

Emissions Reporter Manual - MBM Specification

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1. Introduction

1.1. The Smart Freight Centre Conformity Assurance Scheme (SFC CAS) for 'Validation and Verification of GHG emissions statements for transport chains' provides a global scheme for independent verification of GHG emissions. It is based on the requirements set out in the ISO standards as well as others that are specific to the SFC scheme as outlined in Section 4.

1.2. The SFC CAS defines two technical scopes:

1.2.1. **ISO 14083 Scope:** covered in the **Emissions Reporter Manual – ISO 14083** (SFC-PRO-001-2).

1.2.2. **Market Based Measures (MBM) Specification Scope:** covered in this document.

1.3. The **MBM Specification Scope** of the SFC CAS aims to assist companies that wish to assure their respective accounting outputs and want their work verified to the level of detail provided by SFC's normative document MBM Specification.

1.4. The **Emissions Reporter Manual - MBM Specification** (this document) provides the specific criteria and procedures under which an Emissions Reporter's (ER) disclosures become accepted under the SFC CAS for the MBM Specification Scope. It also outlines the procedures that ERs must follow when preparing their Monitoring Plans and Emissions Reports, prior to independent verification.

1.5. This procedure becomes effective on the date of issue indicated above.

2. Scope and applicability

2.1. This document is applicable to all ERs seeking to be Listed under the MBM Specification Scope following verification in accordance with the SFC CAS rules.

2.2. For ERs, the two SFC CAS scopes (ISO 14083 and MBM Specification) are separate. ERs can apply for only one of them, or for both.

2.3. However, to be able to use the MBM Specification Scope, the ER's relevant emission reports must have been verified against ISO 14083 by a Validation and Verification Body (VVB). This could result from the same verification engagement by an SFC approved VVB, as part of the SFC CAS. Alternatively, it could also result from another independent verification engagement, by a VVB that is not approved by SFC. In case of the latter, the ER must submit the Verification Opinion for the



same report that was verified against the MBM Specification to the SFC Approved VVB providing verification for the MBM Specification and to SFC.

2.4. Participation in the SFC CAS is voluntary and based on objective criteria. The scheme is not discriminatory to ERs or VVBs.

3. Overview of the SFC CAS

3.1. Roles and Responsibilities

3.1.1. Emissions Reporters

3.1.1.1. ERs calculate and report their GHG emissions in conformance with the reporting standards set out in Section 4. They are responsible for their Monitoring Plan, assumptions, relevant calculations and claims, and for selecting and interacting with their VVB. After the selected VVB completes the verification, the VVB submits the Verification Opinion - as output of the verification process - along with a PDF of their final verified Emissions Report to the ER. The ER, in turn, submits these to SFC. SFC then makes the opinion publicly available on the SFC Emissions Reporter database on its website (known as **Listing**).

3.1.2. Validation and Verification Bodies

3.1.2.1. VVBs verify that the ER's Monitoring Plan, assumptions, calculations, and claims are transparent and conform to the MBM Specification, ISO 14083¹ and any other standard specified in their Monitoring Plan, and that declared emissions are accurate and in accordance with the standards and monitoring methodology defined in the Monitoring Plan.

3.1.2.2. VVBs must be able to demonstrate and maintain impartiality while conducting verification activities. VVBs are only eligible for SFC approval if they are accredited to the verification standards outlined in Section 4, including approval for the transport scope for verification. VVBs must sign the required agreement with SFC before they can perform verification in connection with the SFC CAS. The list of SFC-approved VVBs is available on the SFC CAS website.

3.1.2.3. For VVBs, the MBM Specification Scope is additional to the ISO 14083 Scope and cannot be applied on its own. VVBs can apply for approval for ISO 14083 only, or for an extension of their ISO 14083 approval to MBM Specification.

¹ The applicable version of ISO14083 is the one in force at the time of monitoring and reporting. If an updated version is issued part way through the reporting period, the Emissions Reporter may continue to monitor and report in line with the old version for the object of that specific report; thereafter moving to the latest version for future reporting.



3.1.2.4. There are four stages of the verification process under the SFC CAS:

3.1.2.4.1. The ER appoints an SFC-approved VVB. The appointment and contracting shall include the scope of work that is comprehensive and suitable for the claims being made and the verification service sought.

3.1.2.4.2. The VVB conducts verification of the declared emissions; the ER provides full access to the information needed by the VVB to complete its work.

3.1.2.4.3. The VVB provides a Verification Report containing its opinion; if the result is a verified² opinion, then the ER sends the PDF copies of the Verification Opinion and the final verified Emissions Report to SFC.

3.1.2.4.4. The relevant verification documents are published on the SFC website. See section 5.

3.1.3. Smart Freight Centre (SFC)

3.1.3.1. The SFC CAS is managed by SFC. SFC is responsible for developing and managing the scheme. It maintains an impartial position in the freight/transportation market and does not develop emission calculation tools, nor does it provide consultancy or verification services.

3.1.3.2. SFC runs an approval process for accredited VVBs to provide verification services under the SFC CAS. SFC also operates a database of ER's verified disclosures and performance levels.

