

The Climate Registry

General Verification Protocol

Version 1.0

Accurate, transparent, and consistent measurement of
greenhouse gases across North America

May 2008

General Verification Protocol for the Voluntary Reporting Program



The Climate Registry

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Leanne Tippet Mosby, Missouri
Leo Drozdoff, Nevada
Onis Glenn, Alabama
Renee Shealy, South Carolina
Richard Leopold, Iowa
Robert Scott, Utah
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The Registry Protocol Workgroup

Angela Jenkins, Virginia
Anne Keach, Virginia
Bill Drumheller, Oregon
Bill Lamkin, Massachusetts
Brad Musick, New Mexico
Caroline Garber, Wisconsin
Chris Korleski, Ohio
Chris Nelson, Connecticut
Chris Sherry, New Jersey
Daniel Moring, Arizona
Drew Bergman, Ohio
Ed Jepsen, Wisconsin
Ed Kitchen, Ohio
James Temte, Southern Ute
Gail Sandlin, Washington
Ira Domskey, Arizona
Joanne O. Morin, New Hampshire
Joe Sherrick, Pennsylvania
Juliane Schaible, Manitoba
Kevin MacDonald, Maine
Lany Weaver, New Mexico
Lee Alter, Arizona
Linda Murchison, California
Melissa Fazekas, Ohio
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I'm very grateful to be part of this important document.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Gina McCarthy". The signature is fluid and cursive, with a large initial "G" and a long, sweeping underline.

Gina McCarthy
Chairman of the Board of Directors
The Climate Registry

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ABBREVIATIONS AND ACRONYMS

AR4	IPCC Fourth Assessment Report (2007)
Btu	British thermal unit(s)
CEMS	Continuous Emissions Monitoring Systems
CHP	Combined Heat and Power
CH ₄	Methane
COP	Coefficient of Performance
CO ₂	Carbon Dioxide
CO ₂ e	Carbon Dioxide Equivalent
COI	Conflict of Interest
EU-ETS	European Union Emission Trading Scheme
GCV	Gross Caloric Value
GHG	Greenhouse Gas
GWP	Global Warming Potential
HFC	Hydrofluorocarbon
HHV	Higher Heating Value
IPCC	Intergovernmental Panel on Climate Change
Kg	Kilogram(s)
kWh	kilowatt-hour(s)
lb	Pound
LHV	Lower Heating Value
LPG	Liquefied Petroleum Gas
MMBtu	Million British thermal units
MWh	Megawatt-hour(s)
NO _x	Oxides of Nitrogen
N ₂ O	Nitrous Oxide
PFC	Perfluorocarbon
RFA	Request for Applications
SAR	IPCC Second Assessment Report (1996)
SF ₆	Sulfur Hexafluoride
TAR	IPCC Third Assessment Report (2002)
U.S. EPA	United States Environmental Protection Agency
WBCSD	World Business Council for Sustainable Development
WRI	World Resources Institute

PART 1: INTRODUCTION

1.1 Introduction to the GVP

This General Verification Protocol (GVP) presents the verification requirements for The Climate Registry's (the Registry) voluntary greenhouse gas (GHG) emissions reporting program. The Registry developed this GVP to provide Registry-approved Verification Bodies with clear instructions for executing a standardized approach to the independent verification of annual GHG emissions reported to the Registry. This standardized approach defines a verification process that promotes the completeness, consistency, comparability, accuracy and transparency of emissions data reported to the Registry. The GVP is written primarily for Verification Bodies, however, Reporters may also find the document useful.¹

1.1.1 Background on the Registry's Verification Program

One of the guiding principles of the Registry is to establish a high level of environmental integrity in reported emissions. In part, the measurement, estimation, and reporting requirements articulated in the Registry's *General Reporting Protocol* will assure the quality and integrity of the collected data. Equally important is the third-party evaluation of the accuracy of Reporters' annual emission reports and their conformity with the *General Reporting Protocol's* prescriptions. Third-party verification is defined as an independent expert assessment of the accuracy of Reporters' emission reports, and its conformity with agreed upon criteria.

The purpose of third-party verification is to provide confidence to users (state regulatory agencies, native sovereign nation authorities, investors, suppliers, customers, local governments, the public, etc.) that the

¹ In addition, Chapter 19 of the Registry's *General Reporting Protocol* contains an overview of the verification process that focuses on Reporters' responsibilities in the process.

emissions data submitted to the Registry represents a faithful, true and fair account of emissions—free of material misstatements and conforming to the Registry's accounting and reporting rules.

Third-party verification is becoming a widely accepted practice for ensuring accurate emissions data. Verification has been employed in the context of a number of GHG reporting programs. It is required by the California Climate Action Registry, and recommended by the Department of Energy's 1605(b) reporting program.

Third-party verification has also been relied upon successfully by several GHG regulatory programs, including the European Union's Emissions Trading System (EU ETS), the United Kingdom's GHG Emissions Trading System, and Alberta's Specified Gas Emitters Program.

In the U.S., the Environmental Protection Agency (EPA) requires third-party verification for Title IV components of the 1990 Clean Air Act Amendments. The California Air Resources Board also plans to use third-party verification in its mandatory GHG reporting program.

1.1.2 International GHG Standards

The Registry developed the GVP to comply with the following international GHG standards:

- **ISO14064-3:2007 – Greenhouse Gases – Part 3: Specification with Guidance for the Validation and Verification of Greenhouse Gas assertions.** The Registry based its verification process on the principles of ISO 14064-3², and aims to maintain as much consistency with the standard as is possible. While ISO 14064-3 serves as the foundation for the Registry's verification program, the Registry provides

² ISO/FDIS 14064-3:2005 (E)

additional guidance, verification requirements, and specificity in this GVP.

- **ISO14065:2007 – Greenhouse Gases – Requirements for Greenhouse Gas Validation and Verification Bodies for Use in Accreditation or Other Forms of Recognition.** This standard provides a framework for accrediting Verification

Bodies. The Registry has developed a separate document that describes its accreditation process (*Guidance on Accreditation*). Like the GVP, this document is based in large part on the international standard, but supplements the framework with program specific processes and criteria.

The International Organization for Standardization (ISO) (www.iso.org)

ISO is the recognized institution that sets agreed international standards for a wide range of products, services and systems; since 1947 it has published more than 16,500 International Standards. Membership in ISO is composed of the single national body “*most representative of standardization in its country.*”

ISO members participate in the standards development process by convening a series of working groups comprising experts in the relevant field and other interested parties (such as regulators, government departments, academia and non-governmental organizations). These working groups draft and reach consensus on the text language of proposed voluntary standards designed for global application. Wherever possible, the working groups draw from existing good practice and standards that may have been pioneered at a national level.

In 2002, ISO recognized that the various schemes emerging in the international, national and voluntary arenas were using different rules for GHG accounting, thereby giving rise to inconsistencies in the quality of the various GHG programs. To remedy this they decided to create a series of standards that would:

- Enhance environmental integrity by promoting consistency, transparency and credibility in GHG quantification, monitoring, reporting and verification;
- Enable organizations to identify and manage GHG-related liabilities, assets and risks;
- Facilitate the trade of GHG allowances or credits; and
- Support the design, development and implementation of comparable and consistent GHG schemes or programs.

1.2 Overview of the Verification Process

Reporters and Verification Bodies must use the GVP in combination with the Registry’s *General Reporting Protocol* and *Guidance on Accreditation* to comply with the Registry’s reporting and verification requirements.

Verification Bodies must verify that Reporters’ annual GHG emission reports comply with the standards set forth in the *General Reporting Protocol*. Through this document, the Registry provides guidance to Verification Bodies for completing annual verification activities.

1.2.1 Key Players

The verification process involves a number of key players; these players and their main responsibilities are as follows:

- **Accreditation Body:** Responsible for approving Verification Bodies to perform verification activities for the Registry's voluntary reporting program. This includes complying with the ISO 14065 standard as well as the Registry's additional accreditation criteria. Accreditation Bodies are also responsible for ensuring the consistency and quality of the Registry's verification process by monitoring each Verification Body's compliance with program requirements; assessing the accuracy of each Verification Body's work; and sanctioning Verification Bodies which do not continue to meet program requirements.³ In addition, if disputes between Reporters and Verification Bodies cannot be resolved, parties may bring such disputes to the Accreditation Body⁴ for resolution. Refer to the Registry's *Guidance on Accreditation* for more information on the accreditation process and the role of an Accreditation Body.
- **Verification Body:** A Registry-approved firm responsible for verifying emission reports submitted to the Registry. Each verification engagement undertaken by a Verification Body will utilize the following four types of experts:

Lead Verifier (Required): Responsible for leading the verification engagement, including the assignment of individual

³The Registry is currently partnering with the American National Standards Institute (ANSI) to administer its accreditation process. In the future, the Registry intends to consider expanding this accreditation partnership to include other relevant accreditation bodies in North America.

⁴ The Accreditation Body designates an "Accreditation Committee" to respond to such disputes. The Registry's Verification Oversight Panel will have representation on this Committee, and thus will contribute to the resolution of any disputes.

verification team members to specific tasks and quality assurance of each team member's work. The Lead Verifier must indicate his or her approval of the verification team's effort by signing the Verification Report and the Verification Statement. The Lead Verifier and the Internal Peer Reviewer cannot be the same person.

Internal Peer Reviewer (Required): Another Lead Verifier from the same Verification Body, with no involvement in the specific verification engagement. The Internal Peer Reviewer is assigned to conduct an independent quality assurance review of the work of the verification team. The Internal Peer Reviewer must indicate his or her approval of the verification team's efforts by signing the Verification Report and the Verification Statement. The Lead Verifier and the Internal Peer Reviewer cannot be the same person.

Verifier: An individual member of the verification team responsible for performing specific verification tasks within his or her area(s) of expertise, as directed by the Lead Verifier. The number of Verifiers needed on a verification team will vary based on the scope and complexity of a Reporter's emissions.

Technical Expert (Optional, based on the technical needs of the verification activities): An individual who provides specific industry knowledge to the verification team, as directed by the Lead Verifier. Technical Experts may not be needed if either the Lead Verifier or one or more of the Verifiers possesses the requisite industry knowledge. Technical Experts can have expertise in GHG quantification within a sector, specific emitting technologies, or both. Technical Experts will likely be subcontractors brought in to supplement the Verification Body's staff

competencies to complete the needed verification activities.

Note: Verification Bodies may hire subcontractors to perform any or all of the above roles within their verification teams. All subcontractors must be identified and disclosed on the Verification Body's Case Specific Conflict of Interest Assessment Form. All subcontractors must meet the Personal Conflict of Interest requirements as stipulated in Section 3.2.

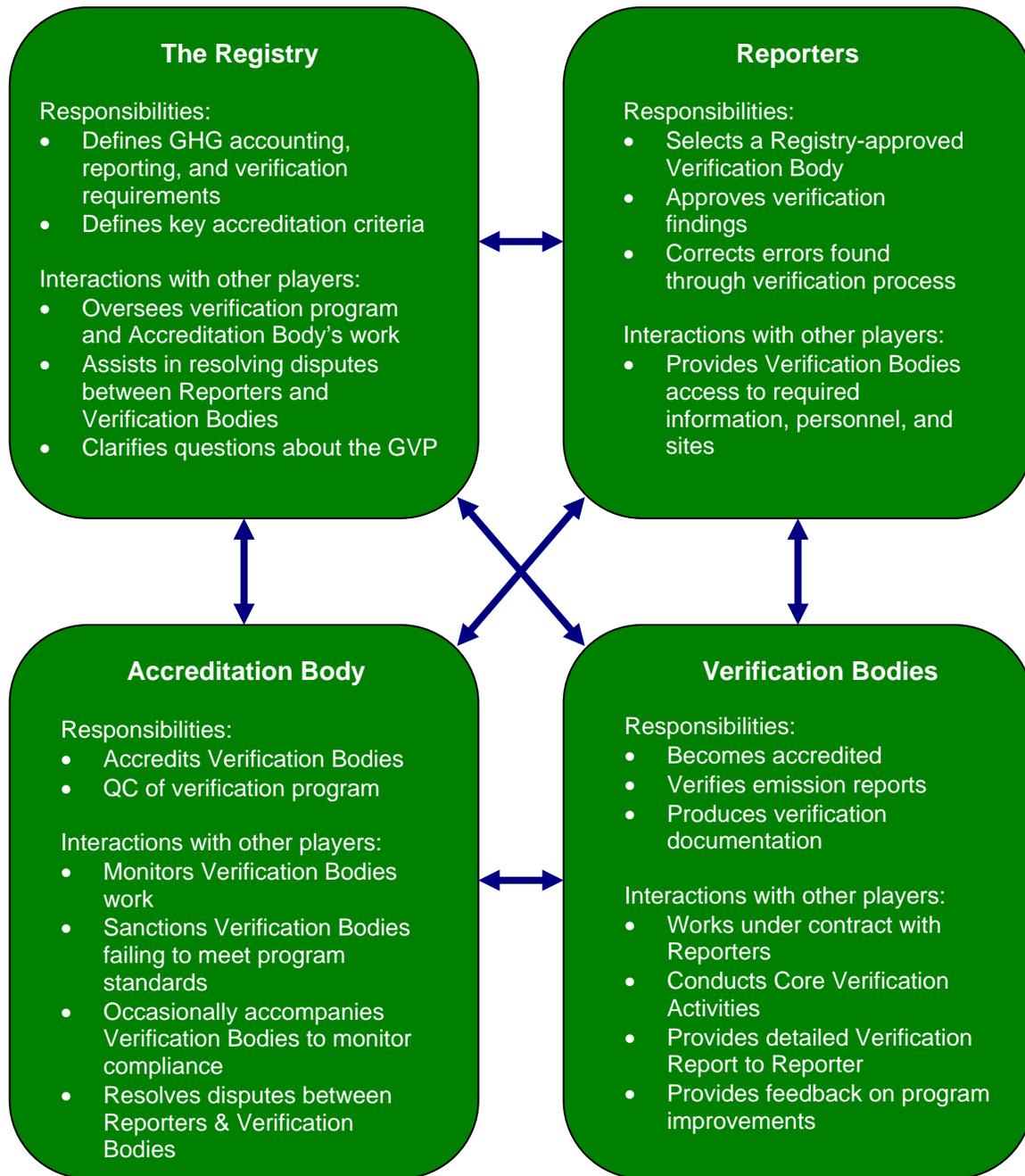
- **Reporter:** Responsible for reporting its GHG emissions and selecting a Registry-approved Verification Body to assess the quality of their emission report. A Reporter must provide the information, documents, and site access a Verification Body needs to complete the verification effort, and must correct any errors, omissions, or misrepresentations in the emission report discovered by the Verification Body.
- **Verification Oversight Panel (Oversight Panel):** A Committee of verification experts, appointed by the Registry's Board of Directors, to: 1) Oversee the Accreditation Body's administration of the Registry's Verification Body accreditation program; 2) Participate in the confirmation decisions on accreditation status; and 3) Assist in resolving (via its representation on the Accreditation Committee) any disputes arising between a Reporter and Verification Body related to the Verification Statement or Verification Report.⁵ The Committee will consist of a combination of: Registry Board members, Registry staff, state/provincial staff, and outside technical experts. Individuals will be selected to represent a broad range of expertise including, financial, accounting, legal, regulatory inspection, verification, and GHG emissions technical

expertise. Refer to the *Guidance on Accreditation* for details on the responsibilities of Oversight Panel.

Figure 1.1 illustrates the responsibilities and interactions of the key players in the verification process.

⁵Note: Any other disputes between a Reporter and a Verification Body must be resolved consistent with their contract terms (arbitration, etc.).

Figure 1.1 Responsibilities and Interactions of the Key Players



1.2.2 Becoming a Registry-Approved Verification Body

Prospective Verification Bodies must receive accreditation from the Accreditation Body before they can perform verification activities for the Registry's voluntary reporting program. The Registry designed its accreditation process to be consistent with the ISO 14065 standard (*Greenhouse Gases – Requirements for Greenhouse Gas Validation and Verification Bodies for use in Accreditation or other forms of Recognition*). Please refer to the Registry's *Guidance on Accreditation* for details about accreditation.

1.2.3 Verification Documentation

Upon completion of all verification activities, Verification Bodies must produce the following documentation (Please refer to Part 5 for detailed guidance on completing verification documentation):

- Verification Report
- Verification Statement

In addition, Verification Bodies must retain all verification documentation (i.e. working papers) pertaining to verification activities for all Reporters for at least five years.

1.2.4 Climate Registry Information System (CRIS)

The Registry has developed a sophisticated GHG emissions calculation, reporting, and verification tool for all stakeholders (Reporters, Board Members, Verification Bodies, the Registry, and the public) to use to enter, review, and access GHG data. In the verification process, Verification Bodies will use CRIS to review a Reporter's emissions.

To access CRIS, go to:

www.theclimateregistry.org

1.2.5 Registry Review and Public Release of Data

To complete the GHG reporting process, the Registry will review a Reporter's Verification Statement and release the Reporter's successfully verified data to the public. This data may be accessed by the public via CRIS.

1.3 Organization of the GVP

This GVP is divided into five Parts which outline the necessary steps a Verification Body must follow to initiate and complete the verification of a Reporter's GHG emissions.

Part 1, Introduction (this section): Provides a brief background on the Registry's verification program, an overview of the purposes of the verification, and defines key terms.

Part 2, Summary of the Verification Process and Requirements (Page 9): Provides an overview of the entire verification process. This Part also outlines the Registry's requirements on issues such as, the level of assurance, materiality, scope of verification, and the frequency of verification.

Part 3, Preparing for Verification (Page 24): Describes the activities that take place prior to a Verification Body executing the core verification activities. This includes: bidding for a contract with a Reporter; assessing potential conflicts of interest; providing required notifications to the Accreditation Body and the Registry; and designing appropriate verification activities for each Reporter.

Part 4, Core Verification Activities (Page 32): Explains how Verification Bodies should assess a Reporter's emissions.

Part 5, Completing the Verification Process (Page 48): Covers procedures for completing the verification process including: preparing a Verification Report and Verification Statement, and recording and retaining proper records.

1.4 Updates to the GVP

While the GVP is intended to guide most verification activities, the Registry may update this document in the future to reflect changes in international best practices and to provide additional clarity and guidance.

In addition, the Registry plans to develop additional specific verification guidance to accompany forthcoming sector-specific reporting protocols.

The Registry welcomes feedback and suggestions for improving the GVP from all stakeholders. Interested parties may submit feedback to the Registry using the web-based Protocol Feedback Form on the Registry's website at www.theclimateregistry.org.

The Registry will inform stakeholders of changes to the GVP in a timely manner, and will provide explicit direction for when new verification policies or procedures will be required.

