

Validation and Verification Body 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 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 **Validation and Verification Body Manual – ISO 14083** (SFC-PRO-002-2).

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

1.3. The **Validation and Verification Body Manual – MBM Specification** (this document) provides the specific criteria and procedures under which a Validation and Verification Body (VVB) becomes approved (and maintains approval) for the MBM Specification Scope. It also covers procedures that must be followed by VVBs when providing verification services, as well as for qualification of individual verifiers.

1.4. Given that any VVB wanting to be approved for the MBM Specification Scope must already be SFC approved for the ISO 14083 Scope, this document shall only contain requirements that are not already covered in the VVB Manual – ISO 14083 (SFC-PRO-002-2).

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 VVBs seeking to conduct verifications as part of the SFC CAS for the MBM Specification Scope. Specifically, this document contains:

- 2.1.1. Procedures for a VVB to apply for (and maintain) approval as an SFC VVB for the MBM Specification Scope as an extension to its approved scope for the ISO 14083 Scope,
- 2.1.2. Procedures for individuals to be approved as SFC-qualified verification personnel, and maintain their SFC approval for the MBM Specification Scope,
- 2.1.3. Procedures for a VVB to carry out verification activities against the MBM Specification.



2.2. For VVBs the MBM Specification Scope is additional in addition to the ISO 14083 Scope and cannot be applied on its own. Therefore, normative documents listed under Article 3.1.A are in supplementary to the normative documents listed under Article 3.4 of document ASU-PRO-002-2.

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

3. Documents

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

A. Reporting standards:

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

B. Verification standards:

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

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

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

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

3.2. 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:

3.3. 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:

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



4. Scope of Approval and Fees

4.1. The type of claims to be subject to verification are: the data reported on the nature of the MBM, associated emissions and intensity values, dates of generation, booking and claiming, and individual Solutions or LETS listed. This data relates to the specific transport chain being reported under ISO14083 for the SFC CAS. The criteria against which the claim is to be assessed are listed in Section 3B.

4.2. Approval of VVBs extension for the MBM Specification Scope is given for a worldwide scope for a set period.

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

5. Approval of VVBs

5.1. Approval will only be granted to a legal entity registered under applicable national laws, irrespective of whether the entire organization or a part of it performs verification services.

5.2. VVBs are eligible to provide verification services under the MBM Specification Scope if they have already been approved by SFC for the ISO 14083 Scope.

5.3. An approved VVB shall maintain their SFC Approval for the ISO 14083 Scope. Failure to do so shall result in the immediate suspension and revocation of its MBM Specification Approval. The reverse does not apply.

5.4. To apply for Approval for the extension to the MBM Specification Scope, organizations must complete the **VVB application form** (ASU-TPL-002-2) and submit the signed application, along with all supporting evidence and declarations mentioned in the application form to assurance@smartfreightcentre.org.

5.5. Applicants must sign the **License Agreement SFC-VVB** (ASU-TPL-008-2). Applicants must also pay the application fee defined in the fee schedule. The application shall only be considered when SFC has received all the documentation

5.6. The approval process applied by SFC for the extension to the MBM Specification Scope is the same as described in section 5 of the VVB Manual - ISO 14083 (SFC-PRO-002-2), with the relevant adaptations.

5.7. VVBs can apply without having verifiers who are approved for the MBM Specification, but the application cannot be approved until they have two approved verifiers as detailed in Section 6. Until this happens, SFC can issue an “in principle approval”, which documents that this is the only element that is missing.



6. Verification Personnel

6.1. Requirements for verifiers evaluating the MBM Specification under the SFC CAS are the same as those specified in section 6 of the VVB Manual – ISO 14083, with the relevant adaptations. To apply under the MBM Specification Scope, individual verifiers shall already be approved under the ISO 14083 Scope.

6.2. In addition, a verifier shall have the competence required to assess the compliance of the MBM statement or calculation tools against all applicable requirements, including:

6.2.1. Knowledge of all applicable standards that constitute criteria for verifying claims against (e.g. SFC-SPEC-001),

6.2.2. Knowledge of all applicable SFC requirements and procedures.

6.3. A verifier shall also have knowledge of market-based approaches to emission accounting and reporting, including:

6.3.1. Chain of custody models including: mass balance, book and claim,

6.3.2. Claim integrity issues including: vintage, additionality, data and calculation biases,

6.3.3. Registries and the tracking and tracing of attributes/characteristics, including emissions profile integrity,

6.3.4. Low emission transportation solution certification (i.e., fuel),

6.3.5. Judgement of use case related data relevance and granularity.

7. Verification Process

7.1. Planning the verification

7.1.1. Requirements for planning of verifications of reporting under the MBM Specification are the same as those specified in Section 7 of the VVB Manual – ISO 14083, with the relevant adaptations. Set out below are additional requirements needed for the MBM Specification Scope, or clarifications as to how an element of verification standards listed in Article 3.1.B are to be applied for the scope.

7.1.2. Before commencing a verification engagement, the VVB will establish the objectives and confirm the type of claim to be verified as outlined under Article 4.1. This is known as the subject matter of the report.

