INDIA GHG PROGRAM

Promoting profitable, sustainable and competitive businesses.

Verification of GHG Emissions

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What does Verification means?

- It is an **objective assessment** of accuracy and completeness of reported GHG information;

- **Confirmation** towards pre-established GHG Accounting & reporting principles.

Objective of Verification

- Provide confidence to the users that reported information represents **faithful**, **true** and **fair** account of company's GHG emissions;
- Ensures transparency and verifiability;
- Leads to well controlled and well documented emissions data and systems (audit trail);
- Adherence to the GHG accounting and reporting principles.

Common Reasons to undertake Verification

- Enhanced stakeholder's trust
  - ❖ when GHG emissions information and progress towards GHG targets are publicly reported
- Increased Senior Management confidence
  - ❖ Publicly reported GHG information serves basis of future investment and target – setting decisions
- Improvement of internal accounting and reporting practices
  - ❖ Facilitating learning & knowledge transfer within the organization (data collection, calculation, etc.)

Materiality

- Information is material if its inclusion or exclusion would influence any decisions or actions taken by its users;

- **Material discrepancy**: error that results in a reported quantity or statement, being significantly different from the true value or meaning;

- **Material threshold**: the point at which the discrepancy becomes material.
  - ❖As rule of thumb, if error exceeds 5% of total inventory;
  - ❖GHG Programs (like national or International) may have specified materiality threshold.

Material Discrepancy

- Errors, omissions and misrepresentation that can affect the accuracy or validity of GHG assertion of an organization;

- Errors can be material in isolation or in aggregate;

- Material Discrepancy can be classified into two types:
  - **Quantitative Materiality**: calculated as a percentage of the inventory (in total or on an individual line item basis);
  - **Qualitative Materiality**: Misstatement that have immaterial quantitative effects but could materially affect the reporting organization's emissions in future and/or mislead the decision making of intended user.

Factors considered in Assessing Material Discrepancy

1. Structure of organization & approach used to assign responsibility for monitoring & reporting GHG emissions;
2. Approach & Commitment of Management of Organization to GHG monitoring & reporting;
3. Development & implementation of policies and processes for monitoring & reporting;
4. Process used to check & review calculation methodologies;
5. State of calibration & maintenance of monitoring equipment used;
6. Reliability and availability of input data;
7. Assumptions and estimations applied;
8. Aggregation of data from different sources;
9. Other assurance processes (internal audit, external reviews & certifications)

Timing of the Verification

- Verification is normally conducted prior to public release of inventory report;
- Engagement of verifier can happen at various points:
  - ❖Semi-permanent internal verification team (half-yearly/ quarterly);
  - ❖Third party verifier before release of report publicly;
- Verification that occurs during a reporting period allows for any reporting deficiencies or data issues to be addressed before the final report is prepared;
- Ideally, internal team should consist of personnel who is not involved in GHG Inventorization process – helps in providing unbiased opinion.

Common criteria for selecting a Verifier

- Previous experience;
- Competence of Team to undertake GHG verifications;
- Understanding of calculation methodologies;
- Understanding of reporting organization's operations (or understanding of sector/ industry);
- Objectivity , credibility and independence.

Preparing for Verification

- Information on activities that produces GHG emissions and its types;
- Information on geographic locations – No. of sites, ownership structure, financial entities within organization;
- Details on JVs/ outsourcing and contractor agreements, any other legal documents – handy to determine organizational and operational boundaries;
- Documented procedures for identifying sources of GHG emissions, organizational and operational boundaries;
- Data used for calculating GHG emissions;
- Description of how GHG emissions data has been calculated;
- Information gathering system.

Thank You

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INDIA GHG PROGRAM

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