PART 2: SUMMARY OF THE VERIFICATION PROCESS AND REQUIREMENTS

2.1 Principles of Verification

Several verification principles underpin and guide the Registry's verification process. They provide a compass to direct Verification Bodies in cases where assessments are not black and white. As an overarching principle, Verification Bodies should seek consistency with the principles defined in ISO 14064-3, which are:

1. **Independence:** To ensure the credibility of the emissions data reported to the Registry, it is crucial that the verification process is free from bias and conflicts of interest. Verification Bodies must maintain objectivity throughout the verification process to ensure that findings and conclusions will be based on objective evidence. Refer to Section 3.2 for additional guidance on conflict of interest.
2. **Ethical Conduct:** Verification Bodies must demonstrate ethical conduct through trust, integrity, confidentiality, and discretion throughout the verification process.
3. **Fair Presentation:** Verification Bodies must reflect truthfully and accurately the results of the verification activities.
4. **Due Professional Care.** The Registry expects Verification Bodies to exercise due professional care and judgment in accordance with the importance of the task performed and the confidence placed by clients and intended users. In addition, Verification Bodies must have the necessary skills and competences when executing the verification activities described in this GVP.

In addition to the above principles of verification, Verification Bodies must ensure that Reporters' emissions comply with the GHG reporting principles as defined in the Registry's *General Reporting Protocol*.

2.2 Verification Process Overview

Before any verification activities take place, Verification Bodies must take a number of procedural steps to ensure that the obligations and responsibilities of both the Verification Body and Reporter are clear.

The complete verification process consists of the following 12 steps:

1. Verification Body Becomes Accredited for Registry Participation
2. Reporter Selects a Verification Body
3. Verification Body Conducts Case-Specific Conflict of Interest (COI) Assessment
4. The Registry Reviews (and Approves) the COI Assessment
5. Verification Body and Reporter Finalize Verification Contract
6. Verification Body Develops Verification Plan and Submits Verification Notification Form to the Accreditation Body and Oversight Panel
7. Verification Body Conducts Core Verification Activities
 - Assess conformance of a Reporter's emissions with the Registry's requirements
 - Assess the completeness of a Reporter's emission inventory
 - Perform a risk assessment
 - Select an evaluation sample (of facilities, gases, systems, etc.)
 - Evaluate reported data against the verification criteria

8. Verification Body Informs Reporter of Reporting Errors and Allows Time for the Reporter to Correct Errors
9. Verification Body Prepares Verification Documentation & Discusses it with Reporter
10. Verification Body Finalizes Verification Documentation and Provides to Reporter
11. Reporter Submits Verification Documentation to the Registry
12. Registry Reviews Verification Documentation and Releases Verified Emission Report to the Public

Verification Bodies must repeat steps 2-10 annually to complete the Registry's verification process.

2.3 Level of Assurance

The level of assurance a Verification Body attaches to its verification work dictates the relative degree of confidence the Verification Body has in its assessment of the accuracy of the reported data, and by extension the level of confidence that the Registry or other users can place in the reported information. Generally, the Registry requires Verification Bodies to attest that Reporters' emission reports meet a reasonable assurance level.

Reasonable Assurance: Reasonable assurance statements are usually crafted in a positive fashion; a Verification Body provides reasonable assurance that an emission report *is* materially correct. A reasonable assurance opinion is generally considered to generate the highest possible level of confidence.

However, given the nature of Batch Verification⁶ (desk review and phone interview) the Registry realizes that it may be difficult for Batch Verification Bodies to verify qualifying emission reports to a standard of Reasonable Assurance. Therefore, the Registry requires Batch

⁶ Refer to Section 2.9.

Verification Bodies to apply a Limited Assurance standard when reviewing Batch Reporters' emissions.

Given that Batch Verification will apply only to small office-based organizations with less than 1000 metric tons of CO₂e, the emissions data will likely not be used for more than tracking internal energy usage (the majority of most Batch Reporters' emissions are indirect emissions). Emission reports that receive Batch Verification will clearly indicate that they have been verified to a Limited Assurance standard rather than a Reasonable Assurance standard so that stakeholders will not be confused as they review multiple emission reports.

Limited Assurance: Limited Assurance statements are usually crafted in a negative fashion; a Verification Body asserts that there is no evidence that an emission report is not materially correct. Limited assurance statements generally involve less detailed testing of GHG data and less examination of supporting documentation. Findings of limited assurance provide less confidence in the reported data than those of Reasonable Assurance.

2.4 Verification Standard

Verification Bodies must verify Reporters' GHG emission reports using the following standards:

- The Registry's *General Reporting Protocol* (for guidance on GHG calculation and reporting)
- ISO 14064-3⁷ (*Specification with Guidance for the Validation and Verification of Greenhouse Gas Assertions*)
- This GVP for supplementary guidance on verification activities

To the extent that any requirement of ISO 14064-3 might prohibit a Verification Body from

⁷ ISO/FDIS 14064-3: 2005 (E)

complying with this GVP, the requirements contained in the GVP will take precedence.

2.5 Materiality

Verification Bodies use the concept of materiality to determine if omitted or misstated GHG emissions information will lead to significant misrepresentation of a Reporter's emissions, thereby influencing conclusions or decisions made on the basis of those emissions by intended users. A material misstatement is the aggregate of errors, omissions, non-compliance with program requirements, and/or misrepresentations that could affect the decisions of intended users.

The Registry sets this threshold at five percent (on an absolute value basis) of a Reporter's direct (Scope 1)⁸ and indirect (Scope 2) emissions. Thus, the Registry requires Verification Bodies to assess the accuracy of a Reporter's direct and indirect emissions separately. A Reporter's direct and indirect emissions must both be deemed as accurate (within five percent) for a Verification Body to issue a successful Verification Statement for the Reporter.

Material Misstatement: A discrepancy is considered to be material if the collective magnitude of compliance and calculation errors in a Reporter's emission report alters a Reporter's direct or indirect emissions by plus or minus 5 percent.

As illustrated in Figure 2.1, the Registry requires Verification Bodies to assess the positive and negative errors outside of an inherent uncertainty band surrounding the true value of a Reporter's emissions. Due to the inherent uncertainty associated with metering equipment, emission factors, etc., a Reporter's emissions will more than likely deviate to some extent from their "true" emissions. The Registry recognizes and accepts this inherent uncertainty surrounding reported emissions.

⁸ Including any reported biogenic emissions.

The Registry defines inherent uncertainty as the uncertainty associated with: 1) the inexact nature of calculating GHG emissions (rounding errors, significant digits, etc.) and 2) the inexact nature of the calculations associated with the Registry's permitted use of simplified estimation methods (for up to five percent of a Reporter's entity wide emissions).⁹

Please refer to the Simplified Estimation Methods text box on page 11 for additional information on verifying simplified estimation methods.

⁹ If a Verification Body deems that a Reporter's use of simplified estimation methods is correct and appropriate, these emissions should be considered part of the inherent uncertainty of a Reporter's emission report. Therefore, they should be excluded from a Verification Body's assessment of material misstatements.

Simplified Estimation Methods

In general, Reporters must use the emission estimation methodologies prescribed in the *General Reporting Protocol* to compute their emissions. However, to reduce reporting burden and focus efforts on the main sources of emissions, the *General Reporting Protocol* allows the application of alternative simplified estimation methods for small emission sources or those with difficult to calculate emissions. The sum of emissions estimated using such simplified methods cannot exceed five percent of an organization's total emissions on a CO₂e basis.

Reporters have discretion in choosing which sources and/or GHGs to estimate using simplified methods, as long as the five percent threshold is not exceeded and established calculation methodologies do not exist. Verification Bodies must undertake the following steps to verify the use of simplified methods:

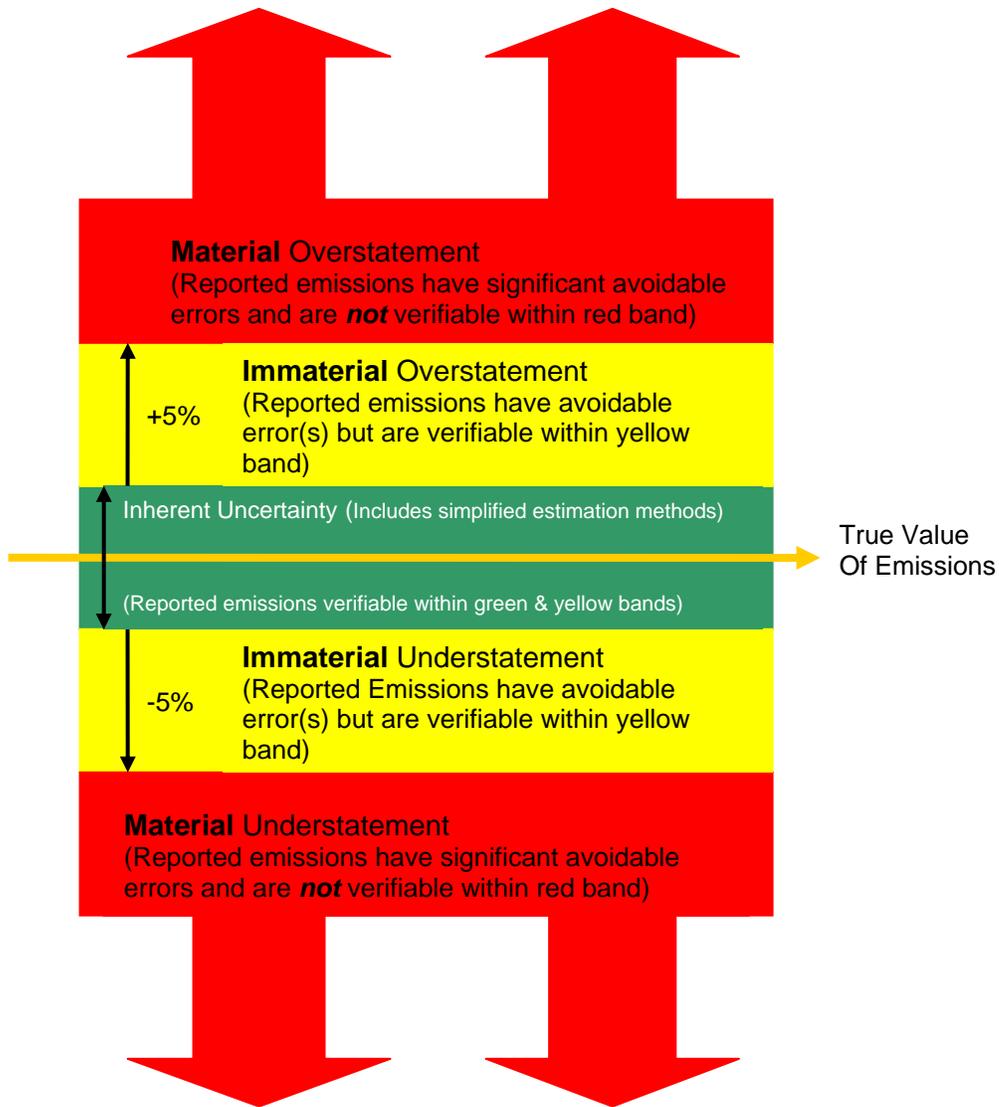
1. Review Reporters' documentation and explanations of how emissions were calculated to confirm that not more than 5 percent of total emissions have been estimated using simplified methods not prescribed in the *General Reporting Protocol*.
2. Review any simplified estimation methods used to ensure that they are appropriate to the emissions source(s) to which they have been applied, and that the resulting emission estimates are reasonably accurate.

It is possible that the discovery of material misstatements not attributable to simplified estimation methods may nonetheless necessitate a revision to the emission sources estimated using such methods. In particular, if the correction of material misstatements in a Reporter's emission inventory results in a *reduction* in the Reporter's total reported emissions, it may be necessary to re-estimate emissions using *General Reporting Protocol*-prescribed methodologies for some sources that were originally estimated using simplified estimation methods. Such re-estimations will be necessary if the sum of emissions estimated using simplified methods exceeds five percent of the revised total emissions.

If a Verification Body discovers a material misstatement(s) that necessitates a downward revision in a Reporter's total emissions, the Verification Body must alert the Reporter to the need to review and possibly revise the sources eligible to be estimated using simplified methods based on the corrected entity-wide emissions total.

Once emissions estimated using simplified methods are approved by a Verification Body, they do not need to be re-calculated in future reporting years as long as the initial assumptions upon which the calculations are based remain constant.

Figure 2.1 Conceptual Application of the Materiality Threshold



Verification Bodies must ensure that errors discovered do not cause a Reporter's stated direct or indirect emissions to vary by more than five percent above or below the band of (acceptable) inherent uncertainty surrounding a Reporter's stated emissions in order to issue the Reporter a finding of "Verification without Qualification."

In determining whether a material misstatement has occurred, the Verification Body must compare the *aggregate total* of individual misstatements (separately for direct and indirect emissions) against the five percent materiality threshold. Thus, the discovery of many small reporting errors, each of which might be immaterial when considered in isolation, may nonetheless lead to a material misstatement when aggregated to the entity level.

Although the materiality threshold is applied at the entity level, Verification Bodies must develop a risk based assessment of all of the facilities associated with an entity and sample an appropriate number of systems, sources, and calculation methodologies to look for errors or omissions within the emission report. If Verification Bodies discover reporting errors,

they must determine if these errors, when extrapolated throughout the Reporter's operations, will result in a material misstatement. This is typically achieved by performing a sensitivity analysis on the error with respect to the total reported emissions.

It is possible that a Verification Body may discover more than one form of misstatements during their risk assessment. Since the Registry is ultimately interested in ensuring that a Reporter's total emissions are within five percent of the reported emissions, the Registry directs Verification Bodies to sum the total discrepancies of direct and indirect emission separately to determine if a material misstatement has been made in either category at the entity level.

Note: As defined earlier, the Registry's GVP sets verification guidelines for its voluntary reporting program. Therefore the entity wide materiality threshold of five percent of direct and five percent of indirect emissions pertain to the Registry's voluntary reporting program as detailed in the General Reporting Protocol. Any state/provincial/regional/federal mandatory GHG reporting programs may have different materiality thresholds.

Example 2.1 Application of the Five Percent Materiality Threshold

A Verification Body has been contracted to verify the emission report submitted by a small regional bank. The bank has 20 branches located in Illinois. The Verification Body has completed its review of the bank's direct (Scope 1) emissions, and has found no material errors. However, in reviewing the bank's indirect (Scope 2) emissions from electricity use, the Verification Body discovers that the bank incorrectly applied the electricity emission factors for eGrid Subregion 14 to *all* of its branches. Although most of Illinois falls within Subregion 14, the northern tier of the state is in Subregion 12, and six of the bank's branches are located in this northern tier.

The difference between the emission factors for Subregion 12 and Subregion 14 is 19 percent. However, this 19 percent error applies only to the six branches in northern Illinois. Reviewing the emission report, the Verification Body determines that these six branches accounted for 30 percent of the bank's indirect (Scope 2) emissions. Therefore, the use of the incorrect emission factor leads to an error of $(0.3 \times 19\%) = 5.7$ percent in the bank's *total entity level* indirect CO₂e emissions. Although the bank had no material discrepancies in its reported *direct* emissions, the 5.7 percent discrepancy in *indirect* emissions exceeds the five percent materiality threshold, and therefore the Verification Body concludes that the bank's emission report has a material misstatement.

In this example, it should be emphasized that considerable uncertainty surrounds the electricity emission factors for eGrid Subregions 12 and 14 (and all of the other eGrid Subregions). Thus, even after the bank corrects its report by applying the Subregion 12 emission factor to the six northern Illinois branches, uncertainty will remain in the reported Scope 2 emission estimate. However, the uncertainty associated with the eGrid electricity emission factors (as with *all* emission factors and methodologies approved for use by the Registry and included in the *General Reporting Protocol*) is considered to be inherent uncertainty, and therefore need not be estimated and should not be treated as a discrepancy for the purposes of determining whether or not material misstatements have occurred.

Example 2.2 Offsetting Errors

During verification, a Verification Body finds that a Reporter used an incorrect emissions factor to calculate its CO₂ emissions, resulting in an overstatement of direct CO₂ emissions by seven percent. The Verification Body also discovers that the Reporter underestimated its SF₆ emissions from one facility, resulting in an understatement of direct emissions by four percent on a CO₂e basis. In this situation, a Verification Body must total the misstatements to determine if their sum exceeds the five percent materiality threshold.

$$(+7\%) + (-4\%) = 3\% \text{ total variance of reported emissions due to discrepancies}$$

In this case, assuming these were the only misstatements a Verification Body discovered, the Reporter's emission report would be verifiable, as the total discrepancy (three percent) is less than the Registry's materiality threshold of five percent.