3.1.3.3. SFC reserves the right not to list VVBs or ERs where it deems that they do not conform with the scheme rules. SFC reserves the right to delist VVBs or ERs where it deems that they have not been verified in accordance with the scheme rules or are in breach of their agreement with SFC.

4. Documents

4.1. The rules and requirements for the SFC CAS are set out in the scheme documents. These documents are complemented by other SFC procedures, templates and forms, and standards issued by external entities or SFC. SFC may issue new documents. The complete and current list of the scheme documents is available on the SFC CAS website.

4.2. SFC CAS documents have a version number and effective date. When SFC CAS scheme documents are updated, all changes will be summarized in an appendix table. If applicable, a transition period will be specified. VVBs approved by SFC and ERs listed by SFC will be informed of the updates.

4.3. Where documents are referenced - and such documents are updated - the most recent version of the document should be used, and their transition period considered.

² Or 'verified with comments'



4.4. The following are normative documents (i.e., standards) for the **MBM Specification Scope**:

A. Reporting standards:

4.4.1. SFC-SPEC-001 MBM Specification - Market Based Measures Specification for Logistics Emissions Reporting”

B. Verification standards:

4.4.2. ISO 17029, Conformity Assessment – General principles and requirements for Validation and Verification Bodies

4.4.3. ISO 14065, General principles and requirements for bodies validating and verifying environmental information

4.4.4. ISO 14064-3, Greenhouse gases – Part 3: Specification with guidance for the verification and validation of greenhouse gas statements

4.4.5. ISO 14066, Greenhouse gases – Competence requirements for validation teams and verification teams

4.5. The standards listed above are part of the requirements of the SFC CAS, and their requirements shall be met either by the ER (set A above) or the VVB (set B above).

C. Guidance:

4.6. The required scheme documents are complemented by guidance documents, which provide additional information to assist with the interpretation of standards - these are mentioned explicitly in the MBM Specification (SFC-SPEC-001) and/or published on the SFC website. An example of a guidance document is the **MBM Framework** (SFC-GUID-002). Reporters are expected to follow the recognized guidance or explain to their VVB, why they have not and/or that the guidance they have followed is more robust.

D. Definitions:

4.7. Definitions as set out in ISO 17000 and the ISO standards referenced above apply to the SFC CAS.

5. Applications, Fees and Listing

5.1. SFC charges fees to cover administration costs, at the rates set out in the document **Assurance fees for Emissions Reporters** (ASU-FEE-001-2).

5.2. To apply to the SFC CAS, ERs must complete an **Application Form** (ASU-TPL-010-2) and submit the signed application, along with all supporting evidence mentioned in the application form, to assurance@smartfreightcentre.org.

5.3. Applicants must also sign the **License Agreement SFC-ER** (ASU-TPL-009-2), and pay the Listing Fee defined in the fee schedule. This fee covers the review of (only) one GHG Emissions Report per year, but more than one report can be submitted for listing.



5.4. The application shall only be considered when SFC has received all the documentation and the Listing Fee. Applicants should only apply when they are ready to submit their verified Emissions Report and Verification Opinion. If these documents are complete and correct, SFC will process applications from ERs and list them on the SFC website within 30 calendar days from the date of application submission

5.5. Once the application is processed, SFC will add the ER to the list of verified disclosures on the SFC website, under the calendar year of the date of the verified report (the **Listing Period**). ERs can have multiple reports listed for each calendar year, providing they have paid that year's fee. Listing of one or more reports that have been verified in a new calendar year requires payment of a new Listing Fee.

5.6. SFC will keep listed report on its database for 10 years. New year's fee will cover reports being added in new calendar years. This way, past reports will not be removed from the database until the 10-year period is over, in case an ER decides not to pay a certain annual fee,

5.7. SFC defines two options for Listing of Emissions Reports:

5.7.1. **Reports to wider stakeholders**, where the Emissions Report is published alongside the Verification Opinion [or the Opinion is alongside a link to where the report is published by the ER and where the ER includes a link to the SFC listed opinion in their report (pdf or website)]

5.7.2. **B2B reports**, where both Verification Opinion and Emissions Report can remain private, and there is an access code that the ER can provide to its report user so they can access the opinion on the SFC website to obtain assurance. In this case, the SFC public website would just list the ER and the report number.

As part of their application ERs shall select which Listing options they choose, with the provision that all reports to wider stakeholders (such as annual inventories) are on option 1.

6. Emissions Report

6.1. ISO 14083 defines the minimum content for reporting GHG emissions. Although no template or format is mandatory, clause 13.4.2 of ISO 14083 suggests the use of tables 1 and 2. SFC has made available a template for **Emissions Reports** (ASU-TPL-011-2) which is consistent with these tables and which can be used, and allows simplification where sections are not applicable. The SFC template also includes the reporting template for the MBM Specification. However, reporting can be achieved in various ways and formats provided that the minimum required content specified for the SFC CAS is included –as outlined in the template.

