

## 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. It also provides optional performance levels for reporters to apply for, as they move forward along their decarbonization journey – these criteria for these performance levels are also subject to verification, if the reporter wants to apply them.

1.2. The SFC CAS aims to:

- Recognize and encourage reporters' efforts to determine, disclose, manage and reduce their GHG emissions,
- Provide a database for reporters to demonstrate that they comply with key standards for calculating and reporting GHG emissions in the transport sector,
- Share tools with stakeholders, such as a template for Emissions Report and a list of tools and programs approved by SFC as being compliant with ISO14083,
- Provide high-quality training for emissions reporters and verifiers on the ISO 14083 standard,
- Create a database of VVBs that reporters can trust to carry out a competent, impartial verification service,
- Specify clear rules for verifying GHG emissions, appropriate for the transport sector, that ensure a consistent approach is applied to all reporters.

1.3. The Emissions Reporter Manual (this document) provides the specific criteria and procedures under which an Emissions Reporter's disclosures become accepted under the SFC CAS, and by which the SFC CAS Performance Levels will be conferred. It also covers procedures that must be followed by Emissions Reporters when preparing their Monitoring Plans and Emissions Reports, ahead of them being independently verified.

1.4. This document becomes effective on 3rd July 2023.

## 2. Scope and applicability

2.1. This document is applicable to all Emissions Reporters seeking to be accepted under the SFC CAS following verification in accordance with the SFC CAS rules.

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

## 3. Overview of the SFC CAS

### 3.1. Roles and responsibilities

### 3.1.1. Emissions Reporters

3.1.1.1. Emissions Reporters 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 undergoing verification by their selected VVB, the VVB submits the verification opinion - which is the output of the verification process - to the Emissions Reporter along with a pdf of their final verified emissions report; the reporter in turn submits these to SFC. SFC then makes the opinion publicly available on the SFC Emissions Reporter database.

### 3.1.2. Validation and Verification Bodies

3.1.2.1. VVBs verify that the Emissions Reporter's monitoring plan, assumptions, calculations, and claims are transparent and conform with ISO 14083 and any other standard specified in their monitoring plan, and that declared emissions are accurate 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 database accessible from the SFC website.

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

- The Emissions Reporter appoints a SFC 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.
- The VVB conducts verification of the declared emissions; the Emissions Reporter provides full access to the information needed by the VVB to complete its work.
- The VVB provides a Verification Report containing its opinion; if the result is a verified<sup>1</sup> opinion, then the Emissions Reporter sends to SFC pdf copies of the verification opinion and the final verified emissions report.
- The verification opinion and associated emissions report are published on the SFC website.

### 3.1.3. 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 verifiers to provide verification services under the SFC CAS. SFC also operates a database of Emissions Reporter's verified disclosures and performance levels.

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<sup>1</sup> Or 'verified with comments'

3.1.3.3. SFC reserves the right not to list approved VVBs or register Emissions Reporters where it deems that they do not conform with the scheme rules. SFC reserves the right to delist VVBs or Emissions Reporters where it deems that they have not been verified in accordance with the scheme rules.

## 4. Documents

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

4.2. SFC CAS documents are labeled with a version number and specify their effective date. Where documents that are relevant for the SFC CAS are updated, the updates made will be summarized in an appendix. If applicable, a transition period will be specified. VVBs approved by SFC and Emission Reporters registered with 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 shall be used, and their transition period considered.

4.4. The following are normative documents (i.e., standards) for the SFC CAS:

**A. Reporting standards:**

- ISO 14064-1, Greenhouse gases – Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals
- ISO 14083, Greenhouse gases – Quantification and reporting of GHG emissions arising from transport chain operations

**B. Verification standards:**

- ISO 17029, Conformity Assessment – General principles and requirements for Validation and Verification Bodies
- ISO 14065, General principles and requirements for bodies validating and verifying environmental information
- ISO 14064-3, Greenhouse gases – Part 3: Specification with guidance for the verification and validation of greenhouse gas statements
- 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 Emissions Reporter (A) or the VVB (B).