If the above Reporter *overstated* rather than understated its SF₆ emissions by four percent, then the discrepancies would total 11 percent, and the Reporter's emissions would not be verifiable:

$$(+7\%) + (+4\%) = 11\% \text{ total variance of reported emissions due to discrepancies}$$

Example 2.3 Non-Offsetting Errors: Direct vs. Indirect Emissions

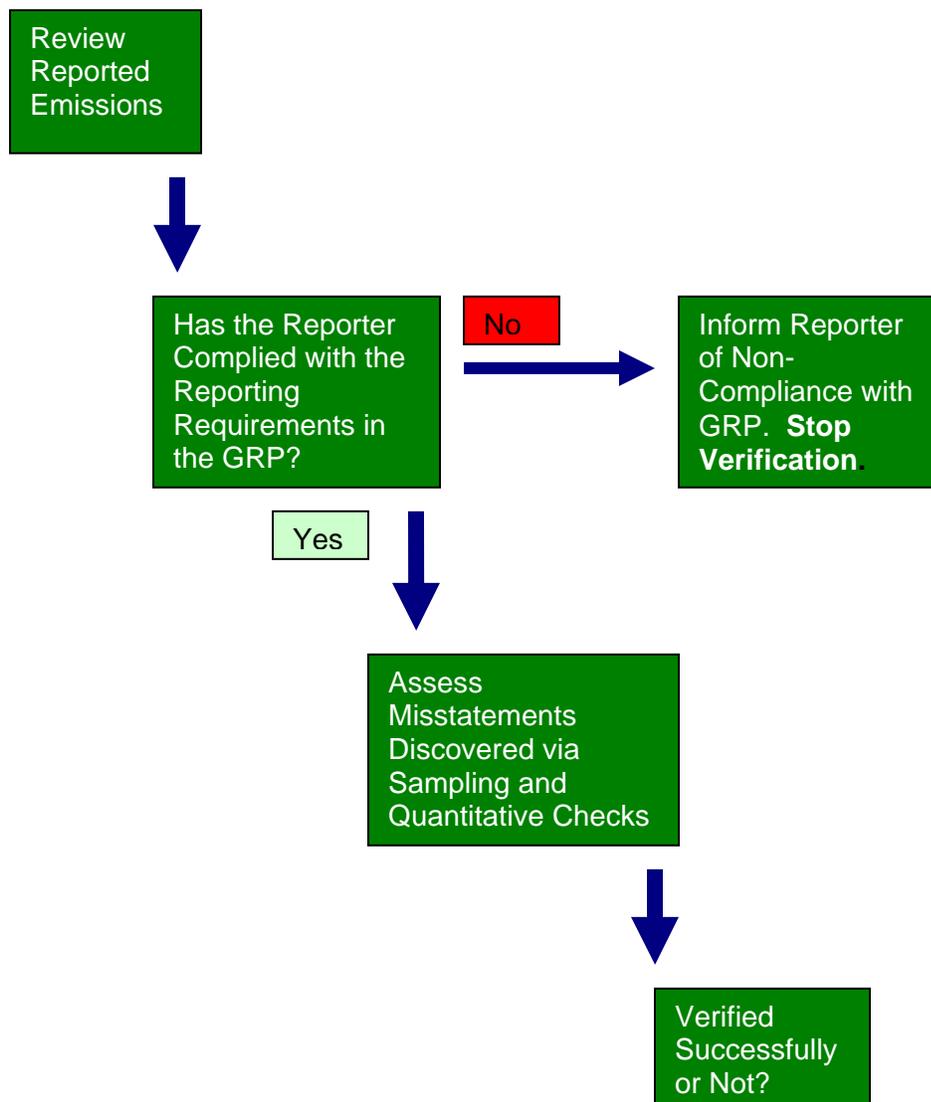
During verification, a Verification Body finds that a Reporter applied an incorrect emissions factor to calculate its CO₂ emissions from natural gas combustion, resulting in an overstatement of its *direct* emissions by seven percent. The Verification Body also discovers that this Reporter used an incorrect emissions factor for its electricity consumption in California, leading to an underestimation of its *indirect* emissions by four percent. In this case, while the four percent indirect emissions discrepancy is acceptable, the seven percent direct emissions discrepancy leads to a finding that a material misstatement has occurred. The Reporter must correct its direct emissions estimates for natural gas combustion before its emission report can be accepted as verified.

As this example illustrates, while discrepancies must be summed *within* Scope 1 (direct emissions) and Scope 2 (indirect emissions) to determine whether a material misstatement has occurred, discrepancies are never summed *across* Scopes. Instead, the five percent materiality threshold must be applied separately to Scope 1 and Scope 2 emissions. If the sum of discrepancies for *either* Scope 1 or Scope 2 emissions is found to exceed five percent, a material misstatement has occurred.

The application of a materiality threshold involves qualitative as well as quantitative considerations (see Figure 2.2). The Registry requires that Verification Bodies follow a hierarchical assessment when evaluating material misstatements. First, a Verification Body must confirm that a Reporter meets all of the Registry's reporting and programmatic requirements (qualitative assessment). Then, a Verification Body must conduct a risk

assessment to sample for reporting errors (quantitative assessment). If a Verification Body discovers that a Reporter has not complied with the Registry's program requirements (e.g. has not reported its Canadian operations) then it must inform the Reporter, and cease further verification activities until the Reporter can correct the error.

Figure 2.2 Materiality Hierarchy



2.5.1 Mitigating Discrepancies

If during the course of conducting the verification activities, a Verification Body discovers a discrepancy (either material or not), it must inform the Reporter of the error in a timely fashion, so that the Reporter may work to correct the error or discrepancy. The Registry requires Reporters to correct as many misstatements as is possible; however, it realizes that some misstatements may not be able to be corrected in a timely manner or at all (missing data, etc.). As a result, the Registry allows non-material misstatements to remain in a Reporter's report.

Verification Bodies must communicate with Reporters to determine how much time a Reporter will require to correct any discovered misstatements, so that they can plan another assessment of the corrected misstatements accordingly.

While the Registry requires Verification Bodies to inform Reporters of discrepancies and encourages the correction of errors before completing a final Verification Statement, the Registry strictly *prohibits* Verification Bodies from providing any consulting activities to the Reporter to help them correct the discovered error or discrepancy. In summary, Verification Bodies must clearly explain the error to the Reporter, but cannot help the Reporter correct the error. Verification Bodies should agree to a typical and reasonable response that will allow for ample time for Reporters to correct discrepancies before completing the Verification Statement.

2.6 Risk-Based Approach to Verification

Given the impossibility of assessing and confirming the accuracy of every piece of GHG information that goes into an emission report, the Registry has adopted ISO 14064-3's risk-based approach to verification. This approach directs Verification Bodies to focus their attention on those data systems, processes, emissions sources, and calculations that pose

the greatest risk of generating a material discrepancy in an effort to locate systematic reporting errors.

The main objective of the verification effort is to confirm that the Reporter's stated emissions comply with the Registry's materiality threshold of five percent (on an absolute value basis). Thus, a Verification Body's risk assessment of a Reporter's emissions will focus on those errors that might materially affect the Reporter's stated emissions. Verification Bodies must perform risk assessments at the entity-level.

This means that Verification Bodies must survey a Reporter's emission sources, facilities, GHG gases, processes, policies, and operations and identify those that pose the greatest threat to causing material misstatements in the reported emissions. From this entity-level risk assessment, Verification Bodies will identify certain facilities, sources, policies, etc. to sample for errors. Thus, a Verification Body will visit some individual facilities and they will be assessing the overall entity-level risk of the Reporter's emissions.

2.7 Scope of Verification

The scope of a Verification Body's assessment of GHG emissions is defined by the required components of the Registry's *General Reporting Protocol* and the complexity of the Reporter's operations. All Verification Bodies must be familiar with this document, and they should refer to it regularly during their verification activities.

While CRIS prepares multiple emission reports for a single Reporter for each reporting year, the Registry requires Verification Bodies to verify the emissions contained **only in a Reporter's Entity Emission Report (Detailed)** (which summarizes a Reporter's total entity emission in North America, as well as all facility emissions). All other CRIS reports are generated based on the GHG data contained in the Entity Emission Report. Since CRIS will aggregate a Reporter's data automatically to create other reports, the Registry accepts these

additional reports as correct if the underlying Entity Emissions Report is verifiable.

2.7.1 Data from Regulatory Programs

Some Reporters will include GHG data in their entity-wide emissions footprint that they have also reported to government agencies for regulatory purposes (e.g., CO₂ from CEMS as required by the U.S. Environmental Protection Agency's (EPA) Acid Rain program: 40CFR 75). Such data will include an indicator in CRIS that the entity has reported it to a regulatory program.

While the Registry requires Verification Bodies to include regulatory data in their entity-wide risk assessment, it encourages Verification Bodies to take into account the providence of the regulatory data in developing their risk based assessment. Thus, if a Verification Body judges that certain emissions reported under regulatory programs are likely to be accurate, it might assign a low risk value to these reported emissions.

2.7.2 Transitional Reporting

The *General Reporting Protocol* provides Reporters with a time limited option to report less than complete emissions data during their first two years of participation in the Registry. Reporters that choose to utilize this option will be called "Transitional Reporters." Transitional Reporters may choose to limit their reports to fewer than all six GHGs (but must report CO₂ emissions from stationary combustion sources within one state or province at a minimum). Furthermore, Transitional Reporters may choose to limit their reports to one or more countries, states, provinces, or native sovereign nations (but they must report comprehensively for the geographic areas chosen). Transitional reporting is allowed for no more than two years of data.

If a Reporter chooses to report on a transitional basis, the Verification Body must first check the eligibility requirements set forth in the *General Reporting Protocol* to confirm that the Reporter is in fact eligible to submit a transitional report.

The Verification Body should then check to make sure that the Reporter has met the minimum reporting requirements for transitional reporting.

Beyond these eligibility and reporting requirement checks, the verification process for Transitional Reporters is the same as for other (complete) Reporters. The only difference is the scope of the verification which, for Transitional Reporters, is limited to those geographic regions and GHGs that the Reporter has chosen to include in the emission report.

Please refer to Chapter 8 of the *General Reporting Protocol* to learn about transitional reporting in greater detail.

2.7.3 Historical Emissions Data

Reporters may also choose to report any number of years of historical GHG emissions to the Registry. Historical data is defined as all data for years prior to a Reporter's earliest reporting year. For example, if a Reporter joins the Registry in 2010 and provides 2010 data (in 2011), then any emissions data provided to the Registry by this Reporter for years prior to 2010 is defined as historical data.

The minimum reporting requirements for historical data are described in the *General Reporting Protocol*. Please refer to Chapter 9 in the *General Reporting Protocol* for more information. Verification Bodies should limit verification activities for historical emissions to those geographic areas and GHG emissions that the Reporter includes in their emissions report. The same verification practices as described in this GVP (materiality, program compliance, risk based assessment, etc.) will apply to historical emission reports. The only difference between verifying a current year or historic year of emissions is the scope of required emissions.

2.7.4 Other Optional Emissions Data

Reporters may choose to report emissions in excess of those required by the Registry. For

example, in addition to their Scope 1 and 2 emissions, Reporters may voluntarily choose to report their:

- Scope 3 emissions (e.g., indirect emissions from sources outside Scope 2). Scope 3 emissions will be clearly identified.
- Unit-level emissions (individual sources, etc.)
- Emissions based on both Equity Share and Control consolidation methodologies
- Performance metrics
- GHG reduction goals
- Other GHG management policies or documents
- Worldwide emissions

In general, the Registry does not require optional emissions to be verified. Thus these types of emissions are outside the normal verification scope. The exception to the rule applies to the optional category of Scope 1 and Scope 2 worldwide emissions, which must be verified.

Verifying Worldwide Emissions

Since the Registry's reporting requirements are limited to a Reporter's North American GHG emissions, the Registry requires Verification Bodies to prepare Verification Statements attesting to the quality of a Reporter's stated North American emissions. These Verification Bodies must be approved by the Registry to conduct verification activities—meaning that they must be accredited to both ISO 14065 as well as the Registry's additional accreditation criteria (Refer to the Registry's *Guidance on Accreditation*).

If a Reporter chooses to report their worldwide emissions in addition to their North American emissions, they may contract for verification services with either the same Verification Body that conducted their North American

verification, or they may choose another Verification Body.

In either case, the Verification Body must produce a Verification Statement attesting to the accuracy of the Reporter's worldwide (non-North American) emissions. Since reporting worldwide emissions is optional, the Registry does not include non-North American emission factors or calculation guidance for worldwide emissions, in its *General Reporting Protocol*. Furthermore, the Oversight Panel does *not* provide oversight of the verification of worldwide emissions. Therefore, the Registry does not guarantee that reported worldwide emissions have the same level of accuracy or consistency as reported North American emissions.

Since the Registry does not provide specific guidance for worldwide emission calculations, Verification Bodies contracted to verify worldwide emissions do not need to be approved by the Registry. Nonetheless, the Registry strives to ensure the high quality of any emissions data reported to its voluntary program. Consequently, Verification Bodies used to conduct verification activities related to worldwide emissions for Registry Reporters must be accredited to ISO 14065.

Since North American and worldwide emission reports do not include overlap, the Registry will consider the Verification Statements for each region to be separate stand alone documents.

2.7.5 Other (Non-Emissions) Data

Beyond GHG emissions, Reporters' emission reports will also contain other organizational information that will need to be sampled and/or assessed as part of the verification activities.

This additional information includes:

1. **Activity level emissions data.** This includes data used to compute emissions (emission factors, fuel use, etc.)

2. **Quantification methods used for entering pre-calculated emissions in CRIS.** If the Reporter has chosen to calculate any emissions off-line (rather than using the automated calculation procedures included in the Climate Registry Information System (CRIS)), Verification Bodies must confirm that the Reporter's offline quantification methodologies (and the associated tiers) are appropriate, valid, of a comparable accuracy as those defined in the GRP and are transparently documented in the Reporter's emission report
3. **Other Descriptive Entity Information.** This includes documentation on management systems, information systems, ownership, etc.

2.8 Verification Cycle

The Registry requires annual verification of all GHG data and allows for Reporters to contract with the same Verification Body for up to five consecutive years. Verification Bodies must conduct verification activities every year of Verification Body-Reporter relationship. However, if a Reporter's management systems and/or emissions sources do not change from year to year, then the Registry allows Verification Bodies to use their professional judgment to determine the appropriate level of a verification assessment in order to issue a Verification Statement with reasonable assurance of a Reporter's stated emissions. At a minimum, each year a Verification Body must conduct an entity-wide risk assessment and visit a number of facilities to check for reporting errors and misstatements.

The Registry allows Verification Bodies to streamline verification activities for Reporters in the years following a successful comprehensive verification process in order to minimize verification costs whenever this is possible without compromising the integrity and credibility of the reported GHG data. To this end, the Registry allows for a five-year verification cycle, which permits a streamlined verification process in the second through fifth

years of the cycle, assuming a Reporter does not experience any significant changes to their organizational structure or GHG emissions (see Figure 2.3 below).

In Year 1 of the five-year cycle, a Verification Body must comprehensively assess a Reporter's emission report and its compliance with Registry requirements; confirm its emissions sources and GHGs; review its management policies and systems; and sample data for calculation and reporting errors in order to gain a detailed understanding of a Reporter's operations and resulting GHG emissions.

If a Reporter's organizational structure and GHG emissions have not changed significantly, and the Reporter asks the same Verification Body to verify the Reporter's emissions the next year, then a Verification Body may choose to streamline their verification activities, as long as the Verification Body can still provide a reasonable assurance that the Reporter has accurately reported its emissions within five percent.

While the Registry largely defers to a Verification Body's professional judgment to assess if the Reporter's organizational structure or emissions have changed significantly after the first year of the verification cycle, the Registry deems the following changes as being material, and therefore as triggering a review on the part of the Verification Body as to whether more comprehensive (or more substantial) verification activities might be required:

- A new Verification Body is selected to assess a Reporter's emissions
- Base Year emissions are changed or adjusted
- A Reporter becomes a "complete" Reporter (no longer a Transitional Reporter)
- A Reporter's emissions change by more than five percent from the previous year's emissions
- Other issues as deemed appropriate by the Verification Body

While some of the above changes (e.g., the selection of a new Verification Body) might necessitate a full verification, other changes may still be addressed as part of a streamlined process, depending on the professional judgment of the Verification Body.

The specific activities that constitute streamlined verification will vary depending on the circumstances, but in all cases the Verification Body must perform the minimum set of activities that will allow it to conduct a risk-based assessment of materiality and to attain reasonable assurance in the findings presented in its Verification Statement. The minimum required activities include the risk-based assessment, the facility visits, and the verification of emission estimates against the verification criteria.

Beyond these three required activities, the Verification Body should use its professional judgment to determine the set of verification activities that will be required to meet the reasonable assurance goal. Suppose, for example, that a Reporter divested itself of a subsidiary but all of the existing information systems and controls remain unchanged from the first year of the verification cycle. In this case, the Verification Body may need to assess whether base year emissions need to be revised, but a full review of the information systems and controls may not be necessary.

Similarly, if a Reporter opens a new facility but retains its existing GHG information system, the Verification Body may need to ensure that the new facility has been properly incorporated into the information system but may not need to conduct another detailed review of that information system.

In short, the Registry does not prescribe the specific activities that should constitute a streamlined verification (beyond the three

activities noted above), but rather encourages Verification Bodies to use professional judgment in tailoring a verification process appropriate to the specific circumstances of each Reporter. This latitude to tailor the verification process to the circumstances applies *only* to streamlined verifications; not to the full verification that the Verification Body *must* conduct at least once every five years.

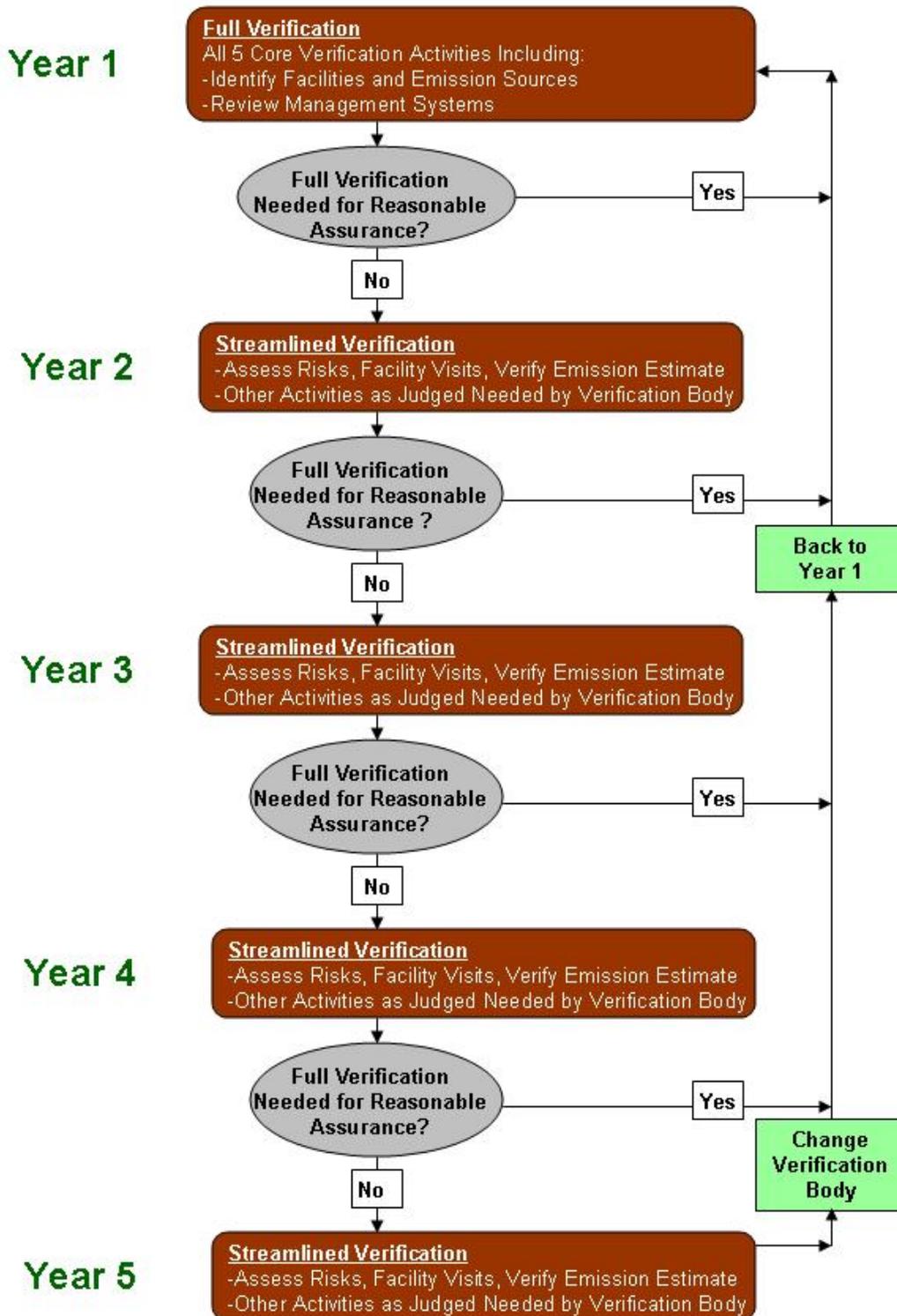
NOTE: The Registry's articulates this process to serve as guidance for ways to streamline the verification process. Verification Bodies are not required to follow this five-year cycle, but are allowed to do so, as long as they can meet the intent of the verification process, appropriately manage their own risks, and thus are able to provide reasonable assurance that a Reporter's emissions contain no material errors, omissions or misrepresentations.

