

Fundamentals of Verification



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1 Introduction

Verifications and validations are conducted according to various legal requirements as well as in not legally regulated contexts. The foundation of the verification and validation activities of Müller-BBM Cert Umweltgutachter GmbH is usually the accreditation by DAkkS (German Accreditation Body) in accordance with DIN EN ISO 14065:2013.

Examples of verification and validation activities of Müller-BBM Cert Umweltgutachter GmbH:

- Greenhouse gas emission reports, tonne-kilometre reports and allocation requests/allocation data reports in the European Emissions Trading System, the Swiss Emissions Trading System and the Emissions Trading System in the United Kingdom (EU-ETS, CH-ETS, UK-ETS),
- Greenhouse gas emission reports according to CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation) by ICAO (International Civil Aviation Organisation),
- Greenhouse gas balances at the organisational level (e.g. GHG Protocol, CDP Carbon Disclosure Project, ACA Airport Carbon Accreditation),
- Climate protection projects (e.g. according to the UERV Upstream Emissions Reduction Ordinance, the Innovation Fund for demonstration of innovative low-carbon technologies).

In the interest of better readability, the relevant laws, ordinances, standards, etc. are not mentioned here. You will find them on our accreditation certificate on the website. We will be happy to answer any questions you may have.

2 Definitions

Verification

Process of evaluating a statement of historical data and information to determine whether the statement is substantially correct and meets established requirements.

Validation

Process of assessing the reasonableness of assumptions, limitations, and procedures that support a statement about the outcome of future activities.

Explanations:

A Validation completes the planning phase of a climate protection project and verifies that the project meets the relevant requirements.

For reasons of better readability and unless otherwise stated, the term verification is used in the following to refer to both verification and validation.

Verifier

Person who conducts a verification.

Explanations:

A verifier is only appointed by the verification body if his qualification has been established beforehand.

In addition to the lead verifier, other verifiers may be active in an verification team.

If only one verifier is active, he must have the qualification of a lead verifier, i.e. he must be able to perform an verification independently and have sufficient verification experience.

Non-conformity

Failure to meet a requirement

Misstatement/Misrepresentation

Omissions, misstatements, or errors in the greenhouse gas statement.

Material misstatement

Single misrepresentation or collection of misrepresentations in a greenhouse gas statement that could influence the decisions of intended users

Intended user

Individual or organization identified by the entity making GHG-related disclosures in the reporting as the entity that relies on those disclosures to make decisions.

Explanation:

Intended users include regulators, climate change program managers, local governments.

Materiality threshold:

Statutory quantitative materiality threshold in the EU ETS.

3 Principles of verification

The credibility of verifications requires that the verifier adhere to certain principles. Only by this can the verifier create confidence among the users or other addressees of the verification (e.g. the public) that a greenhouse gas declaration meets the specified requirements. Compliance with these principles is regularly checked by the German Accreditation Body (DAkkS).

Impartiality:

There must be no unacceptable conflict of interest, e.g. financial dependencies; the verification body may not have provided any consultancy services in relation to the greenhouse gas statement it is verifying. This also applies to the verifiers.

Confidentiality:

The verifier shall treat all information about the client organization as confidential. Information will only be provided to authorities as required by law.

Qualification:

The verification body has processes in place to monitor and update competencies and only appoints verifiers who meet the specified requirements.

Documentation and fact-based approach to decision making:

Any verification is to be documented and the verification decision is based on objective evidence.

Conservatism:

A cautious and conservative selection is made when evaluating comparable alternatives.

Appeals and complaint procedures:

The verification body has a process for dealing with appeals and complaints, cf. chapter "Procedure for objections and complaints".

4 Pre-contractual phase

When receiving a request, the verification body will check whether it is impartial regarding the verification activity, whether it currently bears the required accreditation and has enough competent personnel, and whether it can carry out the verification within the required period of time.

Any verification requires a contractual agreement. For the preparation of a quotation, the verification body requires sufficient information of the installation or aircraft operator's organization (or other organization, hereinafter together referred to as "organization") and of the verification task.

The information required depends on the nature of the verification activity and of any prior knowledge the verifier may have of the organization or installations.

Within the EU-ETS, as a minimum the essential contents of the monitoring plan (type of installation (e.g. heating plant), fuels, expected emissions, products (e.g. heat) and a collection of important data (supplier documents, quantity measurements)) must be provided for the preparation of the quotation. Based on the information provided, the verification body determines the expected time requirement. The contractual agreement must provide for the possibility that the verifier can charge for additional time if it becomes apparent that the initially estimated time requirement is not sufficient.