**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 ISO 14083 and/or published on the SFC website. An example of a

guidance document is the GLEC Framework. 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 the **Assurance Glossary** (ASU-PRO-003-2), ISO 17000 and the ISO standards referenced above.

## **5. Application and fees**

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, Emissions Reporters 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](mailto:assurance@smartfreightcentre.org). Applicants must also pay the approval 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.

5.3. The application shall only be considered when SFC has received all the documentation and the application fee. Applicants only need apply when they are ready to submit their verified report and verification opinion. Assuming they are complete and correct, SFC will process applications from GHG Emissions Reporters and list them on the SFC website within 30 calendar days of application.

5.4. Once the application is processed, the Emissions Reporter shall be added to the list of verified Emissions Reporters on the SFC website, containing:

- Emissions report (if the Emissions Reporter was verified as level 3 or 3+),
- The associated Verification Opinion.

## **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 suggests 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 content of the SFC template is mandatory for levels 2 and 3 as defined in the following section and specifically in table 1. However, reporting can be achieved in various ways and formats.

6.2. Once the Emissions Report (ER) has been confirmed as ready for verification it can be shared with the VVB. But once the VBB has confirmed the ER is final and prepared their own

Verification Report (VR), the ER 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.

6.2. Regarding the publication of ER:

6.2.1. Where the ER pdf is placed on a website or passed onto a supplier or customer, the VBB's VR shall be incorporated into the pdf file of the ER, at the end.

6.2.2. Where the ER is published as pages on a website, the VBB's VR shall be published alongside it - either directly or accessible via a web link.

6.2.3. Where the ER 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 where the full VR can be accessed. The text of any summary published must be agreed with the VVB in advance of publication.

## 7. Performance Levels

7.1. SFC has defined three performance levels within which verified emissions reports may lie and for which Emissions Reporters may apply. If the Emissions Reporter intends to apply for SFC recognition under a specific performance level, the associated criteria specified for that level will be included within the verification criteria checked by the VBB, and a statement made in the VR.

7.2. The levels intend to signal aspects which are considered important, such as completeness of the report, transparency and data quality. There is an extra level which results in a "+" on any level, as in level 1+, 2+, 3+, for reporters who choose to also include black carbon in the data reported.

7.3. The levels are described in **table 1** below. All conditions and thresholds must be satisfied to achieve the required level. For data quality, there are two separate calculations: one for own fleet and another for subcontracted fleets; both must be satisfied to achieve the required level.

**TABLE 1 - LEVELS OF PERFORMANCE OF REPORTERS**  
NOTE 1, NOTE 2

Criteria	LEVEL 1	LEVEL 2	LEVEL 3
<b>1. Level of assurance of verification</b> NOTE 3	Agreed Upon Procedures for new reporters, limited from 3 <sup>rd</sup> year onwards	Limited	Reasonable
<b>2. Materiality for verification</b> NOTE 4	-	-	≤ ±5% of overall declared emissions
<b>3. Cut-offs for reporters</b> NOTE 5	-	≤5% for overall emissions AND ≤20% for scope 3	≤5% for overall emissions AND ≤10% for scope 3
<b>4. Public reporting for reporters</b> NOTE 6	-	Overall carbon footprint	All data contained in the SFC report template
<b>5a. Data quality: % primary data for own fleet</b> NOTE 7	ISO 14083 compliance, but no threshold specified for data quality KPI	proportion of reported emissions calculated using primary-based data ≥ 60%	proportion of reported emissions calculated using primary-based data ≥ 80%
<b>5b. Data quality: % default data for (sub)contracted fleet</b> NOTE 7	As for 5a above	proportion of reported emissions calculated using default data ≤50%	proportion of reported emissions calculated using default data ≤10%
<b>+ OPTIONAL (Plus grade)</b>	+	+	+
<b>6. Black carbon:</b> If black carbon is calculated and verified, then this is a "+", as in level 1+, level 2+ or level 3+	+	+	+