Verifying Multiple Years of Data

If a Reporter needs to update its base year (a historical year), or correct a previously reported and verified year of data, a Verification Body may verify this information together with the Reporter's current emission report. This will count as one year in the five year verification cycle.

If a Reporter requests its Verification Body to verify multiple years of historical data along with its current emission report, they may do so. However, in this instance, each year of historical data verified by a Verification Body will count toward the five year verification cycle. For example, if a Verification Body verifies three years of historical data along with the current year's emission report, this will count as four years of a verification cycle. Thus, the Verification Body could only work with this Reporter for one additional year.

Figure 2.3 Five-Year Verification Cycle



2.9 Batch Verification Process

To reduce the transaction costs associated with the verification of small office-based organizations, the Registry offers a modified version of its standard verification process. The Registry refers to this modified process as “batch verification.”

Reporters are eligible for batch verification if they have relatively simple GHG emissions. The Registry offers batch verification options to Reporters that have only the following emissions:

1000 metric tons total CO₂e emissions, with no significant process/fugitive emissions

In addition, emissions must only originate from the following sources:

- Indirect emissions from electricity consumption;
- Direct emissions from stationary combustion for heating or cooling; and
- Direct emissions from mobile sources.

For Reporters whose emissions are just outside of the above parameters, the Batch Verification Body will determine eligibility on a case by case basis.

The following is a summary of the steps of the batch verification process.

1. **Registry Selects a Batch Verification Body Each Year:** Each year, the Registry will solicit competitive bids from accredited Verification Bodies interested in providing batch verification services. The Registry will select one Verification Body to perform all eligible verifications for that reporting year. The Verification Body will be ineligible to bid on batch verification for the following three years, but may continue to conduct individual verifications for the current reporting year as well as future reporting years.

2. **Registry and Batch Verification Body Develop Standardized Contract**
3. **Reporter Calculates and Reports Their Annual GHG Data**
4. **Reporters Communicate Interest in Batch Verification and Batch Verification Body Determines if They Are Eligible:** Reporters interested in batch verification should notify the Batch Verification Body (listed on the Registry’s website) prior to the deadline for submitting emission reports (6/30). The Batch Verification Body will be responsible for determining the eligibility of Reporters.
5. **Batch Verification Body and Reporter Sign Contract:** Each Reporter signs a standardized contract with the Batch Verification Body. If Reporters require non-standard contract language, they cannot participate in batch verification.
6. **Batch Verification Body Receives Reporter Documentation:** Once the respective parties have signed the contracts, the Batch Verification Body will review all batch Reporters’ emission information.

Continue to steps 7-12 of the verification process (Refer to Section 2.2).

Since the Registry selects Batch Verification Bodies on an annual basis, there will be little risk that a Batch Verification Body will have an ongoing conflict with a Batch Reporter. Therefore, the Registry waives the requirement for Batch Verification Bodies to conduct Case-Specific COI Assessments¹⁰ prior to commencing a batch verification.

If the Batch Verification Body is unable to provide a finding of reasonable assurance of a Reporter’s emissions without visiting a facility, the Batch Verification Body must inform the Reporter that they are not eligible for batch verification. At that time, the Reporter must

¹⁰ Refer to Section 3.2.

contract with a Verification Body to conduct the verification activities. The Batch Verification Body may bid on this contract.

PART 3: PREPARING FOR VERIFICATION

3.1 Responding to a Reporter's Request for Proposal for Verification Activities

Reporters may approach Verification Bodies to discuss verification activities at any point in the emission reporting process. However, it will be most efficient for Verification Bodies to discuss verification activities and prepare a verification proposal for a Reporter if the Reporter has completed entering their annual GHG emissions into CRIS, as then Verification Bodies will understand the total scope of the Reporter's operations and emissions.

Verification Bodies will likely need to respond to a Reporter's Request for Proposal (RFP) before the Reporter selects them to conduct the verification activities. Verification Bodies should review the Reporter's request, evaluate if they have the needed competency to assess the Reporter's emissions, evaluate any potential conflicts between the Reporter and the Verification Body, and respond to the Reporter's request, if they are interested. Two key components of this process are: 1) Assessing a case-specific conflict of interest and 2) Assembling a verification team.

3.2 Conflict of Interest (COI)

To protect the credibility and rigor of the Registry's verification process, the relationship between Verification Bodies and Reporters must not create or appear to create a high COI. In some instances, where potential or real conflicts do exist, Verification Bodies must take steps to mitigate high COIs before the Registry will allow verification activities to proceed.

While conducting verification activities for Reporters, the Verification Bodies must work in a credible, independent, nondiscriminatory and transparent manner, as outlined in ISO 14065, Annex B. In addition to the guidance in ISO 14065, the Registry requires Verification Bodies to adhere to additional rules to protect against

unacceptable COIs between parties. The Registry developed these rules to minimize the risk of potential and real COIs between Verification Bodies and Reporters.

Throughout the verification process the Registry requires Verification Bodies to assess three types of COI with Reporters:

1. **Case-Specific COI.** A direct conflict between a Reporter (including its parent company and all related organizations) and their chosen Verification Body (including its parent company and all related organizations). Every year a Reporter requests a Verification Body to conduct verification services the Verification Body must evaluate and document any pre-existing relationships or conflicts between it and the Reporter before a contract for services is negotiated and signed. The Registry will screen each case-specific COI Assessment Form before verification activities begin. Additionally, the Accreditation Body will reevaluate and confirm the COI evaluation during their surveillance audits. This process will ensure that a Verification Body can render an impartial opinion of a Reporter's GHG emission report. Additional details about this process are explained below.
 - a. **Personal COI.** A direct conflict between a member of the Verification Body's verification team and the Reporter. A Verification Body must assess Personal COI as a part of its case-specific COI assessment. Refer to Section 3.2.1 below for more information.
2. **Emerging COI.** A direct conflict between a Reporter and their chosen Verification Body in the 12 months that follow the completion of verification activities. For a period beginning with the signing of the contract, and continuing until one year following the close of the contract, Verification Bodies must monitor their relationship (and the relationship of individual team members)

with the Reporter to ensure impartiality has been protected in the verification process.

Note: The Registry automatically deems the potential for COI between the Batch Verification Body and an eligible Reporter as low, given that Batch Verification Bodies are selected by the Registry (not the Reporter) and will change on an annual basis. Thus, there will be little risk that a Batch Verification Body will have an ongoing conflict with a Batch Reporter. Therefore, the Registry waives the requirement to conduct case-specific COI assessments prior to commencing a batch verification.

3.2.1 Case-Specific COI

For purposes of the Registry's voluntary reporting program, a case-specific COI is defined as a situation in which a Verification Body has competing professional and/or personal interests that could impede its ability to objectively review and evaluate a Reporter's compliance with the Registry's reporting requirements. Even without explicit indication of a compromised relationship between a Reporter and a Verification Body, a COI could also involve a situation where the appearance of impropriety could undermine confidence in the Verification Body's ability to assess the reported emissions.

In evaluating their case specific COIs, Verification Bodies must thoroughly assess any prior or existing relationships with the Reporter, as well as relationships between subcontractors and all individual members of the proposed verification team and the Reporter using the Registry's COI Assessment Form in Appendix A1.¹¹ In general, the Registry will deem a Verification Body to have a high risk of COI with a Reporter if: 1) the Verification Body has a conflict with a Reporter, and/or 2) any member of the proposed verification team has a conflict with the Reporter. Any Verification Body that determines that its risk for COI is anything other

than low may not provide verification services to that Reporter.

To assess the impartiality of a Verification Body and its staff, a Verification Body must confirm that the following conflicts do not exist:

1. A Verification Body will have a high COI if;
 - It and a Reporter share any management
 - It has provided any GHG consultancy services to the Reporter
 - It has provided non-GHG consultancy services that may influence the Verification Body's impartiality
2. Additionally, a staff member of the verification team will have a high risk Personal COI with a Reporter if:
 - A member of the verification team has been an employee of the Reporter within the last three years.
 - A member of the verification team has provided any of the prohibited GHG services to the Reporter in the last three years.
 - A member of the verification team currently has a direct financial interest (mutual funds and exchange-traded funds excluded) in the Reporter's company in excess of \$5,000.

¹¹ The Registry plans to automate the COI forms in its CRIS application to streamline the COI evaluation process. This functionality is expected to be available at the end of 2008.

GHG Consultancy Services

GHG consultancy services are defined as including any of the following activities:

- Designing, developing, implementing, or maintaining a GHG emissions inventory
- Designing or developing GHG information systems
- Developing GHG emissions factors or other GHG-related engineering analysis
- Designing energy efficiency, renewable, or other projects which explicitly identify GHG reductions as a benefit
- Preparing or producing GHG-related manuals, handbooks, or procedures
- Appraisal services of carbon or GHG liabilities or assets
- Brokering in, advising on, or assisting in any way in carbon or GHG-related markets
- Legal and expert services related to Registry verification

A Verification Body must determine whether any of the above conditions apply to the Verification Body or any of the staff it has proposed to conduct the verification activities.

Note: While Verification Bodies may NOT conduct both GHG consultancy services and verification services for the same Reporter, Verification Bodies may offer both types of services to Reporters. Verification Bodies must choose which of the two services they want to offer to each Reporter as they are prohibited from providing both to the same Reporter.

If unique circumstances exist that are not covered by the provisions above and might otherwise lead to a potential COI or the perception of a COI, a Verification Body must err on the side of caution and determine the risk of COI to be high. If a Verification Body determines that it has a high COI with a Reporter, it may mitigate the COI to a lower and

acceptable level following the guidance below, or it may not proceed with the verification activities.

Verification Bodies must submit a Case Specific COI Assessment Form (Appendix A1) to the Registry prior to conducting any verification activities. The Registry will screen the COI Assessment Form to ensure that any Verification Bodies with high COI are prohibited from conducting verification activities. The purpose of the Registry's screening is to protect the integrity of the verification process and the quality of the Reporter's emissions report by identifying and avoiding situations in which a Verification Body may be viewed as having an impaired ability to objectively review a Reporter's GHG inventory, usually from a pre-existing business or personal relationship.

The Registry understands that complex relationships might exist between a Verification

Body and a Reporter, and therefore, it may be difficult to make an obvious judgment regarding the risk of a COI. The Registry will conduct its evaluation process and review each relationship conservatively with the aim to not only ensure the integrity of the emission reports submitted to the Registry, but also to avoid the perception of a conflict.¹²

The Registry will use objective criteria and professional judgment to review COI Assessment Forms and work with all interested parties to resolve risks that can be mitigated. If the Registry determines that a high-risk COI might exist, it will request that the Verification Body demonstrate how it can avoid, eliminate, or otherwise mitigate the COI. As necessary, the Registry may request that the Verification Body provide additional information to assist in evaluating its COI Assessment Form.

Verification Bodies must maintain all COI Assessment documentation with their verification paperwork. The Accreditation Body will assess the appropriateness of a Verification Body's COI determination during its regular surveillance audits to enforce the COI policies. If the Accreditation Body finds a Verification Body's COI assessment to be invalid, or otherwise non-compliant with the Registry's policies, the Accreditation Body may sanction the Verification Body, which could include rescinding its accreditation status.

Verification Bodies should refer to Annex B of ISO 14065¹³ for additional guidance evaluating impartiality.

Case Specific COI Assessment Form

To assist Verification Bodies in identifying and describing the nature and extent of their relationship with a Reporter, the Registry requires Verification Bodies to complete a COI

¹² Identifying situations that could lead to the perception of a conflict of interest is particularly difficult. Generally, the guiding principle is called "The Press Test"; it asks, would the Verification Body or the Reporter be uncomfortable if the nature of their relationship were reported in the press, or received public attention?

¹³ ISO 14065: 2007 (E)

Assessment Form. The COI Assessment Form prompts Verification Bodies to describe the following information:

- Nature of its Relationship with a Reporter
- Prior and Existing Service Agreements with a Reporter
- Financial Magnitude of Service Agreements with a Reporter

If a Verification Body plans to utilize any subcontractors to complete the verification activities, the Verification Body must assess personal COI for all subcontractors.

Cause for Automatic COI Rejection

Due to the inherent conflicts between a Verification Body and a Reporter, the following two situations may not be mitigated:

- **Preparation of a Reporter's GHG inventory.** The Registry prohibits Verification Bodies from consulting or preparing any part of the GHG emissions inventory for a Reporter that wishes for the Verification Body to verify its emissions, regardless of the point in time that that may have occurred. A Verification Body must declare all of its previous, existing, and planned involvement with the Reporter's GHG monitoring, accounting, reporting, and reduction activities. This includes identifying the group(s)/department(s) of the respective organizations involved, and a description of the specific activities. For each activity identified, the Verification Body must clearly define the links with other parts of its organization, in particular the unit(s) that performs verification services.
- **Off-cycle applicants.** Verification Bodies may only provide verification services for a given Reporter for a maximum of five consecutive reporting years. After the fifth consecutive year of verification services, Reporters must contract with a different Verification Body. The original Verification

Body may not provide verification services to that Reporter for the next three years.

3.2.2 Mitigating COI

If a Verification Body determines the risk of COI to be high it may develop a mitigation plan to lower the risk of COI to an acceptable level in order to conduct verification activities.

Verification Bodies must complete the COI Mitigation Form in Appendix A2 and submit it to the Registry to explain where it has identified high risk COI and how it will mitigate it to an acceptable level.

At a minimum, a mitigation plan should include:

- Demonstration that any conflicted individuals (Verification Body or subcontractor staff) have been removed and insulated from the project, if applicable.
- Explanation of any changes to organizational structure or verification team, if applicable. For example, demonstration that any conflicted unit has been divested or moved into an independent entity or any conflicted subcontractor has been removed.
- Other circumstances that specifically address other sources for potential COI.

Potential Mitigating Factors

The following are examples of factors that mitigate potentially conflicting relationships between a Verification Body and a Reporter. The Registry will consider these factors when evaluating COI Assessments.

- **Time of Service.** The Registry will view most services delivered by the Verification Body to the Reporter that occurred more than three years before as a lower risk than those that occurred within the last three years. However, services rendered related to the design, development, implementation or maintenance of a GHG emissions inventory must be fully disclosed, regardless

of the time of delivery, and will always constitute a high COI.

- **Location.** The Registry will consider verification services provided by a Verification Body to a Reporter's business unit, facility or office located outside of North America a lower risk than those conducted within North America.
- **Type of Services.** The Registry will consider services that do not appear in the text box outlining GHG Consultancy Services in Section 3.2.1 to be a lower risk than those that do.
- **Financial Value of Services.** The Registry will view the provision of other services by the Verification Body wherein the monetary value is small relative to the value of verification services as a low risk for COI. Instances where the total value of services provided to the Reporter is very small as a percentage of the Verification Body's revenue over the same period may also be less cause of concern.

Response to COI Assessments

The Registry will screen all COI Assessments and provide its response and evaluation of a Verification Body's COI Assessment within 15 business days. As a part of this screening process, the Registry will also randomly select COI Assessments to undergo a more thorough review on a periodic basis. The Registry will inform a Verification Body within 15 days if the Registry has selected their COI Assessment Form to be reviewed. This review may take an additional 15 business days. If selected for a COI Assessment review, Verification Bodies must not proceed with their contract or verification activities until the Registry completes its review and provides them with instruction to do so.

The Registry's response will be an email to the Lead Verifier documenting the Registry's review of a Verification Body's COI Assessment Form. Verification Bodies may also request a printed version of the Registry's response. If the

Registry has not initially responded to the Verification Body within 15 business days, the Verification Body may begin to conduct verification activities.

If the Registry disagrees with a COI Assessment, or finds fault with a Verification Body's Mitigation Plan, it will either reject the Verification Body's COI Assessment or request an amendment to it (addition of a Mitigation Plan or modifications to an existing one). If after completing its COI review, the Registry determines that the risk of COI between a Reporter and a Verification Body is low and no mitigating measures are necessary, the Verification Body may initiate verification activities.

If the Registry rejects a Verification Body's COI Assessment, a Verification Body can: 1) abandon the proposed contract; 2) work with the Reporter and the Registry to identify measures to alleviate the COI risk; or 3) appeal the decision to the Oversight Panel.

COI Appeal Process

Verification Bodies and/or Reporters may dispute and appeal the Registry's COI review by emailing the Oversight Panel (oversight@theclimaterestry.org).

The Oversight Panel may consult with experts to assess the dispute, but such experts will not have a vote in the Oversight Panel's final decision. All information will be kept confidential. The Oversight Panel will provide a final answer based on a majority vote. Their decision will be binding.

Corrective Action

The Accreditation Body will review a Verification Body's COI Assessment documentation during their surveillance audits. If the Accreditation Body or the Registry finds that a Verification Body has intentionally violated its COI policies, the Registry and the Accreditation Body reserve the right to rescind a Verification Body's accreditation status or annul the Verification Statement. If a Verification Statement is

annulled or if accreditation is rescinded, the Verification Body will be responsible for reimbursing the Reporter for the cost of the Verification Body's effort. Please refer to the *Guidance on Accreditation* for more information relating to sanctioning activities.

3.2.3 Emerging COI

To help avoid a *quid pro quo*, Verification Bodies must monitor their activities (as well as the activities of any related companies) beginning with the signing of the contract, and continuing until one year after the close of the contract. During this period, the Verification Body must avoid entering into arrangements or relationships that may present a COI.

A Verification Body must immediately disclose any potentially emerging COI, either at the staff or board level or those that result from organizational changes (e.g., mergers and acquisitions, partnerships, joint ventures) to the Registry. If, for any reason, the Registry determines that a new relationship constitutes a COI that cannot be mitigated, the Registry will require the Reporter to contract with a new Verification Body going forward. The Registry or the Accreditation Body may also invalidate any verification results from the time at which such a conflict of interest arose and could not be mitigated.