7.1.3. Criteria are the set of requirements against which the MBM Emissions Report is verified: for the MBM Specification Scope, this refers to the relevant requirements of SFC-SPEC-001 as documented in the Emissions Reporter's MBM Monitoring Plan.^{1,2}

¹ This Monitoring Plan can be part of the Monitoring plan for the ISO14083 compliant report (see Footnote 2), or a separate document.

² 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



7.1.4. The level of assurance and materiality shall be established in discussion with the ER. The justification for the level of assurance shall be documented by the VVB in the Verification Opinion.

7.2. Carrying out the verification

7.2.1. Once a contractual agreement has been reached - and a competent verification team selected - the VVB is required to follow the steps included in section 6 of ISO 14064-3 to carry out the verification itself. Subsequently the VVB shall follow sections 8, 9 and 10 of ISO 14064-3.

7.2.2. In the first year of the first verification cycle, the VVB shall visit the main location(s) where MBM calculations are conducted and where records are stored. Over time, and for the same type of subject matter and reporting cycle, circumstances may justify that verifications can be conducted remotely because none of the relevant criteria mentioned in ISO 14064-3 in relation to waiver of site visit are met.

7.2.3. Verification of the reported MBM data shall focus on:

7.2.3.1. The appropriate selection of MBM activities relevant to the Transport Operation Category (TOC) reported,

7.2.3.2. Correct use of input data sources and the correct calculation of MBM data in relation to emissions, intensity etc. including plausibility checks of inputs values,

7.2.3.3. The appropriateness of the selected chain of custody system, and the parameters being tracked,

7.2.3.4. The appropriate selection of dates to be reported for vintage,

7.2.3.5. The appropriate application of modal, additionality and double counting constraints.

7.2.4. Regarding the responsibility for acceptance of inputs considered as part of verification activities:

7.2.4.1. Conformity assessment results generated prior to the engagement or provided by the client can be accepted by the VVB with no further verification needed, provided they have been verified in a manner consistent with SFC requirements and a verification report provides the adequate level of detail about the basis of the opinion.

7.2.4.2. Solutions certificates from solution certification systems³ may be relied upon, but their scope and validity shall be checked using the mechanisms provided by the relevant scheme owner (e.g. online databases).

7.2.4.3. Formal output(s) from Registries for tracking and tracing emissions characteristics may be relied upon.

7.2.5. Clauses 7.3.5 to 7.3.9 of the VVB Manual - ISO 14083 shall be applied as appropriately adapted, including the specific adaptations described in the following clauses.

7.2.6. Under clause 7.3.7 of the VVB Manual - ISO 14083, the same activities are expected in planning and carrying out the verification except for:

Monitoring Plan against the CAS ISO 14083 and MBM requirements; AND the implementation of the Monitoring Plan to confirm that emissions calculations and MBM data are conformant with all three documents.

³ Such as International Sustainability and Carbon Certification (ISCC) and Roundtable on Sustainable Biomaterials (RSB)



7.2.6.1. Article 7.3.7.2 shall apply to MBM data,

7.2.6.2. Article 7.3.7.3 shall apply to the data measurement and collection of parameters relevant for MBM monitoring and reporting and the associated data sources, systems and internal control procedures.

7.2.7. Under clause 7.3.7.4. of the VVB Manual - ISO 14083, the review shall cover:

7.2.7.1. MBM elements identified by the organization and assess appropriateness and completeness for the scope of the report,

7.2.7.2. Quality control procedures carried out by the organization on the MBM data collected and processed, including: emissions characteristics; emissions intensity; determination of direct vs indirect attribution; determination of vintage, additionality, modal and double-counting constraint,

7.2.7.3. Review of calculations and assertions relating to the different MBM data types and sources, and carry out tests of detail to confirm the accuracy of calculated data,

7.2.7.4. Review the emissions intensity data declared against the underlying emissions calculations and carry out tests of detail to confirm the appropriateness of the allocation to any LETS declared in the MBM Emissions Report.

7.2.8. Under clause 7.3.9 of the VVB Manual - ISO 14083, verifiers shall use the templates for checklists and for reports (including opinions) prepared by SFC: **VVB checklist – MBM Specification** (ASU-TPL-014-2) and **VVB report** (ASU-TPL-006-2). VVBs and verifiers can adapt these templates to their own layouts, provided the content is maintained. Examples of relevant verification trails and evidence are provided in the checklist.

8. Related policies and other information

8.1. VVB Manual - ISO 14083 (ASU-PRO-002-2)

8.2. MBM Specification (SFC-SPEC-001)

8.3. MBM Framework (SFC-GUID-002)

8.4. Assurance Fees for VVBs (ASU-FEE-002-2)

8.5. VVB Application Form (ASU-TPL-002-2)

8.6. License Agreement SFC-VVB (ASU-TPL-008-2)

8.7. VVB Checklist - MBM Specification (ASU-TPL-014-2)

8.8. VVB Report (ASU-TPL-006-2)

Version history

1	30/09/2024	First edition
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