6.2. Once the Emissions Report has been confirmed as ready for verification, it can be shared with the VVB. But once the VVB has confirmed the Emissions Report is final and prepared their own Verification Report (VR), the Emissions Report must be printed to PDF format to give an unchangeable version. The VVB will provide the reporter with a PDF copy of their full VR.



6.3. Regarding publication of the Emissions Report, Where the Emissions Report PDF is placed on a website or passed onto a supplier or customer, the VVB's VR shall be incorporated at the end of the Emission Report PDF file.

6.4. Where the Emissions Report is published on a website, the VVB's VR shall be published alongside it - either directly or accessible via a web link.

6.5. Where the Emissions Report is published as part of an annual financial report or sustainability report, for example, a summary of the VR must be published alongside the reported data with a web link to the full VR. The text of any summary published must be agreed with the VVB before the publication.

7. Monitoring Plan

7.1. Content of the Monitoring Plan

7.1.1. An ER must prepare a Monitoring Plan^{3,4}, which is a document describing their methodology and calculation approach. This document can be given another name (e.g. Standard Operating Procedure [SOP], Reporting Approach, Accounting Policy), provided the minimum content described below is covered:

7.1.1.1. Definitions.

7.1.1.2. Description of the type of report(s) being prepared covering e.g. the type of MBM entity reporting⁵, the subject of the report⁶, the number and type of Low Emission Transport Solution (LETS) etc., and the nature of the Book and Claim to be made.⁷

7.1.1.3. Documentation of roles and responsibilities, including quality control procedures and interactions with subcontractors.

7.1.1.4. Detailed documentation of data flow from source (e.g. telematics data corroborating transportation activity) to report, including identification of where data is held by a third party on the Reporter's behalf.

7.1.1.5. Estimation methods (see also Article 7.2.1).

³ This Monitoring Plan can be part of the Monitoring plan for the ISO14083 compliant report, or it can be a separate document.

⁴ Both ISO14064-1 and ISO14083 are context specific so not all elements will apply to an individual Emissions Reporter, therefore the Reporter is required to compile a Monitoring Plan that details the elements that are applied in their context. Verifiers will check both the content of the Monitoring Plan against the ISO and MBM requirements; AND the implementation of the Monitoring Plan to confirm that emissions calculations and MBM data are conformant with all three documents.

⁵ Shipper, Carrier, LSP, Solution Provider.

⁶ Low Emissions Solution, Low Emissions Transport Service, or Both.

⁷ Direct/indirect claim, direct/indirect book, claim&rebook etc.



7.1.1.6. Assumptions underlying the gathering of data, calculation factors, estimates and other calculations, for example.

7.1.1.7. Justification for any deviations from recommended data sources and calculation methods.

7.1.1.8. Description of calculations (including final calculation tools and templates).

7.1.1.9. Description of the status of MBM units as 'additional' and the application of the additionality constraint, including transparent and relevant policy data to the emission report content (e.g. geographic data, external policy references, conditional variables).

7.1.1.10. Description of the type of evidence to be used for reportable dates for: Solutions, LETS generation, Booking, Claiming and application to inventory.

7.1.1.11. The internal controls over data generation, acquisition, accounting and reporting, which might include: data generation and validation, calculations, reporting and decision-making timetable; project tracker of progress against timetable, as well as controls over the assurance of integrity of Solution emissions profile characteristics/ attributes (e.g. registry SOP, certification process), IT and data systems used for storage, processing and manipulation of relevant data; and control over third parties that supply services relevant to GHG reporting⁸.

7.1.1.12. Description of the process for retention, and the retention period, of evidence to support MBM data and information underpinning the Emissions Report.

7.2. Uncertainty and materiality

7.2.1. SFC recognises that there is uncertainty inherent in the use of calculation tools, estimates, models, defaults factors etc. The Monitoring Plan must include a clear description of any such estimate approaches applied. Definitions of uncertainty and materiality can be found in the **VVB Manual - ISO 14083** (ASU-PRO-002-2).

7.3. Internal controls and data retention

7.3.1. An Emissions Reporter shall have an internal control system that shall comply with clause 8 of ISO 14064-1 on GHG inventory quality management.

7.3.2. Emissions Reporters shall retain supporting evidence of the MBM calculations for a minimum period of five years. This is in case there is a dispute about declared MBM data or the verification process.

⁸ This includes the controls to ensure that the underlying calculations and evidence for MBM reporting cannot be amended once the report is verified.



8. Related policies and other information

- 8.1. Emissions Reporter Manual - ISO 14083 (SFC-PRO-001-2)
- 8.2. MBM Specification (SFC-SPEC-001)
- 8.3. MBM Framework (SFC-GUID-002)
- 8.4. Assurance Fees for Emissions Reporters (ASU-FEE-001-2)
- 8.5. Emissions Reporter Application Form (ASU-TPL-010-2)
- 8.6. License Agreement SFC-ER (ASU-TPL-009-2)
- 8.7. Emissions Report (ASU-TPL-011-2)
- 8.8. VVB Manual – ISO 14083 (ASU-PRO-002-2)

Version history

1	30/09/2024	First edition
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