3.2.4 Evaluating COI in Subsequent Years

The Registry permits Verification Bodies to contract with Reporters for a maximum of five consecutive years. A Verification Body must complete a COI Assessment Form each year prior to commencing its verification activities. Following the Registry's review and acceptance of the COI Assessment Form in the first year of the Reporter – Verification Body relationship, a Verification Body's subsequent COI Assessment Forms should focus on any changes in the relationship between a Verification Body and a Reporter, or between the verification team staff and the Reporter. If a Verification Body and Reporter have a relationship for five years, the Registry prohibits

the Verification Body from contracting with the Reporter for the next three calendar years. After no relationship has existed for three years, the Verification Body may again contract with the Reporter for up to five years.

This cycling of Verification Bodies will help to avoid potential COI situations due to lengthy and ongoing relationships. Also, this guarantees that another Verification Body will review material previously reviewed by the initial Verification Body, thus providing another check on the consistency and appropriateness of professional judgments made.

3.3 Assembling the Verification Team

During the accreditation process, Verification Bodies must identify all staff members who will participate in their verification team. Verification Bodies must also identify proposed Lead Verifiers. Upon becoming an accredited Verification Body, a firm may add or delete verification staff to its roster, but must maintain the Registry's minimum staffing requirements. Additionally, new verification staff must demonstrate all necessary competencies.

Verification Bodies must meet the requirements regarding verification team competencies set forth in ISO 14064-3: A.2.2.3 and ISO 14065: 6.2.4.

Note: While neither the Registry nor the Accreditation Body provides specific technical training to teach Verifiers core verification skills, outside training opportunities do exist. As a reference, currently, the following organizations offer rigorous training courses on a variety of GHG accounting and verification activities:

- **Canadian Standards Association** (https://learningcentre.csa.ca/lc_site/be.asp?qid=50009565&tid=50029594)
- **The GHG Management Institute** (www.ghginstitute.org) and
- **Future Perfect** (www.fpsustainability.com)

In addition to the ISO requirements, the Registry requires Verification Bodies to meet the following requirements when assembling their verification team:

1. A verification team must be assembled prior to the commencement of a verification engagement.
2. A verification team must include at least one Lead Verifier.
3. All verification team members must be on the Verification Body's roster of designated Verifiers for the Registry.
4. All verification team members must be clearly identified in the Verification Body's documentation of the engagement, including the Verification Report.
5. All Lead Verifiers must have attended a Registry Orientation Session discussing the GVP.
6. At least one verification team member must have competencies in evaluating GHG inventories. In addition, an appropriate number of team members must also possess relevant industry experience, if needed.
7. The work of the verification team must be reviewed by an Internal Peer Reviewer who has not participated in the verification activities.

3.3.1 Using Experts or Subcontractors

In some cases, Verification Bodies may not have the in-house expertise needed to verify emissions from some of the types of sources owned or controlled by a particular Reporter. In these cases, Verification Bodies may add expert subcontractors to the verification team.

Verification Bodies must ensure that any use of experts subcontractors meet the following requirements:

- Subcontractor(s) must work under the supervision of the Verification Body's Lead Verifier for the verification effort; in the case where a subcontractor IS the Lead Verifier, the Internal Peer Reviewer's attestation of the Verification Statement acknowledges the Verification Body's liability for the Lead Verifier's findings.
- Only one level of subcontracting is allowed.
- Experts and subcontractors hired for specific verification efforts should possess the competence and expertise needed to perform their specific assignments;
- Experts and subcontractors must be characterized by integrity, objectivity, and freedom from any COI with the reporter.¹⁴ These verification team members are subject to the same COI provisions as the verification team members that are employees of a Verification Body; and
- Verification Bodies must clearly identify any subcontractors that are part of the verification team in all documentation related to the engagement, including the Verification Report.

4. Review and confirmation of the verification process schedule.

After completing the kick-off meeting, Verification Bodies should determine the most effective, efficient, and credible approach to the verification activities and then tailor their verification plan to address a Reporter's particular characteristics.

3.4 Kick-off Meeting with the Reporter

After a Verification Body and a Reporter have completed contract terms, the Verification Body must conduct a kick-off meeting with the Reporter either in person or via phone. At a minimum, the agenda for that meeting should include:

1. Introduction of the verification team;
2. Review of verification activities and scope;
3. Transfer of background information (See Table 4.1); and

¹⁴ ISO/FDIS14064-3:2005 (E) Section A.2.2.4

PART 4: CONDUCTING VERIFICATION ACTIVITIES

4.1 Overview

The heart of the verification process lies in conducting the verification activities. Part 4 of this GVP lays out the necessary actions Verification Bodies must take when they conduct verification activities. This includes:

- Develop a Verification Plan
- Implement the Verification Plan
- Conduct the Core Verification Activities

4.2 Developing a Verification Plan

Verification Bodies must develop a plan outlining the specific activities to be conducted as part of a verification effort. There are a number of factors that Verification Bodies must consider in developing this plan, including:

Contract Terms & Objectives: The verification plan must take into account the terms of the contract between the Verification Body and the Reporter, the scope of the work and the deadlines associated with the verification activities.

Team Capabilities: The verification plan must also take into account the number, skills, roles and responsibilities of the verification team members (including outside experts and subcontractors).

Verification Documentation: The verification plan must also take into account the documentation required to be delivered to the Reporter and the Registry, and any conditions requiring special attention, such as joint ventures and outsourcing.

Based on these factors, the verification planning effort consists of:

1. A preliminary assessment to identify the root causes of actual or potential errors and control system weaknesses;
2. An assessment of past verifications either of the Reporter or of similar organizations in the same industry;
3. An identification of specific risks and types of material discrepancies to which the Reporter is exposed; and, finally,
4. The design of appropriate sampling plan to detect for the existence of material discrepancies.

The verification plan should be viewed as dynamic; as new evidence of actual or potential misstatements are discovered, the Verification Body may need to revise the verification plan to further assess these errors and any underlying weaknesses that may be contributing to them.¹⁵

4.3 Implementing the Verification Plan

Verification Bodies must verify that Reporters' stated GHG emissions in CRIS meet the standards of the Registry's *General Reporting Protocol*.

Table 4.1 provides a list of documents that Verifiers may review during their assessment of a Reporter's emissions.

¹⁵ ISO/FDIS 14064-3:2005 (E) Section A.2.4.5.

Table 4.1 Documents that may be Reviewed During Verification Activities

Activity or Emissions Source	Documents
Assessing Conformance with the Registry's Requirements	
General Conformance Assessment	Emission Report, the Registry's <i>General Reporting Protocol</i>
Mergers, Acquisitions, Divestitures	Annual Report to Shareholders, SEC Filings
Assessing Completeness of Emissions Report	
Comprehensive Coverage of Facilities	Facility Inventory
Comprehensive Coverage of Emission Sources	Emission Source Inventory <ul style="list-style-type: none"> • Stationary Source Inventory • Mobile Source Inventory • Fuel Inventory
Performing Risk Assessment Based on Review of Information Systems and Controls	
Responsibilities for Implementing GHG Management Plan	Organization Chart, Greenhouse Gas Management Plan, GHG Management Documentation and Retention Plan
Training	Training Manual, Procedures Manual, Consultant Qualifications Statement
Methodologies	Control Systems Documentation, Software/Program Documentation and Users' Guides, any other Protocol's used (in addition to the Registry's General Reporting Protocol)
Selecting a Sample	
Sample Size and Selection	Facility Inventory and Emission Source Inventory
Verifying Emission Estimates Against Verification Criteria	
Indirect Emissions from Electricity Use	Monthly Electric Utility Bills, Emission Factors (if not default)
Direct Emissions from Mobile Combustion	Fuel Purchase Records, Fuel in Stock, Vehicle Miles Traveled, Inventory of Vehicles, Emission Factors (if not default), Combustion Efficiency, Oxidation Factors, GWPs, Meter Calibration Information
Direct Emissions from Stationary Combustion	Monthly Utility Bills, Fuel Purchase Records, CEMs Data, Inventory of Stationary Combustion Facilities, Emission Factors (if not default), Combustion Efficiency, Oxidation Factors, GWPs, Meter Calibration Information
Indirect Emissions from Cogeneration	Monthly Utility Bills, Fuel and Efficiency Data from Supplier, Emission Factors (if not default)
Indirect Emissions from Imported Steam	Monthly Utility Bills, Fuel and Efficiency Data from Supplier, Emission Factors (if not default)
Indirect Emissions from District Heating	Monthly Utility Bills, Fuel and Efficiency Data from Supplier, Emission Factors (if not default)

Indirect Emissions from District Cooling	Monthly Utility Bills, Fuel and Efficiency Data from Supplier, Emission Factors (if not default)
Direct Emissions from Process Activities	Raw Material Inputs, Production Output or Hours of Operation, Calculation Methodology, Emission Factors, Control Equipment Efficiency and Reliability, Uncontrolled GHG Emissions Measurements, Chemical Analyses and Methods, CEMs Data
Biogenic CO₂ Emissions from Mobile Combustion	Fuel Purchase Records, Fuel in Stock, Vehicle Miles Traveled, Inventory of Vehicles, Emission Factors (if not default), Combustion Efficiency, Oxidation Factors, GWPs, Meter Calibration Information
Biogenic CO₂ Emissions from Stationary Combustion	Monthly Utility Bills, Fuel Purchase Records, CEMs Data, Inventory of Stationary Combustion Facilities, Emission Factors (if not default), Combustion Efficiency, Oxidation Factors, GWPs, Meter Calibration Information
Direct Fugitive Emissions	
Refrigeration Systems	Refrigerant Purchase Records, Refrigerant Sales Records, Leak test Results or Maintenance Practices, Numbers and Types of Equipment, Emissions History, Calculation Methodology, Emission Factors, GWPs
Landfills	Waste-in-Place Data, Waste Landfilled, Calculation Methodology, Emission Factors, Emissions History, GWPs
Coal Mines	Coal Production Data Submitted to EIA, Quarterly MSHA Reports, Calculation Methodology, Emission Factors, GWPs
Natural Gas Pipelines	Gas Throughput Data, Leak Test Results or Maintenance Practices, Numbers and Types of Equipment, Emissions History, Calculation Methodology, Emission Factors, GWPs
Electric Transmission and Distribution	Sulfur Hexafluoride Purchase Records, Leak Test Results or Maintenances Practices, Numbers and Types of Equipment, Emissions History, Calculation Methodology, Emission Factors, GWPs

4.4 Core Verification Activities

The following sections, 4.4.1- 4.4.5, describe the five core verification activities involved in the verification effort. The actions are:

1. Assessing conformance with the Registry's requirements
2. Assessing completeness of emission report
3. Performing risk assessment based on review of information systems and controls
4. Selecting a sample/developing a sampling plan
5. Evaluating GHG information systems and controls and emission estimates against verification criteria

In conducting the core verification activities Verification Bodies should consider the issues highlighted in the following sections. Given the diversity of Reporters, it is impossible for the Registry to predict all of the questions that should be asked, and the checks that should be made, during a verification effort. However, the Registry has outlined below many of the key issues that Verification Bodies should consider when conducting core verification activities. The Registry relies on Verification Bodies to use their skills and training to determine how to assess if a Reporter's emissions have been reported accurately.

4.4.1 Assessing Conformance with the Registry's Requirements

Verification Bodies must determine whether the basic rules governing eligibility to report and data to be reported have been followed. At a minimum, Verification Bodies should consider the following:

- Eligibility requirements
- Geographic boundaries
- Organizational boundaries

- Transitional/Complete Reporter requirements
- Appropriate use of simplified emission estimation methods
- Historical reporting requirements

4.4.2 Assessing Completeness of the Emission Report

Verification Bodies must assess and sample a Reporter's emission source inventories (facility, source, and fuel) to ensure that the emission sources are accurately identified. In the Verification Body's assessment it must determine that a Reporter's stated emissions inventory reflects the appropriate:

- Geographic boundaries
- Organizational boundaries
- Operational boundaries
- Consolidation methodology requirements
- GHG emissions

After a Verification Body has considered these and other issues, it will be able to determine if an emission report is complete. Verification Bodies must also determine if any detected reporting errors will significantly affect a Reporter's reported emissions.

4.4.3 Performing Risk Assessment Based on Review of Information Systems and Controls

A Verification Body must assess the level of uncertainty (excluding inherent uncertainty) associated with each identified source/GHG in the risk assessment and sample selection processes to identify the particular facilities, emission sources, and GHGs that pose the greatest risk of material misstatements.

Verification Bodies must review the methodologies and control systems that a Reporter uses to calculate their emissions. This is principally a risk assessment exercise, in which the Verification Body must weigh the following factors:

- The relative complexity of the scope of the Reporter's emissions;
- The Reporter's data collection and control systems used to prepare the GHG emission report; and
- The risk of calculation error as a result of reporting uncertainty or misstatement.

Through these assessments, the Verification Body must determine the capability of the control systems to provide accurate required data to the Registry. For example, the absence of a comprehensive GHG control system for a Reporter with a single retail outlet and solely indirect emissions from electricity purchases may not add significant risk of material misstatement (although there must at a minimum be a system in place to ensure adequate retention of information and documents). In contrast, a large vertically-integrated manufacturing company with facilities in multiple states would require a much more robust information and control system for tracking and reporting its GHG emissions.

A Verification Body must review information systems and controls at the broad organizational level and may perform analytical tests on initial emission estimates, with a goal towards identifying potential areas of significant risk during the verification effort.

A Verification Body's general review of a Reporter's GHG control systems should consider, at a minimum the following components (Also refer to ISO/FDIS 14064-3:2005(E), Section A.2.5.2):

- Calculation methodologies/procedures used
- Management systems
- IT systems

- Staff competency
- Document management systems
- Design of information and control systems to support required reporting at the facility level
- The existence and adequacy of processes for the periodic comparisons and reconciliation of emissions data with other Reporter data (e.g., are the emission estimates as expected given production and capacity utilization data?)
- The existence and adequacy of internal audits and management reviews
- The existence and adequacy of input, output, and transformation error checking routines

ISO/FDIS 14064-3:2005 (E), Annex A contains additional guidance on error checking tests and controls that Verification Bodies might use.

Once the Verification Body has assessed the overall risk associated with the GHG information and control systems, it must assess these risks in conjunction with the preliminary emission and uncertainty estimates it derived when it assessed the completeness of the emission report. Verification Bodies must then identify the areas with the greatest potential for material misstatements (either based on volume of emissions, lack of control systems, or both) to determine the best risk-based strategy to identify a representative sample of emissions to recalculate.

4.4.4 Selecting a Sample / Developing a Sampling Plan

The core verification activities pertain to reviewing emissions data for all Reporters. However, it is not cost-effective to attempt to verify ALL of the emissions data provided in an emission report. Rather, a Verification Body must choose a sample of the data for detailed evaluation. This risk-based approach to verification involves focusing on those emission

sources, facilities, data systems and processes that pose the greatest risks as sources of material discrepancies. Thus while the general approach to verification activities must be the same across Reporters, Verification Bodies must tailor a specific verification sampling plan to each individual Reporter. This plan should be based on a review designed to identify the specific sources of potential errors for a given Reporter, and an assessment of the risk of material discrepancies arising from each identified potential error source.

ISO/FDIS14064-3:2005 (E), Section A. 2.4.6 identifies the typical actions involved in the development of a risk-based sampling plan as follows:

- Review and assess the scale, complexity and nature of the reporting organization
- Identify the key inherent risks, including:
 - Incompleteness (e.g., failure to account for all emission sources, inaccurate delineation of organizational boundaries, etc.);
 - Inaccuracies (e.g., incorrect emission factors, data transfer errors)
 - Inconsistencies (e.g., failure to document changes in emission calculation methodologies from one year to the next); and
 - Data management and control weaknesses (e.g. no internal audit or review process).
- Review and assess the control risks which arise from weaknesses in a Reporter's control system in place for preventing and detecting errors. Control risks may include:
 - Insufficient checking of manual data transfers;
 - Lack of internal audit processes;
 - Inconsistent monitoring; and

- Failure to keep meters calibrated and maintained.

- Identify residual risks
- Include residual risks in the sampling plan for audit investigation

Based on the above review of risks, sampling should focus on those areas of the organization subject to the greatest inherent, control, and detection risks (the latter being the risks that the Verification Body will fail to identify an error. Samples may be selected based on one or more of the following:

- Organizations (e.g., subsidiaries);
- Facilities;
- Sources; and
- GHG types.

Sampling methods that may be considered in the sampling plan include both statistical and non-statistical methods (e.g., random sampling, stratified sampling, purposive sampling, etc.). The sampling plan should be viewed as dynamic rather than static, to be revised based on early feedback. For example, if early verification findings indicate that inherent and control risks (and hence residual risk) are particularly significant at one subsidiary, this may indicate a need to increase the number of facilities sampled for that particular subsidiary. Also refer to ISO/FDIS 14064-3: 2005 (E), Section A.2.4.6.

Sampling procedures generally entail conducting facility visits. While Verification Bodies may determine what type of sampling and visits are appropriate to confirm a Reporter's emissions usually such activities include:

- Assessing data control systems at the facility level;
- Reviewing documents such as utility bills or emissions monitor results;

- Recalculating emission estimates based on underlying activity data; and
- Generally attempting to detect material discrepancies by gathering different types of evidence.

Verification Bodies should use the guidance in Table 4.2 when determining how many facilities to visit to conduct a detailed review of the reported emissions. In making this assessment, the Verification Body must consider the nature and homogeneity of the different facilities. In general, the more complex the Reporter’s organization, the more site visits may be needed. In cases where a Reporter is characterized by a set of homogeneous facilities (e.g., a large retail operation), the minimum number of site visits specified in Table 4.2 may suffice. On the other hand, if the Reporter’s facilities are more complex and differ substantially from each other, additional site visits beyond the minimum may be necessary. For example, the number of facility visits required for an integrated concrete producer with 30 facilities including quarries, treatment plants and cement plants may be significantly larger than the number of visits for a Reporter consisting of 30 fast-food restaurants.

Once the Verification Body has determined the sample size, it must independently select the specific facilities to be visited, without recommendation or input from the Reporter. The Verification Body should not necessarily visit the largest sites, but should rather select site visits on the basis of the Verification Body’s risk assessment.

The Registry does not specify a minimum number of facilities Verification Bodies must visit. Instead, the Registry relies on a Verification Body’s discretion for how many visits are appropriate and necessary. To assist the Verification Bodies in making this determination, the Registry prepared Table 4.2 as recommended guidance for determining the number of facility visits.

