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Should you require any further information please do not hesitate to contact us. We will be pleased to help you.

Please contact us via E-mail to operation.carbon@tuev-nord.de or by phone 0800 245 74 57 (free-phone from within Germany) or +49 511 9986-1222 from abroad.

TÜV NORD CERT GmbH
Am TÜV 1
45307 Essen
Germany

www.tuev-nord-cert.com

According to the Guidelines of Saudi Arabia's Greenhouse Gas Crediting & Offsetting Mechanism (GCOM), a project must undergo a validation by a Validation and Verification Body (VVB) approved by the Design National Authority (DNA) of the respective host country. TÜV NORD CERT GmbH (TÜV NORD CERT) acts as a VVB for validation and verification of all project types (CDM Sectoral Scopes 1 – 16) with additional competence based on project-specific knowledge, training and experience, in accordance with the DNA's competency requirements and standards.

1. GENERAL SCOPE OF WORK

Validation is the independent evaluation of the project design, in particular the project's baseline study, other relevant supporting documents as well as the monitoring and reporting plan as required by Saudi Arabia's Greenhouse Crediting & Offsetting Mechanism (GCOM). This includes the applicable GCOM Guidelines (Principles & Requirements), the requirements of the applicable GCOM methodology (DNA-prepared or DNA-approved), the Activity Requirements, the Product Requirements, the host country requirements and any optional rules.

The validation is based on the information made available to TÜV NORD CERT from the client and on the agreement between TÜV NORD CERT and the client. TÜV NORD CERT cannot be held liable by any entity for making its validation opinion based on any false or misleading information supplied to it during the course of validation.

TÜV NORD CERT employs a risk-based approach in the validation, focusing on the identification of significant risks for project implementation and the generation of verified emission reductions (VERs). The service of TÜV NORD CERT will not include any consulting service.

The validation will follow the procedures of Climate Protection Projects of TÜV NORD CERT's Quality manual and the applicable GCOM requirements.

In carrying out the validation work, TÜV NORD CERT will apply the following standards and criteria:

- the requirements set forth in the most recent versions of the GCOM Guidelines, including the guiding principles (relevance, completeness, consistency, accuracy, transparency, conservativeness, permanence, additionality), requirements concerning Sustainable Development Goals (SDG) and stakeholder engagement;
- the criteria set forth in the most recent version of any applicable optional regulatory documents issued under GCOM.
- host country requirements / criteria;
- geographical boundaries of the project including all national and/or sectoral policies and regulations;

TÜV NORD CERT will validate the following information:

- policy, measure or stated goal of the project;
- confirmation about voluntary action by the project participant;
- demonstration of additionality in line with GCOM (including legal/regulatory, common practice and barrier assessment as applicable under the methodology);

- design of the project (including technology or measures, baseline and monitoring methodology justification and application and accounting for leakage);
- start date, lifetime and crediting period in line with GCOM;
- operational and management arrangements, including record-keeping system and procedures to avoid double counting;
- applied methodology;
- baseline, project scenario and the “below business as usual” baseline approach required by GCOM;
- monitoring and reporting plan with record-keeping system;
- indicators/data to be monitored and reported;
- if applicable, statistically sound sampling method to be used for verification;
- assessment of compliance with GCOM’s environmental and social requirements;
- stakeholder consultation.

2. VALIDATION PROCESS

The validation and subsequent registration process for the proposed GCOM project shall follow the sequence of steps presented below, in accordance with the GCOM Guidelines and the applicable GCOM methodology.

2.1. Review of Documents

The project documentation submitted by the client and supporting background documents related to the project design, baseline study, stakeholder consultation as well as monitoring and reporting plan will be reviewed. Furthermore, the validation team may use additional documentation or checklist by third parties like host-party legislation, technical reports referring to the project design or to the basic conditions and technical data. The document review shall establish to what degree the presented documents meet the established validation criteria under the GCOM Guidelines and the applicable GCOM methodology (DNA-prepared or DNA-approved). The findings of initial document review will be presented to the client.