**NOTES:**

- Emissions are to be calculated in metric tonnes.
- All % values are determined on the basis of the freight operator's reported verified emissions (ie this is the denominator in the calculation).
- This is a criterion that is NOT covered by ISO 14083, but must be defined in any verification service.
- This is a criterion that is NOT covered by ISO 14083, but must be defined in any verification service. For levels 1 and 2, SFC does not define any threshold for materiality for verification. For level 3, SFC defines a threshold of 5%. A materiality threshold of 5% means that the VVB will still issue an opinion even

if an AGGREGATE ERROR is detected that leads to a deviation of  $\pm 5\%$  of emissions. But if the AGGREGATE ERROR leads to a deviation of  $\pm 5.1\%$  then an opinion would not be issued.

5. Cut offs are the proportion of the data that can be excluded from the 'defined scope' of the report (i.e. de minimis exclusion). Cut-offs can be agreed to cover small emissions sources that should be within the 'defined scope' but are deemed de minimis and so can be ignored. Cut-offs are allowed by ISO 14083 clause 5.2.3 with no threshold specified, which corresponds to level 1. For level 2 and 3 alignment was sought with SBTi.
6. For level 1, it is not mandatory to publish emissions at all. For level 2 the overall carbon footprint must be made publicly available by the reporter. For level 3, all APPLICABLE information covered in the SFC template must be publicly available. Reporters do not actually need to use the SFC template, nor issue one document only, as long as it is transparent where all the information is published.
7. This indicator consists in the proportion of emissions reported that are calculated using data from primary, modeled or default data – for the reporter's own and/or subcontracted fleets, as applicable.

## 8. Monitoring Plan

### 8.1. Content of the Monitoring Plan

8.1.1. An Emissions Reporter must prepare a Monitoring Plan, which is a document describing their methodology and calculation approach. This document can be described by another name (e.g. Reporting Approach, Accounting Policy), as long as the minimum content described below is covered:

- 8.1.1.1. Definitions,
- 8.1.1.2. Documentation of roles and responsibilities including quality control procedures and interactions with subcontractors,
- 8.1.1.3. Detailed documentation of data flow from source (e.g. invoice/meter reading for scope 2 electricity use) to report, including identification of where data is held by a third party on the Reporter's behalf,
- 8.1.1.4. Estimation methods,
- 8.1.1.5. Assumptions underlying the gathering of data, calculation factors, estimates and other calculations, for example,
- 8.1.1.6. Justification for any deviations from recommended data sources and calculation methods,
- 8.1.1.7. Description of calculations (including final calculation tools and templates),
- 8.1.1.8. 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 IT and data systems used for storage, processing and manipulation of relevant data; and control over third parties that supply services relevant to GHG reporting.

### 8.2. Uncertainty and materiality

8.2.1. SFC recognizes 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** (ASU-PRO-002-2).

### 8.3. Internal controls and data retention

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

8.3.2. Emissions Reporters shall retain supporting evidence of the emissions calculation for a minimum period of five years. This is in case there is a dispute about declared emissions or the verification process.

8.3.3. Standard passenger mass (see clause 12.1.2 of ISO 14084) is not defined in the body text of the ISO 14083, although there is a reference to a "standard equivalence of 100kg for a



passenger and their baggage" in Annex A (A.4.2) for the Aviation sector. The standard equivalence of 100kg for a passenger and their baggage shall be used unless there is an adequate justification. This justification shall be included in the Monitoring Plan.

## 9. Related policies and other information

- Assurance Glossary (ASU-PRO-003-2)
- VVB Manual (ASU-PRO-002-2)
- Assurance Fees for GHG Emissions Reporters (ASU-FEE-001-2)
- License Agreement with Emissions Reporters (ASU-TPL-009-2)
- Emissions Reporter Application Form (ASU-TPL-010-2)
- Emissions Report (ASU-TPL-011-2)

### Version history

1	30/06/2023	First edition
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