Table 4.2 Guidance on Determining the Number of Facility Visits Based on Reporter Size

Total Facilities	Guidance on Appropriate Sample Size
1-3	1
4-10	2
11-25	3
26-50	6
51-100	8
101-250	12
251-500	15
501-1,000	20
Over 1,000	2%

Notification of Planned Verification Activities

After Verification Bodies develop their sampling plan for a Reporter, they must notify both the Registry and the Accreditation Body by submitting the *Notification of Verification Activities* Form at least 15 business days prior to the beginning of facility visits. A copy of this form is provided in Appendix A; in addition, Verification Bodies may obtain an electronic version of this form from the Registry’s website (www.theclimateregistry.org) or by sending an e-mail request for the form to the Registry at info@theclimateregistry.org.

Notification should be sent by email to:

notification@theclimateregistry.org

This notification period is necessary to allow the Accreditation Body and the Oversight Panel the opportunity to periodically accompany Verification Bodies on visits to Reporters’ sites. The Accreditation Body is responsible for observing, evaluating, and reporting on the quality and consistency of verification activities to the Oversight Panel. However, members of the Oversight Panel also have the authority to participate directly in such observation if the

Oversight Panel deems it necessary. A Verification Body that does not provide proper notification to the Oversight Panel and the Accreditation Body may be disqualified as an approved Verification Body.

4.4.5 Verifying Emission Estimates Against Verification Criteria

The Registry does not expect nor require Verification Bodies to review all of the Reporters' documents and recheck all their calculations. To ensure that data meet a minimum quality standard on an entity-wide basis, Verification Bodies should concentrate their activities in the areas that have the greatest uncertainty and amount of emissions. Verification Bodies must calculate emissions for these sources and compare those calculations to emission levels reported by the Reporter. If they are free of material misstatement (have a difference of less than five percent), the Verification Body will declare that the Reporter's report conforms to the Registry's Protocols.

The verification of emission estimates involve several parts, including:

Gathering of Evidence. The Verification Body must begin the emission estimate verification process by gathering all of the evidence that it will use to check the emission estimates. Specific evidence to be gathered generally falls into three separate categories:

- Physical evidence, which can be gathered through direct observation of equipment (e.g., fuel meters, CEMs, and calibration equipment during site visits;
- Documentary evidence (e.g., control and procedures manuals, invoices, log books, and laboratory test results, etc.); and
- Testimonial evidence gathered through interviews with Reporter personnel.

Detailed Review of GHG Data. Once the Verification Body has collected the necessary evidence, it can begin the detailed reviews of the GHG data. The Verification Body should

undertake these reviews with the goal of identifying material discrepancies.

The Verification Body should employ a variety of verification tests to detect material discrepancies, including:

- Retracing data from spreadsheets back to their sources;
- Re-computing emission estimates to check original calculations; and
- Reviewing documentary evidence to check that inspections, calibrations, etc., were completed.

Crosschecking of GHG Calculations. The Verification Body must crosscheck GHG calculations whenever the reporter used more than one computational approach or raw data source. Refer to ISO 14064-3:2005 (E) A.2.6.3. Types of crosschecks that may be employed include:

- Internal checks within a process;
- Internal checks within an organization;
- Checks within an industry or sector; and
- Checks against international information.

Evaluating Material Discrepancy. In order to assess whether individual identified discrepancies rise to the level of a material discrepancy, the Verification Body must convert its emission estimates for different GHGs to a CO₂e basis. Then, the Verification Body must use sensitivity analysis to extrapolate all of the discrepancies discovered to the entire emissions inventory to determine their combined impact on the reported emission totals. If the new emission totals differ by more than five percent from the originally reported totals, then the discrepancies are material.

Assess Reported Emissions and Document Findings. Once Verification Bodies have evaluated all emission estimates for all facilities and emission sources included in the sample, they must determine if any individual material

errors are identified by performing a sensitivity analysis and comparing these results with the entity-level emissions in the Reporter's emission report. If several non-material errors are found, a compilation of these errors should be compared against the original reported emission estimates to determine if the aggregate errors exceed the materiality threshold. Differences may be classified as

either material (significant) or immaterial (insignificant). The Registry considers a discrepancy to be material if the overall reported emissions differ from the overall emissions estimated by the Verification Body by five percent or more. A difference is immaterial if this difference is less than five percent.

Online Reporting and Verification

All Reporters must *report* their emissions using the Registry's on-line calculation tool (CRIS). Reporters may also opt to use CRIS to *calculate* their emissions from various types of indirect emissions and direct emissions from stationary and mobile combustion. Where Reporters have used CRIS to calculate their emissions, a Verification Body must verify that the Reporter collected input data properly and entered it accurately into CRIS. Verification Bodies should assume CRIS' calculations are correct. Therefore, there is no need for Verification Bodies to re-calculate the emissions reported in CRIS. Due to the time savings, Reporters can reduce the costs and time required to complete the verification process by calculating its emissions in CRIS.

It is the Reporter's responsibility to provide the Verification Body with access to CRIS. A Verification Body will have read-only access to the Reporter's Entity Emissions Report, which provides a detailed summary of all the information that the Reporter has reported.

Additional instructions for navigating and using CRIS are provided in the Registry's GVP Orientation sessions and can be obtained by contacting the Registry at **(866) 523-0764** or **info@theclimateregistry.org**. Verification Bodies may also request temporary access to CRIS for training purposes by contacting the Registry.

PART 5: COMPLETING THE VERIFICATION PROCESS

5.1 Overview

Once a Verification Body has completed reviewing a Reporter's annual GHG emission report, they must do the following to complete the verification process:

1. Complete a detailed Verification Report and deliver it to the Reporter;
2. Prepare a Verification Statement and deliver it to the Reporter;
3. Conduct an Exit Meeting with the Reporter to discuss and finalize the Verification Report and Verification Statement.
4. Indicate Reporter's verified status via CRIS; and
5. Securely file electronic and hardcopy versions of records and documents needed to support the Verification Statement for retention (for a minimum of five years).

The following subsections outline how a Verification Body must complete each of these steps.

5.2 Preparing a Verification Report

A Verification Report is typically shared only between a Verification Body and a Reporter. In some cases the Accreditation Body and the Oversight Panel may request to review the Verification Report. In these cases, the Verification Report will be treated as a confidential document. No part of it will be made available to the public or to any person or organization outside of the Accreditation Body or the Registry.

At a minimum, a Verification Report must include the following elements:

- The scope, objectives, criteria, and level of assurance of the verification process

undertaken and description of the verification plan employed for the Reporter;

- The standard used to verify emissions (this is the Registry's *General Reporting Protocol*, but may also include other protocols or methodologies for those sources for which the Registry has yet to provide detailed guidance);
- A description of the verification plan, based on the size and complexity of the Reporter's operations;
- A list of facilities and/or emissions sources using calculation methods not prescribed in the *General Reporting Protocol*;
- A description of the sampling plan as well as techniques and risk assessment methodologies employed for each source identified to be sampled;
- An evaluation of whether the Reporter's annual GHG emission report is in compliance with the Registry's reporting requirements (as described in the *General Reporting Protocol*);
- The sum (in absolute emissions) of all of the discovered discrepancies as well as a percentage of the material discrepancies within a Reporter's total reported emissions at the entity level (separate sums and percentages must be provided for Scope 1 and Scope 2 emissions);
- A list of all of the discovered discrepancies (including each discrepancy's estimated magnitude as a percentage of the total emissions (Scope 1 or Scope 2, as appropriate) reported at the entity level.

The Registry developed a "Standard Verification Report Template" to guide Verification Bodies in preparing their Verification Report. This template is Appendix B1. Use of this template is optional; Verification

Bodies may instead use their own format for the report as long as the resulting Verification Reports include all of the above-listed information required by the Registry. Electronic versions of the Verification Report Template, and all other forms, are available on the Registry's website (www.theclimateregistry.org) and/or can be requested by emailing info@theclimateregistry.org.

5.3 Preparing a Verification Statement

Verification Bodies must prepare a Verification Statement for each Reporter using the form in Appendix A4. A Verification Statement documents the verification activities and outcomes. The Registry makes this document available to all stakeholders (Reporters, Verification Bodies, the Registry, and the public), upon completion of the verification process.

5.4 Quality Assurance Check

When a Lead Verifier prepares a Verification Report and Verification Statement for a Reporter, they must forward the documents to their Internal Peer Reviewer for review and confirmation if its findings before sharing the documents with a Reporter. Lead Verifiers must provide the following information to their Internal Peer Reviewer (at a minimum):

- a copy of the Reporter's emission report,
- a copy of the Verification Report,
- a copy of the Verification Statement, and
- any additional information that the Internal Peer Reviewer may need to assess the quality of the verification activities and the accuracy of the Verification Statement

All Verification Reports and Verification Statements must undergo independent internal review before they are forwarded as final documents to Reporters.

5.5 Finalizing Verification Activities

After a Lead Verifier prepares and an Internal Peer Reviewer reviews a Verification Report and Verification Statement, the Verification Body must share these documents with the Reporter and schedule a time to discuss and finalize these documents. This usually takes the form of a Verification Meeting, however, the meeting may be conducted over the phone, and need not take place in person.

The goals of the Verification Meeting are for the Verification Body to:

- Review the verification activities with the Reporter and answer any questions about the verification process. Verification Bodies must not provide any GHG consultancy services when answering a Reporter's questions.
- Seek the Reporter's acceptance of the Verification Report and Verification Statement
- Obtain the Reporter's authorization to input its verification findings in CRIS
- Exchange lessons learned about the verification process, and consider providing useful feedback to the Registry
- Discuss schedule for next year's verification activities, if the Verification Body is under contract to provide verification services to the Reporter in future years

5.5.1 Procedure in the Event of a Negative Verification Statement

If a Reporter's emission report is not verifiable due to material misstatements, the Reporter must correct the report and have it re-verified. As stated in Section 2.5.1, **Verification Bodies must NOT remediate the identified misstatement(s), or explain how the misstatement(s) might be corrected.** Such guidance would be considered a consulting activity and therefore, a conflict of interest. However, *this prohibition does not preclude a*

Verification Body from explaining the identified error(s) to the Reporter. Verification Bodies must always fully explain the nature of the error(s) to the Reporter.

Furthermore, Verification Bodies may provide any existing documentation that may be useful to Reporters in preparing remediation plans. Verification Bodies should also enumerate any shortcomings in Reporters' GHG tracking and management systems.

The Registry will retain a Reporter's unverified emission report in the CRIS for up to one year pending correction by the Reporter and re-verification of the revised report (either by the original Verification Body or a new Verification Body). The Reporter must pass the re-verification process by December 15th of the following year to remain an active Reporter in the Registry. Upon completion of a successful re-verification, the Registry will formally accept the revised emission report into CRIS for release to the public.

5.5.2 Dispute Resolution Process

There may be instances where Verification Bodies and Reporters cannot agree on the verification findings as expressed in the Verification Report and/or Verification Statement. In such instances, the Reporter and Verification Body should attempt to reach a resolution, relying first on the Verification Body's internal dispute resolution process (as required by ISO 14065).

In the event that a resolution cannot be reached, Verification Bodies can request a resolution from the Accreditation Body by submitting a request to them as instructed by the Accreditation Body when they received their accreditation.

Additionally, Reporters or Verification Bodies may email the Registry directly (verification@theclimateregistry.org) if they have any questions regarding resolving disputes.

The Accreditation Body will review the area of dispute and reach a unanimous, binding

decision concerning verifiability. In doing so it may interview the Reporter and the Verification Body and/or request documentation related to the dispute. The Accreditation Body will notify the Verification Body and Reporter of its decision.

In the event that the Accreditation Body overturns the Verification Body's original Verification Statement, the reasons for this finding will be discussed with the Verification Body and Reporter. If, at the conclusion of this discussion, the Verification Body indicates that it is in agreement with the Accreditation Body, it will be provided with an opportunity to issue a new Verification Statement reversing the original Verification Statement.

The decision to issue a new Verification Statement is up to the Verification Body. If for any reason the Verification Body chooses not to issue a new Verification Statement, the Accreditation Body will complete the "Dispute Resolution" section of the original Verification Statement (see Appendix A4), indicating that the original finding of the Verification Body has been overturned upon review by the Accreditation Body.

Verification Bodies are free to disagree with the findings of the Accreditation Body, and will not be instructed or in any way pressured to issue a new Verification Statement. The purpose of the above-outlined procedure is merely to provide a Verification Body with an opportunity to revise its Verification Statement during the dispute resolution process if, on the basis of the evidence and reasons cited by the Accreditation Body, the Verification Body changes its original judgment and wishes to issue a new judgment. However, while the Verification Body (or the Reporter) is free to disagree with the findings of the Accreditation Body, those findings are nonetheless binding on both parties once the dispute resolution process has been completed.

In the event that the Accreditation Body finds that the original Verification Statement was correct, they will complete the "Dispute Resolution" section of the Verification Statement to indicate that the original

Verification Statement has been upheld upon review by the Accreditation Body.

5.6 Completing the Verification Process

Once a Verification Statement has been authorized by the Reporter, Verification Bodies must input their findings via CRIS.

Upon receipt of the communications from a Verification Body (and receipt of the signed Verification Statement from the Reporter), the Registry will perform a final review of the reported emissions data. The Registry will not accept a Reporter's emission report until it receives a signed Verification Statement indicating either a "verified without qualification" or a "verified with qualifications" assessment.

The Registry will review the Verification Statement and a Reporter's emission report for completeness. In doing so, the Registry may request additional information from Reporters. If the Registry agrees that the emission report is correct and the Verification Statement indicates that no material misstatements have occurred, the Registry will formally accept the Verification Statement.

Once the Registry accepts a Reporter's verified emissions report and Verification Statement, the data will become available to the public via CRIS.

5.7 Record Keeping and Retention

While the Registry views the verification process as a private exchange between a Verification Body and a Reporter, Verification Bodies must keep detailed records related to every verification process.¹⁶ The Registry requires that the following records be retained for a minimum of five years¹⁷ as specified by contract with the Reporter.¹⁸

¹⁶ The Verification Body should also consult ISO 14064-3 for a discussion of documentation and retention.

¹⁷ The minimum five-year document retention period is measured from the date that a Verification Statement with

Verification Bodies should, at a minimum, retain hard and electronic copies, as applicable, of:

- The Reporter's GHG emission report (printable from CRIS)
- Verification Plan and notes
- Sampling Plan and notes, including copies of original activity data records and other data necessary to perform an ex-post assessment of the verification activities.
- Verification Report
- Verification Statement
- Backup documentation, verification notes, etc.

5.8 Facts Discovered After Verification Process is Complete

In some cases, errors in an emission report or Verification Statement may be discovered after the completion of the verification process, either by the Reporter, the Verification Body, the Accreditation Body, the Oversight Panel, or another party (e.g., a user of the data).

If such errors result in a cumulative change in total reported emissions of less than five percent, the Registry will encourage the appropriate party to correct the error. However, if the errors cause a material misstatement of the reported emissions or their accuracy, the Registry requires that the appropriate party corrects the error(s) and re-verify the affected emission report.

Stakeholders discovering any reporting or verification errors after the fact should contact the Registry's Oversight Panel via email

a finding of no material misstatements is accepted by the Registry.

¹⁸ The minimum five-year document retention period is measured from the date that a Verification Statement with a finding of no material misstatements is accepted by the Registry.

(verification@theclimateregistry.org). The Oversight Panel will evaluate the error and contact the appropriate parties. If the Oversight Panel determines that the reported error constitutes a material misstatement, it will direct the Registry to change the verification status of the affected emission report to become “unverified”. The Registry requires that the Reporter correct their emission report and have it re-verified (either by the original Verification Body or a new Verification Body) within one year from the time the Oversight Panel informs the Reporter of the error.

Upon completion of a successful re-verification, the Registry will formally accept the revised emission report into the Registry database.

All material misstatements discovered after a verification process is complete will be reported to both the Verification Body and the Accreditation Body. The Verification Body may want to perform a root cause analysis to determine why the error was not discovered during the verification process and to identify

“lessons learned” that may help the Verification Body to reduce the risk of future undiscovered material misstatements. While the Registry recognizes that material misstatements may occasionally be missed during the verification process, a pattern of undiscovered material misstatements on the part of a Verification Body will be considered by the Accreditation Body as cause for review and, if necessary, revocation of the Verification Body’s accreditation status.

5.9 Questions or Comments?

The Registry encourages Verification Bodies to contact the Registry whenever they have any questions or need assistance interpreting requirements for verification. Verification Bodies may contact the Registry by phone or email as indicated below:

<p style="text-align: center;">866-523-0764 or verification@theclimateregistry.org</p>
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GLOSSARY OF TERMS

Term	Definition
Applicant	A firm, or lead firm (if part of a team), responding to an RFA for Verification Bodies.
Base Year	A specific year against which a company's emissions are tracked over time. For the purposes of the Registry, the Reporter's base year is defined as the first year for which a comprehensive emissions inventory is submitted.
Batch Verification	Verification process arranged by the Registry for multiple Reporters with relatively simple GHG emissions (less than 1000 Metric tons of CO ₂ e emissions, and no significant process or fugitive emissions).
Case-Specific Conflict of Interest	Instances where the ability of a specific Verification Body to render objective GHG verification services to a Reporter may be affected by the nature of other business services provided to the Reporter by the Verification Body or a related organization, shared management and/or financial resources between the Reporter and the Verification Body or a related organization, or other situations created by the Verification Body or another related entity.
Calculation-Based	Any of various emission quantification methodologies that involve the calculation of emissions based on emission factors and activity data such as input material flow, fuel consumption, or produced output.
Control Approach	An emission accounting approach for defining organizational boundaries in which a company reports 100 percent of the GHG emissions from operations under its financial or operational control.
CO ₂ equivalent*	(CO ₂ e) The quantity of a given GHG multiplied by its total global warming potential. This is the standard unit for comparing emissions of different GHGs.
Conflict of Interest	(COI) A situation in which, because of other activities or relationships with a potential client, a person or firm is unable or potentially unable to render an impartial Verification Statement of the potential client's greenhouse gas (GHG) emissions, or the person or firm's objectivity in performing verification activities is or might be otherwise compromised.
Datum	A reference or starting point.
Direct Emissions	Emissions from sources that are owned or controlled by the reporting organization.

