and specify the report version. The teams are required to provide a thorough report on all relevant topics, ensuring completeness and accuracy. Subsequently, the draft validation report and verification report are to be shared with the reviewer for further scrutiny.

6.37 REVIEW OF THE VALIDATION AND VERIFICATION PROCESS

(i) The validator and verifier team are tasked with establishing quality control procedures to oversee the validation and verification processes with aim of ensuring the accuracy and reliability of the validation and verification results. Reviewers engaged in the validation and

verification process should demonstrate independence, possessing the necessary skills and competency equivalent to that of a validator team leader or a verifier team leader, respectively. The reviewers must act in an ethical and professional manner, presenting the results of a factual review.

(ii) The reviewers are responsible for evaluating activities related to validation and verification processes for all activities outlined in the agreement. They are responsible for assessing the sufficiency and appropriateness of relevant documents and evidence to ascertain that the documented evidence adequately supports validation and verification decisions. Additionally, reviewers must scrutinize errors and inconsistencies identified by the validator and verifier team detected during the validation or verification process.

(iii) Reviewers are actively involved in providing opinions on validation and verification results, addressing identified issues by leveraging the evidence provided by the project proponent, and facilitating issue resolution within the team. The reviewer must notify the team of any concerns or information to be further substantiated about the validation and verification process, if any, and document the results of the review in writing.

6.38 DECISION AND ISSUE OF THE VALIDATION AND VERIFICATION STATEMENT

6.38.1 Judgement form and summary of the validation and verification results

The validator and verifier team will review data and results of validation or verification issues detected during the operations based on the evidence and facts found. They will summarize opinions and make decisions related to validation or verification. The validation or verification results can be classified into 3 types as follows:

(a) Certify

The validator and verification team summarizes qualified comments, when it is found that the project proponent has corrected the material misstatement and nonconformity informed from the results of validation of the information in the project design documents and the monitoring report of the GHG emissions. The data is consistent with various criteria and requirements, including the GHG assessment results are accurate and complete. There is sufficient and reasonable evidence to support it.

(b) Certify with comment

The validator and verification team summed up the comments to confirm with additional observations. When it is found that the project proponent can correct the material misstatement and nonconformity, but the project proponent cannot correct the misstatement in which the GHG assessment results are inaccurate and affect materiality, but not more than 5 percent as determined by MFF, where the validator and verifier team summarizes the reasons for the observation or the causes of such effects to be used as supporting information for the next verification.

(c) Not Certify

The validator and verifier team can conclude unconfirmed opinions, when it is found that the project proponent failed to correct or close material misstatements and nonconformities from the results of validation of the information in the project design documents or the verification results in the GHG monitoring report. As a result, the GHG assessment results are inaccurate and complete; or the evidence found may not be sufficient to provide certification. The project proponent cannot by the validator and verifier

team summarize the reasons for the non-conformance and the reasons for the non-certification.

6.38.2 Statement

Decisions for validation and verification by the VVB for the FCO projects must be evidence based. The person who judges the validation and verification process and signs the validation and verification report. The person must be the authorized signatory of the VVB, or the person assigned to issue a statement of validation and verification results.

6.38.3 Facts Discovered after the Validation and Verification

If additional facts or information are discovered post-validation and verification by VVB, the project proponent, MFF or stakeholders and that information affects the validation report then the validation and verification report, statement, and the VVB should consider and take steps as follows:

(i) The VVB reviews any new information or fact and asses their impact.

(ii) The VVB must undertake the following steps in each case:

(a) In case the VVB found errors or mistakes.

1. The VVB informs the project proponent and MFF regarding the errors and mistakes.
2. MFF considers information and facts informed by the VVB, and the impact of such information, including establishing operational guidelines for resolving various issues.
3. MFF informs the results of consideration, including solutions to the VVB, stakeholders from the event as appropriate.
4. The VVB monitors the results of MFF's consideration.
5. The VVB informs the results of the operations to the project proponent and MFF, while submitting a validation and verification report, and their statement (new version) to MFF (if the information in the validation and verification report must be changed).

(b) In case of the VVB notified by the project proponent about the facts or errors occurred.

1. The VVB notifies MFF about the detected data.
2. MFF considers information and facts informed by VVB, the impact of such information, including establishing operational guidelines for resolving various issues.
3. MFF informs the results of consideration, including solutions to external assessors. including stakeholders from the event as appropriate.
4. The VVB monitors the results of the consideration of MFF.
5. The VVB informs the results of the operations to the project proponent and MFF, together with submitting a validation report and their statements (new version) to MFF (if the information in the verification and verification report must be changed).

(c) If MFF finds facts or errors.

1. MFF considers information, facts and impacts arising from such information, including establishing operational guidelines for resolving various issues.
2. MFF informs the results of consideration, including solutions to the validation and verification, including stakeholders from the event as appropriate.
3. The VVB monitors the results of the consideration of MFF.
4. The VVB notifies the results of the operations to the project proponent and MFF, along with submitting a validation and verification report, and their statements (new version) to MFF (if the information in the validation and verification report must be changed).

6.36.7 In the case of the VVB does not correct the error that has occurred, MFF will consider suspending or revoking the certificate of the VVB. It depends on the case and on the discretion of MFF.

6.37 RECORDS

6.37.1 Upon completion of the validation or verification process, the VVB must prioritize the confidentiality of stored records and information obtained during the validation and verification activities. A secured data storage system should be in place to prevent data loss, except for information designated by MFF for public disclosure, such as the validation report and FCO project verification report. The records of information and documentation relevant to validation and verification process must be adequately maintained in hard copy or compiled into electronic files as necessary.

6.38 LIFE OF RECORD STORAGE

6.38.1 Records and documents related to the validation and verification process must be maintained by the VVB as follows:

(i) Validation process: Not less than 7 years after the end of the project credit period of the validated version of the PDD.
(ii) Verification process:

(a) Not less than 7 years after the end of the project credit period; and
(b) Not less than 7 years after completion of the verification process.

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