2.2. On-site visit and follow-up interviews

Visits of the project site / PP’s offices will be carried out in line with the GCOM requirements. To ensure an efficient validation process the client has to provide all necessary information and documentation during the site visit and grant access to relevant sites and persons. If TÜV NORD CERT finds that the information provided by the client is not sufficient to perform the validation, TÜV NORD CERT may, at TÜV NORD CERT sole discretion, request follow-up interviews with project stakeholders, project developers, consultants and/or technical staff, or financially responsible persons.

2.3. Resolution of Corrective Action Requests (CARs) and Clarification Requests (CLs) via Preliminary Findings List and Draft Validation Report (DVR)

In order to remedy any mistakes, problems or any other outstanding issues that need to be clarified for positive conclusion on the project design, TÜV NORD CERT will formally communicate the client the

findings in form of CARs and CL with the help of a validation checklist, in order to arrive at conclusions related to the claimed emission reduction reductions. In the event of issuance of CARs / CLs the client will have to process CARs and respond to CLs before the validation can be completed.

It is the responsibility of the client to respond to the CARs and CLs reported by TÜV NORD CERT in a timely manner. The CARs and CLs stated in the preliminary findings list will have to be resolved by the client, if these are issued. The requests can be resolved or “closed” by the client by modifying the project design and by rectifying and updating the project design documentation. The requests may be assessed by desk review or by another site visit, if required. If findings cannot be solved, this may cause the project to not be recommended for registration, and subsequently the projected emission reductions not to be validated and verified.

The number of assessments on the corrective actions for closure of CARs and CLs raised is limited to two consecutive rounds as well as the number of onsite visits is limited to one. For further resolution, the client and TÜV NORD CERT may enter into an amendment for additional man-days required.

In addition to the preliminary findings list, the client will also receive a draft validation report, based on the initial desk review and on-site visit.

2.4. Validation Report

The final validation report will reflect the results and any adjustments made to the project after the submission of draft validation report. This final validation report will reflect the responses to corrective action and clarification requests, discussions and revisions of project documents. Thus, the final validation report should give the final conclusions regarding the projects conformance with relevant GCOM requirements and the applicable GCOM methodology. The validation report may raise issues that need to be subsequently addressed during project implementation like the implications of any remaining corrective action requests not resolved during the validation.

The final validation report shall include a validation opinion, which either forms the basis for submission of the project to the DNA under GCOM (for registration) or which explains the reason for non-acceptance if the project is judged not to fulfil validation requirements. In addition, the opinion will be an important decision factor for the client whether to proceed with the project.

In case of projects currently registered with other standards the scope of works includes the assessment of eligibility criteria for transition from other standard to GCOM following the rules set forth in the most recent version of “GHG Emissions Reduction & Sequestration Product Requirements”, in particular, Annex B there. The outcome of the eligibility assessment will be presented via separate Validation Report or on request within the corresponding Verification Report as a combined validation and verification report, in case of combined Services, i.e. Validation of the project transition from other standard and Periodic Verification of the GCOM project.

2.5. Technical review & Final Approval

Before the submission of the final validation report, a technical review and final approval of the whole validation procedure will be carried out.

During the technical review process, the validation opinion and the specific assessments as prepared by the validation team may have been confirmed or revised. Furthermore, reporting improvements might have been achieved.

The technical review follows an overall (esp. procedural) assessment of the complete validation carried out by a qualified auditor.

2.6. Submission to the client

TÜV NORD CERT will submit the final Validation Report to the Client. Under GCOM, the Project Proponent submits the complete PDD forms and all required attachments together with the associated Validation Report to the Designated National Authority (DNA) for review and registration. Further, TÜV NORD CERT will respond to any missing/insufficient data and information raised during the DNA's review.

3. SCHEDULE OF EVENTS

The client shall submit all necessary project-related documents at least four (4) weeks before TÜV NORD CERT's (first) site visit. If the client fails to meet the aforementioned timeline or fails to submit any project related documents that it should reasonably have submitted to TÜV NORD CERT, TÜV NORD CERT may, at its sole discretion, postpone its site visit(s).