Emerging Conflict of Interest	A potential or actual COI situation that arises, or becomes known, during verification or for a period of one year after the completion of verification activities.
Emissions Factor*	GHG emissions expressed on a per unit activity basis (for example metric tons of CO ₂ emitted per million Btus of coal combusted, or metric tons of CO ₂ emitted per kWh of electricity consumed).
Entity	Any corporation, institution, or organization recognized under U.S., Canadian, or Mexican law, and therefore qualified to report emissions to the Registry. A reporting entity is comprised of all the facilities and emission sources delimited by the organizational boundary developed by the entity, taken in their entirety.
Equity Share Approach	An emissions accounting approach for defining organizational boundaries in which a company accounts for GHG emissions from each operation according to its share of economic interest in the operation, which is the extent of rights a company has to the risks and rewards flowing from an operation.
Facility	Any installation or establishment located on a single site or on contiguous or adjacent sites that are owned and operated by an entity. A facility includes not only all of the stationary installations and equipment located at the site, but all transportation equipment that is under the control of the reporting entity and operates on a particular facility's premises. Mobile sources, such as vehicle fleets which operate outside of the physical boundaries of a facility are considered discrete facilities. Similarly, a pipeline, pipeline system, or electricity T&D system is considered a discrete facility for reporting purposes.
Financial Control	The ability to direct the financial and operating policies of an operation with an interest in gaining economic benefits from its activities. Financial control is one of two ways to define the control approach.
Fugitive Emissions*	Intentional and unintentional releases of GHGs from joints, seals, gaskets, etc.
Global Warming Potential*	(GWP) The ratio of radiative forcing (degree of harm to the atmosphere) that would result from the emission of one unit of a given GHG to one unit of CO ₂ .
Greenhouse Gases	(GHG) For the purposes of the Registry, GHGs are the six gases identified in the Kyoto Protocol: Carbon Dioxide (CO ₂), Nitrous Oxide (N ₂ O), Methane (CH ₄), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), and Sulphur Hexafluoride (SF ₆).
Greenhouse Gas Activity Data**	Quantitative measure of activity that results in a GHG emission removal.

Greenhouse Gas Emission**	Total mass of a GHG released to the atmosphere over a specified period of time.
Greenhouse Gas Information System**	Policies, processes and procedures to establish, manage and maintain GHG information.
Greenhouse Gas Source**	Physical unit or process that releases a GHG into the atmosphere.
Indirect Emissions	Emissions that are a consequence of the actions of a reporting entity, but are produced by sources owned or controlled by another entity. For example, emissions that occur at a utility's power plant as a result of electricity purchased by a manufacturing company represent the manufacturer's indirect emissions.
Inherent Uncertainty	The scientific uncertainty associated with measuring GHG emissions due to limitations on monitoring equipment, or measurement methodologies.
Lead Verifier	An employee of a Verification Body that is accredited by the Registry to lead a verification team.
Level of Assurance**	Degree of assurance the intended user requires in a validation or verification. There are two levels of assurance, reasonable or limited, which result in differently worded validation or verification statements.
Materiality**	Concept that individual or the aggregation of errors, omissions and misrepresentations could affect the greenhouse gas assertion and could influence the intended users' decisions.
Material Discrepancy**	Individual or the aggregate of actual errors, omissions and misrepresentations in the greenhouse gas assertion that could affect the decisions of the intended users.
Measurement-Based	Any of various emission quantification methodologies that involve the determination of emissions by means of continuous measurement of the flue gas flow, as well as the concentration of the relevant GHG(s) in the flue gas.
Minimum Quality Standard	Data that is free of material misstatements, and meets the Registry's minimum level of accuracy of at least 95 percent.
Mobile Combustion*	Emissions from the combustion of fuels by transportation devices such as cars, trucks, airplanes, vessels, etc.
Operational Control	Full authority to introduce and implement operating policies at an operation. Operational control is one of two ways to define the control approach.

Organization**	Company, corporation, firm, enterprise, authority or institution, or part or combination thereof, whether incorporated or not, public or private, that has its own functions and administration.*
Organizational Boundaries	The boundaries that determine the operations owned or controlled by the reporting company, depending on the consolidation approach taken (either equity share or control approach).
Outsourcing*	The contracting out of activities to other businesses.
Personal Conflict of Interest	A relationship of an individual member of a verification team that may impair the objectivity of the member in performing verification activities.
Process Emissions*	Emissions from physical or chemical processing rather than from combustion (e.g., emissions of CO ₂ from cement manufacturing, emissions of perfluorocarbons (PFCs) from aluminum smelting, etc.
Reasonable Assurance**	A reasonable, but not absolute, level of assurance that the responsible party's GHG assertion is materially correct.
Related Entity	An organization that is linked to the Verification Body by: common ownership or directors, contractual arrangement, a common name, informal understanding, or other means such that the related organization has a vested interest in the outcome of an assessment or has a potential ability to influence the outcome of an accredited management system assessment, or greenhouse gas verification effort.
Reporting Uncertainty	The errors made in identifying emissions sources and managing and calculating GHG emissions. This differs from inherent uncertainty due to incomplete understanding of climate science or a lack of ability to measure greenhouse gas emissions.
Reporting Year	The year in which the emissions being reported to the Registry occurred. For example, if it is 2010 and emissions that occurred in 2009 are being reported, the reporting year is 2009.
Scope 1 Emissions	All direct GHG emissions, with the exception of direct CO ₂ emissions from biogenic sources.
Scope 2 Emissions	Indirect GHG emissions associated with the consumption of purchased electricity, heating, cooling, or steam.
Scope 3 Emissions	All indirect emissions not covered in Scope 2, including, e.g., upstream and downstream emissions, emissions resulting from the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, use of sold products and services, outsourced activities, waste disposal, etc.
Stationary Combustion*	Emissions from the combustion of fuels to generate electricity, steam, or heat using equipment in a fixed location.

Tier Quantification System	The system used by the Registry to rank emissions quantification methodologies according to their levels of accuracy. In this system “Tier A” designates the preferred, or most accurate approach, “Tier B” represents an alternative second-best approach, and “Tier C” represents the least accurate but still acceptable approach.
Transitional Reporter	A Registry Reporter that opts to provide a partially complete emission report, covering only certain gases or geographic regions, for up to two reporting years or historical years.
Verification	The process used to ensure that a given Reporter’s greenhouse gas emissions inventory has met a minimum quality standard and complied with the Registry’s procedures and protocols for calculating and reporting GHG emissions.
Verification Activities	Activities undertaken during the third-party verification that include reviewing reported emissions, verifying their accuracy according to standards specified in the Registry’s GVP, and submitting a Verification Statement to the Registry.
Verification Body	A firm that has been Registry-approved to conduct verification activities under the Registry program.
Verification Statement	A one-page document stating the Verification Body’s findings that the Reporter’s emission report is verifiable (or not).
Verification Report	A detailed report that a Verification Body prepares for a Reporter, describing the scope of the verification activities, standards used, emissions sources identified, sampling techniques, evaluation of Reporter’s compliance with the General Reporting Protocol, assumptions, and a list of material and immaterial misstatements, if any.
Verification Team	Employees or subcontractors of a Verification Body, acting for the Verification Body to provide verification services for a Reporter.
Verified Emission Report	An Annual GHG emission report that has been reviewed and approved by a third-party Verification Body and accepted by the Registry.
Verifier	A single employee or member of a verification team assembled by a Registry approved firm (Verification Body) that conducts verification activities.

**Definitions from “The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard,” World Business Council for Sustainable Development and World Resources Institute, Switzerland, September 2001.*

***Definitions from “ISO 14064-3, Greenhouse Gases, Part 3: Specification with Guidance for the Validation and Verification of Greenhouse Gas Assertions,” 2005.*

APPENDIX A: REQUIRED FORMS

This appendix provides a set of forms and templates that Verification Bodies are required to use to document their COI and verification findings, and to notify the Registry of their verification activities. Specifically, the appendix includes:

- Form COI-A: Case-Specific Conflict of Interest Assessment (see Appendix A1);

- Form COI-B: Mitigation Plan (see Appendix A2);
- Notification of Verification Activities Form; and
- Verification Statement template.

All of the above forms and templates are available through CRIS.

Appendix A1: Form COI-A: Case-Specific Conflict of Interest Assessment



The Climate Registry

All accredited Verification Bodies must complete this form prior to beginning contract negotiations for verification services with a Reporter. The Registry will screen all COI Assessments for completeness and accuracy. The Registry will provide a response to a Verification Body's Assessment within 15 business days. Periodically, the Registry will select a random sample of Assessments for which to conduct a more thorough review. In this instance, the Registry may take an additional 15 days to provide a response to a Verification Body.

Reporter Name:

Reporter Contact Name: _____

Title: _____

Telephone: _____

Email: _____

Mailing address: _____

Verification Body Name: _____

Verification Body Contact Name: _____

Title: _____

Telephone: _____

Email: _____

Mailing address: _____

To the best of my knowledge, I _____ (printed name) attest that the information provided in support of this evaluation is true and complete and that I have complied with the Registry's Conflict of Interest policies as described in its *General Verification Protocol*.

(Authorized signature)

Based on the information provided in the following pages, we believe that our risk of COI is:

High Low

For Registry purposes only:

Date received: _____

Date COI –A determined to be complete: _____

Please respond fully and in detail to all of the following questions. If you are using subcontractors to complete the proposed verification activities, you must also provide this information for all subcontractors. If you have no prior relationship with the Reporter, you may answer “No” or “Does Not Apply” to many of the following questions, but you must answer every question.

All confidential information should be so designated, and will be kept confidential by the Registry.

1. Has your Verification Body ever provided GHG certification or verification services for this Reporter (excluding the current proposed services)?

YES NO

If yes, Calendar Year(s) emissions verified: _____

Dates of service (month/date to month/date): _____

2. Has your Verification Body at any time consulted on or prepared any part of this GHG emissions inventory for the Reporter?

YES NO

Please declare all previous, existing, and planned involvement with the Reporter’s GHG monitoring, accounting, reporting, and reduction activities, regardless of date of service. For each activity, identify the group(s)/department(s) of the respective organizations involved, and a description of each activity. Please clearly define the links with other parts of its organization, in particular your company’s business unit(s) that performs certification and verification services. Add space to the table as needed to respond fully.

GHG Services	Dates of Service (mo/year - mo/year)	Verification Body Department		Reporter Department		Description of Activities
		Name	Location	Name	Location	

Please provide any other relevant information that explains or describes any involvement with the reporter’s GHG monitoring, accounting, reporting, and reduction activities.

3. Does your Verification Body currently provide other non-GHG services to the Reporter? Has your Verification Body done so in the past?
- a. List and describe any contracts or arrangements to perform work, other than GHG monitoring, accounting, reporting, and reduction work or GHG certification/verification work, you have, or had, with the Reporter in the past three years within North America. Please explain the purpose and nature of this work; also describe its geographic location and the business unit(s) within the organizational structure of the Reporter for which the services were performed. Please also include any relevant work outside of North America in the past three years.

Non-GHG Services	Dates of Service (mo/year-mo/year)	Potential COI?	Verification Body Department		Reporter Department		Description of Activities
			Name	Location	Name	Location	
		<input type="checkbox"/>					
		<input type="checkbox"/>					
		<input type="checkbox"/>					
		<input type="checkbox"/>					
		<input type="checkbox"/>					
		<input type="checkbox"/>					

Please provide any other relevant information that explains or describes any of these prior and existing relationships with the Reporter.

4. What is, or was, the nature of the relationship between any part of your Verification Body and the Reporter contracting for the work? Please describe.

a. Do your Verification Body and the Reporter share any formal affiliation or management?

YES NO If yes, please describe.

b. Are your Verification Body and the Reporter currently engaged in any joint ventures or partnerships?

YES NO If yes, please describe.

c. List each staff member to be assigned to the proposed verification activities, identifying any previous work these individuals have conducted for the Reporter including while in the employment of other organizations. Please copy the table as many times as necessary to identify all staff who will be assigned to the verification.

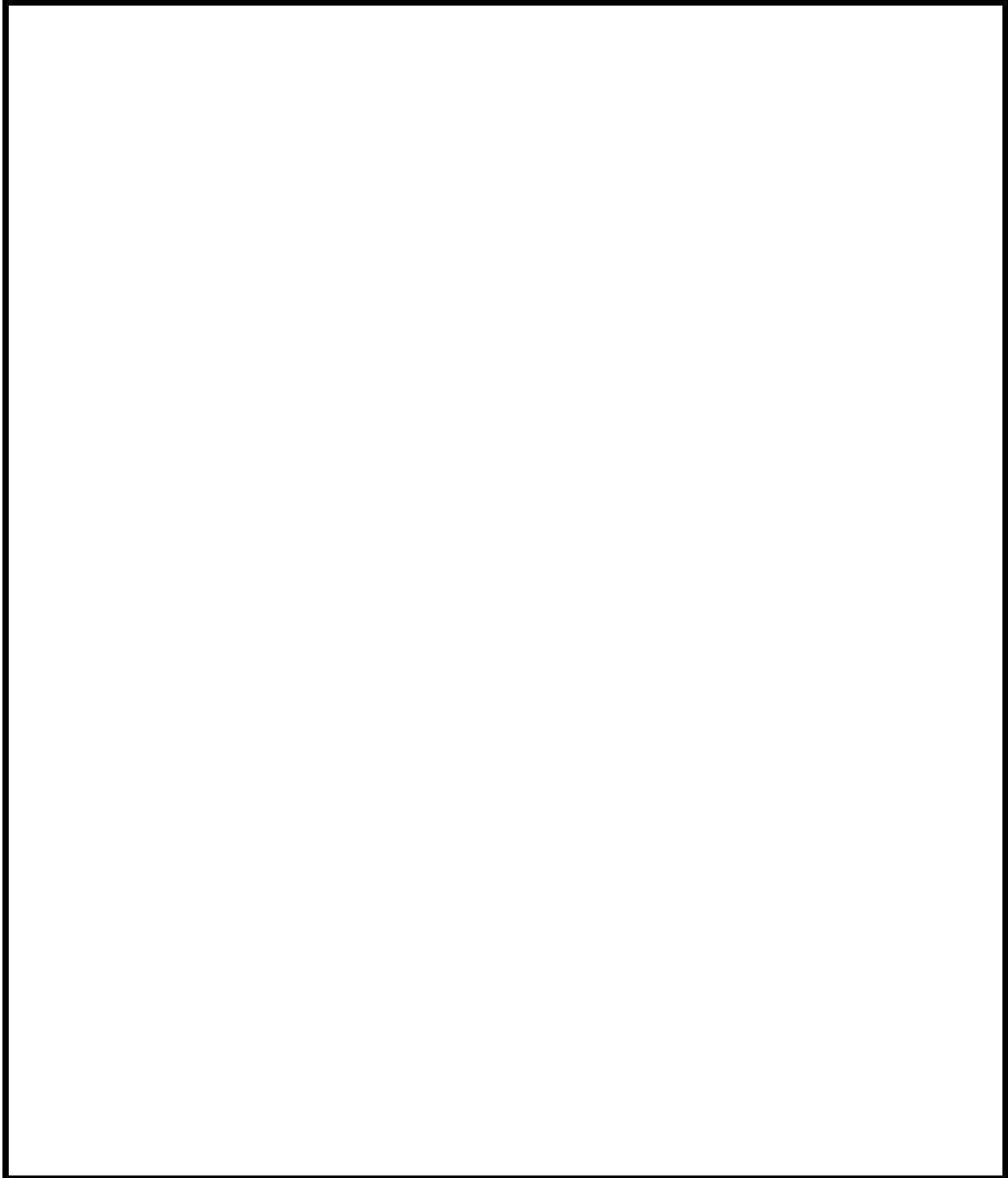
Name:	
Telephone number:	
Email address:	
Business location (city, state):	
Previous work for Registry Reporter (description of services):	
Date of Services (month/year to month/year):	
Employer at time of service:	
Direct Financial Investment of <\$5,000?	

Name:	
Telephone number:	
Email address:	
Business location (city, state):	
Previous work for Registry Reporter (description of services):	
Date of Services (month/year to month/year):	
Employer at time of service:	
Direct Financial Investment of <\$5,000?	

- d. Include organizational chart for the Reporter, either in the space below or attached separately, that identifies and highlights the division responsible for its GHG inventory management



- e. Include an organization chart for your Verification Body, either in the space below or attached separately, that identifies and highlights the division responsible for conducting the verification activities. The organization chart should explain if your company is organized by geographic regions, by business unit, or in another manner. Use this information to inform your answer to question 5.



5. Please complete the table below to answer questions 5a-5e about the financial magnitude of service agreements. Add space as needed to respond fully. All confidential information should be so designated, and will be kept confidential by the Registry
- a. What is the value of the proposed verification services under consideration?
 - b. What is the value of previous Registry verification services provided?
 - c. Excluding any Registry verification services, what is the value of all verification services you have performed for the Reporter in the last three calendar years before this calendar year, within the Reporter's geographic reporting boundary (either selected states/provinces/territories for a transitional Reporter, North America, or worldwide)? For example, if 2005 is the current calendar year, what is the value of all services performed 2002 – 2004?
 - d. What is the value of other related services, if any, beyond three years from this calendar year?
 - e. What percentage of your total revenue over the past three calendar years does work for this Reporter represent within the Reporter's geographic reporting boundary (either selected states/provinces/territories for a transitional Reporter, North America, or worldwide) and within your business unit? If your Verification Body is organized by geographic region, report the total revenue according to geographic boundary (either selected states/provinces/territories for a transitional Reporter, North America, or worldwide). If your Verification Body is organized by service or practice group, you should report the total revenue of your global practice and/or company, as appropriate. If in doubt, provide both.
 - f. Excluding any Registry verification services, what types of services do you expect to perform for the Reporter in the next three years within their geographic reporting boundary (either selected states/provinces/territories for a transitional Reporter, North America, or worldwide)?

Reporter Reporting Boundary:		<input type="checkbox"/> Selected States/Provinces/Territories (specify) _____ _____ <input type="checkbox"/> North America <input type="checkbox"/> Worldwide	
Expected Scope of Proposed Registry Verification Services:		Calendar Year Emissions _____	
Expected Value of Proposed Registry Verification Services:		\$_____	
Prior Registry Verification Services for Reporter in Reporting Boundary (calendar year)	Value of Prior Verification Services for Reporter	% of Your Total Revenue	Emissions Year(s) Verified
2003	\$		
2004	\$		
2005	\$		

Other Services for Reporter in Reporting Boundary (year)	Value of Other Services for Reporter	% of Your Revenue	Types of Services (excluding Registry Verification)
Previous years	\$		
2000	\$		
2001	\$		
2002	\$		
2003	\$		
2004	\$		
2005	\$		
Value of Anticipated Services for Reporter in Reporting Boundary (excluding potential Registry Verification Services)			Types of Services (excluding Registry Verification)
2006	\$		
2007	\$		
2008	\$		

Please provide any relevant information about any of these services. If you have provided any GHG inventory services, please describe those in detail, including dollar value of services and % of your total revenue.

6. Are there any extenuating circumstances that might cause this work to be considered sensitive or highly visible? Would you or the Reporter be uncomfortable if the nature of your relationship were reported in the press, or received public attention? If so, please describe.