For verifications of GHG balances and climate protection projects, further requirements apply to the pre-contractual activities. For example, the subject matter of the contract, the model to be used for the accounting, the level of assurance, the objective, the criteria, the scope of application, and the materiality thresholds must be specified.

For verification activities that are not covered in detail within this document, the requirements for the information to be submitted are to be agreed with the verification body on an individual basis.

The offer shall also specify the rights and obligations of both parties (e.g. confidentiality by the verifier; facilitation on-site audits and installation inspections by the organization). Usually the designated lead verifier and, if applicable, the other verifiers are already named in the offer. The client organization can reject the verifier(s). In case of justified rejection, the verification body will submit an alternative proposal.

A contract is concluded when the client organization accepts the offer.

5 Preparation of the verification

At the latest after conclusion of the contract, the verification body shall determine the verification team. As mentioned before, it may consist of one or more verifiers.

If not all information required for the preparation of the verification is yet available, it will be requested at this stage.

The preparation begins with a **strategic analysis**, which is primarily conducted in order to understand the verification task on the basis of the evaluation of all information and circumstances. This is followed by the **risk analysis**, which aims to make the verification as efficient as possible.

Based on the strategic analysis and the risk analysis, the verification team prepares an **verification plan** in which the verification activities are determined. More precisely, within the verification plan the on-site appointments that are part of each verification are scheduled in consultation with the organization and, if several verifiers are contributing to the verification, the respective responsibilities are defined.

6 Execution of the verification

The verification includes an inspection of the documents and the installations and, if appropriate, also an appointment at the company headquarters. The document inspection partly takes place on site, partly before and after the inspection of the client organisation, at the premises of the verification body or the verifier.

The verification activities as defined in the verification plan cover the following main topics (not exhaustive, here exemplary for EU-ETS):

- Current status of the licensing situation of the organisations installations or aircrafts
- Current status of monitoring and methodology plans, approvals by DEHSt (German Emissions Trading Authority) and relevant correspondence
- Data verification:
 - Quantity of fuels or other substances used
 - Calorific values and emission factors, if analytical values are used instead of standard or other fixed values
 - Activity rates of the products (heat, paper, etc.)
- Measuring instruments (e.g. of the natural gas transfer station, scales, oil fuel meters), calibration and verification certificates, on-site inspection if necessary
- Inspection of the data acquisition system on site
- General installation inspection, physical changes to the installation, limits of the installation.

On-site audit activities consist primarily of interviewing employees, observing processes and activities, and evaluating recordings. If necessary, other activities, that were not specified in the verification plan, are determined by the lead verifier in consultation with the organization. The lead verifier shall inform the organization immediately of any errors or non-conformities found.

The German Accreditation Body (DAkkS) must generally be granted the right to accompany on-site audits and installation inspections with its own personnel (so-called witness audits). However, this requires that the organization has agreed to this participation in advance.

The data verification consists of tracing back data to its origin (raw data), parallel calculations, checking of formulas and reconciliation with external data sources, if available.

Notice:

Carefully prepared and internally validated data facilitates the verification body's work and avoids time-consuming queries and repetitions.

7 Completion of the verification

The lead verifier is responsible for preparing the preliminary internal verification report and the preliminary FMS report (Form Management System of DEHSt).

In addition to formal details and information on the verification activities performed, the verification report contains in particular the results of the verification and the verification findings (verification opinion) as well as recommendations for improvement, if applicable.

The preliminary reports are handed over to an independent verifier together with the verification documents. Considering the independent verifier, there are special requirements in terms of qualifications. The independent review is an additional quality assurance which shall ensure that the verification has been carried out in accordance with the requirements.

After positive independent verification respectively after making necessary changes, the verification reports can be issued. In case of a verification of an emission report in the EU ETS, the entry of the emissions in the Union Registry can be issued and confirmed.

8 Validation or verification statement

Concluding a validation or verification, the verification body issues a verification statement according to ISO based on the conclusion from the verification findings.

Within the legally regulated area (EU-ETS), this is done by a confirmation of the verification statement in the FMS by the verification body.

9 Handling of appeals and complaints

See Document "Procedures of Müller-BBM Cert Umweltgutachter GmbH for appeals and complaints" available at

<https://www.muellerbbm-cert.de/wp-content/uploads/2021/11/Handling-of-appeals-and-complaints-1.pdf>

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