TÜV NORD CERT will use reasonable efforts to forward the DVR including the CARs and CLs to the Client within four (4) weeks of its (final) site visit.

Upon the Client's submission of its response to CARs and CLs, TÜV NORD CERT will use reasonable efforts to finalise the FVR within three (3) weeks of TÜV NORD CERT's receipt of the final documents submitted by the Client.

Subsequently, the internal technical review and final approval will be conducted.

4. TEAM COMPOSITION

An experienced team will carry out the validation of the project.

The validation team will consist of experienced (lead) auditors and experts covering technical, methodological, environmental, host country and socio-economic competence.

The final team composition will be announced after conclusion of contract and in the course of the audit planning. The client has the right to reject any team member with sufficient justification. Related Curriculum Vitae of the audit team will be provided upon request vide operations.carbon@tuev-nord.de.

5. RIGHTS AND RESPONSIBILITIES OF TÜV NORD CERT

In addition to performing the service detailed in the offer TÜV NORD CERT shall:

Issue a validation report in line with scheme requirements, which will state whether, in the VVB's opinion, the project activity fulfils the requirements of the scheme.

Arrive at its opinion upon consideration of the following matters and reporting as to any aspect with which TÜV NORD CERT is not satisfied, namely whether:

- All relevant scheme requirements are met
- the monitoring system and procedures are in line with the applied methodology.
- the project is additional
- environmental analysis and Stakeholder Consultation Procedure is in line with the scheme

TÜV NORD CERT shall be entitled to Interview attorneys, engineers, analysts, accountants, or other parties deemed by TÜV NORD CERT to have the qualifications necessary to assist in the performance of the service without any extra fees/charge payable on this account by the client. TÜV NORD CERT may select and engage such persons without the clients prior approval save that, should the client advise TÜV NORD CERT that a conflict of interest exists, TÜV NORD CERT will take all necessary measures to engage alternate advisors. TÜV NORD CERT may also consult with stakeholders to assist in the performance of the service. Stakeholders shall include the public, including individuals, groups or communities affected, or likely to be affected, by the activity in question.

TÜV NORD CERT shall perform the service in an efficient, prompt, skillful and careful manner in accordance with the current industry standards, practices and approved procedures. In performing the service, TÜV NORD CERT shall observe and obey all applicable laws, regulations, rules and standards imposed by any government or other duly constituted authority having jurisdiction in the host country. TÜV NORD CERT by accepting the offer neither automatically guarantees a positive validation opinion nor the registration of the project by the DNA under GCOM.

TÜV NORD CERT has the right to subcontract services under this contract in whole or in part as applicable by the GCOM requirements to other entities or external individuals.

6. RESPONSIBILITIES OF THE CLIENT

The client is responsible for:

Preparing a Project Design Document (PDD) and stakeholder Consultation Report in compliance with the requirements set by the applied scheme. In case of changes to the scheme during execution of the service the client shall adapt the project documents to the new regulations.

Determining additionality, baseline scenario and emission reductions using approved methodologies and tools and scientifically appropriate protocols as required by the scheme.

Preparing a monitoring and reporting plan consistent with the requirements of the scheme, to gather the necessary data and reporting data in a complete, transparent and accurate manner.

Providing TÜV NORD CERT with:

- a PDD and a Stakeholder Consultation Report and further documents as requested and required by the scheme.
- the necessary and requested access to client books, records, information systems and facilities such that TÜV NORD CERT is able to validate the data and assumptions presented in the project documents.
- all information, documentation, data or other material or taking all measures required by the scheme unless TÜV NORD CERT is expressly responsible for providing such measures under this agreement. In case of deadlines set by the scheme concerning material to be provided or measures to be taken by the client, the client shall provide TÜV NORD CERT with material 3 working days before expiry of the deadline.
- information on any health, safety and personal protection procedures or equipment required for conducting the onsite visit and inspection at least 10 business days prior to the onsite inspection.