Appendix A3: Notification of Verification Activities Form



The Climate Registry

Date: _____

VERIFICATION BODY INFORMATION:

Verification Body Name:
Lead Verifier Name:
Telephone:
Email:

REPORTER INFORMATION:

Reporter Name:
Reporter Contact:
Telephone:
Email:

Industry Sector: (as specified in CRIS)
NAICS:

Reporting for: Selected states/provinces/territories (specify):
 North America
 Worldwide

Reporting Protocol Used: General Reporting Protocol
 Other (specify):

Has a base year been established?

No Yes (baseline year)

Have base year emissions ever been adjusted? No Yes (year adjusted)

SCHEDULE OF ACTIVITIES:

Total Number of Facilities within the Reporter’s Entity: __ _
Number of Facilities expected to be visited for during verification activities: _ _
Facilities visited in previous verification work, if any: _ _

Please attach a list of facilities you plan to visit, including the facility address, facility contact, and anticipated date of visits.

Please provide date or estimated date for each activity.

- _ _____ Kick off Meeting
- _ _____ Document Review
- _ _____ Facility Visits (range of dates is acceptable)
- _ _____ Completion of Verification Activities
- _ _____ Verification Meeting

BRIEF DESCRIPTION OF VERIFICATION PLAN FOR THE REPORTER

Your response should provide a general overview of the scope and breadth of verification activities. This may include, but should not be limited to, plans to interview which staff, types of records that will be reviewed, emissions that will be reviewed. You may use the space provided below, or you may attach a separate document to describe your verification plan.

DESIGNATED STAFF, ROLES, & RESPONSIBILITIES

Below please describe the roles and responsibilities that each individual of your verification team (including subcontractors) will have in conducting the verification activities. For example:

Role: EMS Specialist

Responsibilities: Check participant's EMS and training program.

Name:

Lead Verifier:

Verifier:

Responsibilities:

Roles:

REPORTER ACKNOWLEDGEMENT OF POTENTIAL ACCREDITATION BODY AND REGISTRY VISITS

I, the official named below, am authorized to represent the Reporter to the provision listed below.

<i>Reporter (Organization to be verified)</i>	<i>Verification Body Name (Printed)</i>
<i>By (Authorized Signature of Reporter Representative)</i>	
<i>Printed Name and Title of Person Signing</i>	
<i>Date</i>	

_____ (Reporter), have been informed by the Verification Body that a representative from the Registry, the Accreditation Body, or their contractors may accompany the Verification Body to our facilities during their verification work, and may request to see information necessary to ascertain the reasonableness of our reported GHG emissions results and our compliance with the Registry’s reporting requirements.

I understand that any information obtained by the Registry, the Accreditation Body, or their contractors will be used solely for purposes of evaluating the verification process, and will otherwise be kept confidential.

Appendix A4: Verification Statement



The Climate Registry

The Climate Registry Verification Statement

Name of Verification Body: _____

This Verification Statement documents that _____ (insert Verification Body) has conducted verification activities in compliance with ISO 14064-3 and the Registry's General Verification Protocol. This statement also attests to the fact that _____ (Verification Body) provides _____ (insert level of assurance: reasonable or limited) that _____ (insert Reporter) reported greenhouse gas emissions from January 1 _____ (insert reporting year) through December 31 _____ (insert reporting year) are verifiable and meet the requirements of The Climate Registry.

Date Verification was completed (from CRIS): _____

Reporting Classification: Transitional Complete Historical

Type of Verification: Batch Streamlined Full Verification

GHG Reporting Standards Used to Verify Emissions:

The Climate Registry's *General Reporting Protocol*

Others (specify): _____

Reporter's Organizational Boundaries:

Control Only: (Financial **or** Operational)

Equity Share and Control (Financial **or** Operational)

Geographic Scope of Verification: Transitional North American Worldwide

Base Year (if applicable): _____

Total Entity-Wide Emissions Verified:

Total Scope 1 Emissions: _____ CO₂-e

_____ CO₂ _____ CH₄ _____ N₂O _____ HFCs _____ PFCs _____ SF₆

Percent of Scope 1 Emissions covered by site visits: _____ %

Total Scope 2 Emissions: _____ CO₂E

_____ CO₂ _____ CH₄ _____ N₂O _____ HFCs _____ PFCs _____ SF₆

Percent of Scope 2 Emissions covered by site visits: _____ %

Verification Statement:

Verified without Qualification

Verified with Qualification

Explain Qualifications: _____

Unable to Verify (include reason, e.g., "due to data errors" or "due to non-compliance with the Registry's reporting requirements): _____



The Climate Registry Verification Statement (Continued)

Attestation:

[Insert Name], Lead Verifier Date _____

[Insert Name], Internal Peer Reviewer Date _____

Authorization:

I _____ [Name of Reporter Representative] accept the findings in this Verification Statement and authorize the submission of this Verification Statement to The Climate Registry on behalf of _____ [Name of Reporter].

[Reporter Representative Signature] Date _____

The Remainder of this Form is for Use by Registry Staff Only:

The Registry has reviewed this Verification Statement for completeness and has accepted it.

Dispute Resolution:

If this box is checked, this Verification Statement has been disputed and submitted to an Accreditation Body to conduct a dispute resolution process. Upon review, the Accreditation Body:

Upholds the original Verification Statement

Overturns the original Verification Statement and issues the following revised Verification Statement:

Verified without Qualification

Verified with Qualification

Explain qualifications: _____

Unable to Verify (include reason, e.g., "due to data errors" or "due to non-compliance with the Registry's reporting requirements).

Accreditation Body Authorization:

[Committee Chairperson's Signature] Date _____

[Verification Oversight Panel Member's Signature] Date _____

[Panel Member's Signature] Date _____

APPENDIX B: *OPTIONAL FORMS AND TEMPLATES*

This appendix provides a set of forms and templates that Verification Bodies *may* use to document and/or guide their verification efforts. Specifically, the appendix provides a Verification Activities Checklist, which can be used to ensure that all of the Registry's verification requirements have been met, and a Standard Verification Report Template, which

can be used by Verification Bodies as a template or guideline to ensure the preparation of comprehensive Verification Reports. Use of these forms/templates is purely optional; Verification Bodies may instead choose to use their own internally-developed documentation forms and templates as long as they fully meet the requirements set forth in the GVP.

Appendix B1: Guidance for Completing Verification Activities (*Optional*)

Verification Activities Check List		
Preparing for Verification		Date Achieved
Bid on a Verification Contract Submit Case-Specific COI Assessment Form to Registry Negotiate Contract with Reporter Notify Accreditation Body and the Registry of Planned Verification Activities Conduct Kick-off Meeting With Reporter Develop Verification Plan		
Verification Activities		
Assessing Conformance with the Registry's Requirements		Yes No
1. Is the Reporter a legal entity under U.S., Canadian or Mexican law? 2. Is the Reporter a subsidiary of any other company, and if so is the parent company also reporting to the Registry? 3. If the Reporter is submitting a transitional report, is the Reporter eligible to do so ? 4. If the Reporter has used any simplified estimation methods not prescribed in the General Reporting Protocol, do the emissions estimated using these methods constitute 5% or less of the Reporter's total emissions? 5. If the answer to Question 4 is yes, are the simplified methods used appropriate, and are the results reasonable? 6. Have any mergers, acquisitions, or divestitures occurred during the current reporting year? 7. Have any activities been outsourced or insourced in the current year? 8. Have any changes in calculation methods or data sources been made since the base year? 9. If the answer to any of Questions 6, 7, and/or 8 is yes, would the cumulative effect of the mergers, acquisitions, divestitures, outsourcing, insourcing, and methodological changes on base year emissions exceed 5%? 10. If the answer to Question 9 is yes, has the Reporter adjusted base year emissions? 11. Has the Reporter provided all required emissions data ?		
Verification Activities		
Assessing Completeness of Emission Report		Date Achieved
Identify and list all Facilities in the Entity Identify and list all Emission Sources (of Scope 1 Mobile, Scope 1 Stationary, Scope 1 Process, Scope 1 Fugitive, Scope 2, Direct Biogenic CO ₂ Mobile, and Direct Biogenic CO ₂ Stationary Emissions) Identify and list all Fuel Types Rank All Sources by Magnitude on a CO ₂ e Basis Assess Any Changes in Geographic and Organizational Boundaries		

	Yes	No
12. [For Reporter's using the equity share approach] Does the emission report include all processes and facilities for which the Reporter holds an equity share? If not, why?		
13. [For Reporter's using the financial control approach] Does the emission report include all processes and facilities under the financial control of the Reporter? If not, why?		
14. [For Reporter's using the operational control approach] Does the emission report include all processes and facilities under the operational control of the Reporter? If not, why?		
15. Does the report include all facilities and sources of GHG emissions within the geographic boundaries of the Reporter? Or, if the Reporter is a Transitional Reporter, does the report include all facilities and sources within the states, provinces, and or native sovereign nations that the Transitional Reporter has chosen?		
16. Does the report include all applicable types of GHGs from each facility and emission source within the geographic and organizational boundaries of the Reporter? Or, in the case of Transitional Reporters, does the report include all emissions of the GHGs that the Reporter has chosen to report (and, at a minimum, CO ₂) from each facility and emission source within the geographic and organizational boundaries of the transitional Reporter?		
17. Has the reporting entity included all of its Scope 1 and Scope 2 emissions for each facility?		
18. Have the Scope 1 emissions been broken down by source type (stationary combustion, mobile combustion, fugitive and process)?		
19. Have biogenic CO ₂ emissions been reported separately from the Scope 1 emissions?		

Performing Risk Assessment Based on Review of Information Systems and Controls	Date Achieved
--	---------------

Evaluate Procedures and Systems for Preparing Emission Report
 Evaluate Personnel and Training
 Assess if the uncertainty associated with methodologies and management systems is more than appropriate

	Yes	No
20. Are the calculation methodologies/procedures used to compute GHG emissions at the source level among those described in the General Reporting Protocol? If not, why?		
21. If a non-GRP methodology has been used because the General Reporting Protocol does not provide any methodology for the particular source(s) in question, is the methodology that was used an industry standard for this source type(s)?		
22. Are appropriate methods used to manage and implement entity-wide GHG emissions reporting programs? If the Reporter has more than one facility, is the emissions data correctly monitored?		
23. Is a qualified individual responsible for managing and reporting GHG emissions?		
24. Is appropriate training provided to personnel assigned to GHG emissions reporting duties? If the Reporter relies on external staff to perform required activities, are the contractors' qualified to undertake such work?		

25. Are appropriate documents created to support and/or substantiate activities related to GHG emissions reporting activities, and is such documentation retained appropriately? For example, is such documentation maintained through reporting plans or procedures, utility bills, etc.?
26. Are appropriate mechanisms used to measure and review the effectiveness of GHG emissions reporting programs? For example, are policies, procedures, and practices evaluated and updated at appropriate intervals?
27. Does the system account for the diversity of the sources that comprise each emission category? For example, are there multiple types of vehicles and other transportation devices that require different emission estimation methodologies?
28. Do you know the diversity of GHGs emitted from each emission source category?
29. When available, has the Reporter used the emission factors, GWPs and standardized estimation methods in the Registry's General Reporting Protocol to calculate emissions in each source category?
 - a. Are the methodologies, data sources and emission factors documented and explained appropriately?
 - b. Has the Reporter correctly documented the General Reporting Protocol's tier ranking for each General Reporting Protocol methodology used?
30. Does the Reporter's GHG management system appropriately track emissions in all of the emission source categories?

Developing a Sample Plan	Date Achieved
Develop Sampling Procedures for Sources Based on Risk of Material Misstatement	

Yes

No

31. Based on the following table, have you visited an appropriate number of sites?

Sample Size

Total Facilities	Guidance for Sample Size
1-3	1
4-10	2
11-25	3
26-50	6
51-100	8
101-250	12
251-500	15
501-1,000	20
Over 1,000	2%

Total number of facilities: _____

Total number of facilities visited: _____

Verifying Emission Estimates Against Verification Criteria

Date Achieved

Confirm Total Fuel Consumption

Confirm Vehicle Miles Traveled

Confirm that appropriate Emission Factors are Used. If not Default Factors, ensure the Derivation and Explanation of increased Accuracy is properly Documented

Calculate Scope 1 (Mobile, Stationary, Process & Fugitive), Scope 2, and Direct Biogenic CO₂ (Mobile and Stationary) Based on Sampling Procedures

Compare Estimates from Sample Calculations to Reported Emissions

Determine if There are Any Discrepancies Between Sample Calculation and Reported Emissions

Determine if any reporting errors have caused material misstatements

Yes

No

32. Are the reported electricity, steam, and district heating and cooling use consistent with utility bills?

33. Is the reported total stationary fuel use by fuel type consistent with the fuel use records?

34. Is the reported total consumption of fuels in motor vehicles consistent with available documentation and by vehicle type? If the entity calculates transportation emissions based on vehicle mileage, is the reported vehicle mileage consistent with vehicle mileage records?

35. Is the reported process and fugitive emissions consistent with activity data or maintenance records?

36. Are the emission factors used by the Reporter appropriate?

a. If Registry default factors are not used, do the alternative emission factors provide increased accuracy?

b. Is the derivation and explanation of increased accuracy properly documented and reasonable?

37. Does a sample of the Reporter's calculations agree with your re-calculated Scope 1 (mobile, stationary, process & fugitive), Scope 2, and Direct Biogenic CO₂ (Mobile and Stationary) emissions estimates? Have you documented

- your process for determining the appropriate sampling plan?
38. Are all required GHG emissions included?
 39. Are the current year's reported emissions significantly different from the base year? If so, what has changed from the base year?
 40. Are discrepancies between your emissions estimates and the Reporter's immaterial?

Completing the Verification Process	Date Achieved
Prepare a Detailed Verification Report & Submit to Reporter	
Prepare a Verification Statement & Submit to Reporter	
Conduct Verification Meeting with Reporter to Discuss & Finalize Verification Report & Statement	
Communicate Verification findings to the Registry via CRIS	
Retain Relevant Verification Documents & Records	

Appendix B2: Standard Verification Report Template (Optional)

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The Climate Registry

Date: _____

Reporter Name: _____

Verification Body Name: _____

Verification Body Contact: _____

Title: _____

Telephone: _____

Email: _____

Subcontractors: _____

Verification Team Members: _____

Lead Verifier: _____

Other Verification Team Members: _____

Reporting Year of Emission Report Verified: _____

Scope of Verification:

North American

Worldwide Emissions

Other (Transitional and Historical Emission Reports Only)

Standards Used to Verify Emissions:

The Climate Registry's *General Reporting Protocol*

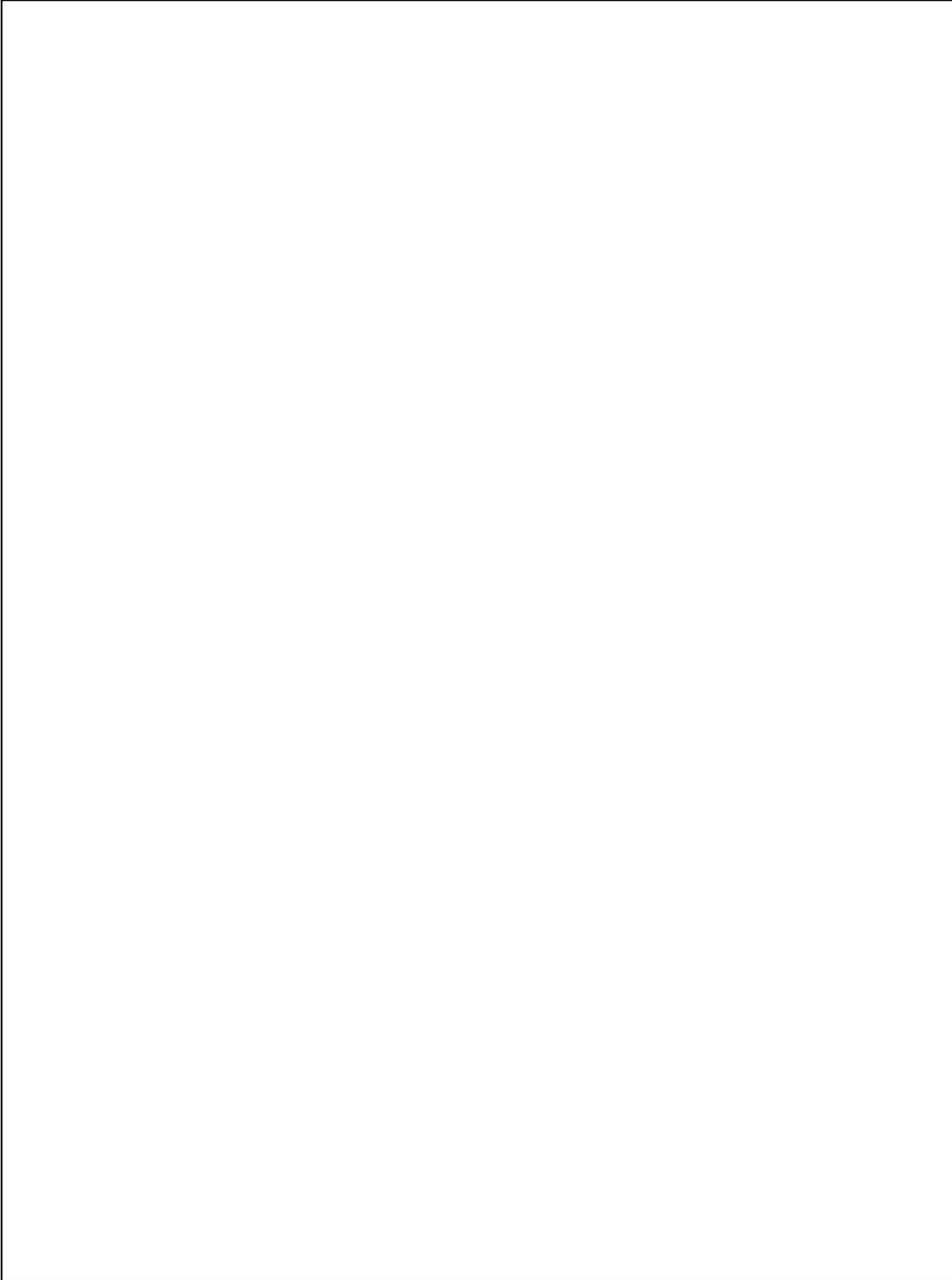
Others (for sources not covered by General Reporting Protocol, specify):

Summary of Verification Findings:

- Verified without Qualifications
- Verified with Qualifications (explain)
- Unable to Verify

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1. **Briefly Describe the Verification Plan** (either in the space below or attached separately):

A large, empty rectangular box with a thin black border, intended for the user to describe the verification plan. The box is currently blank.

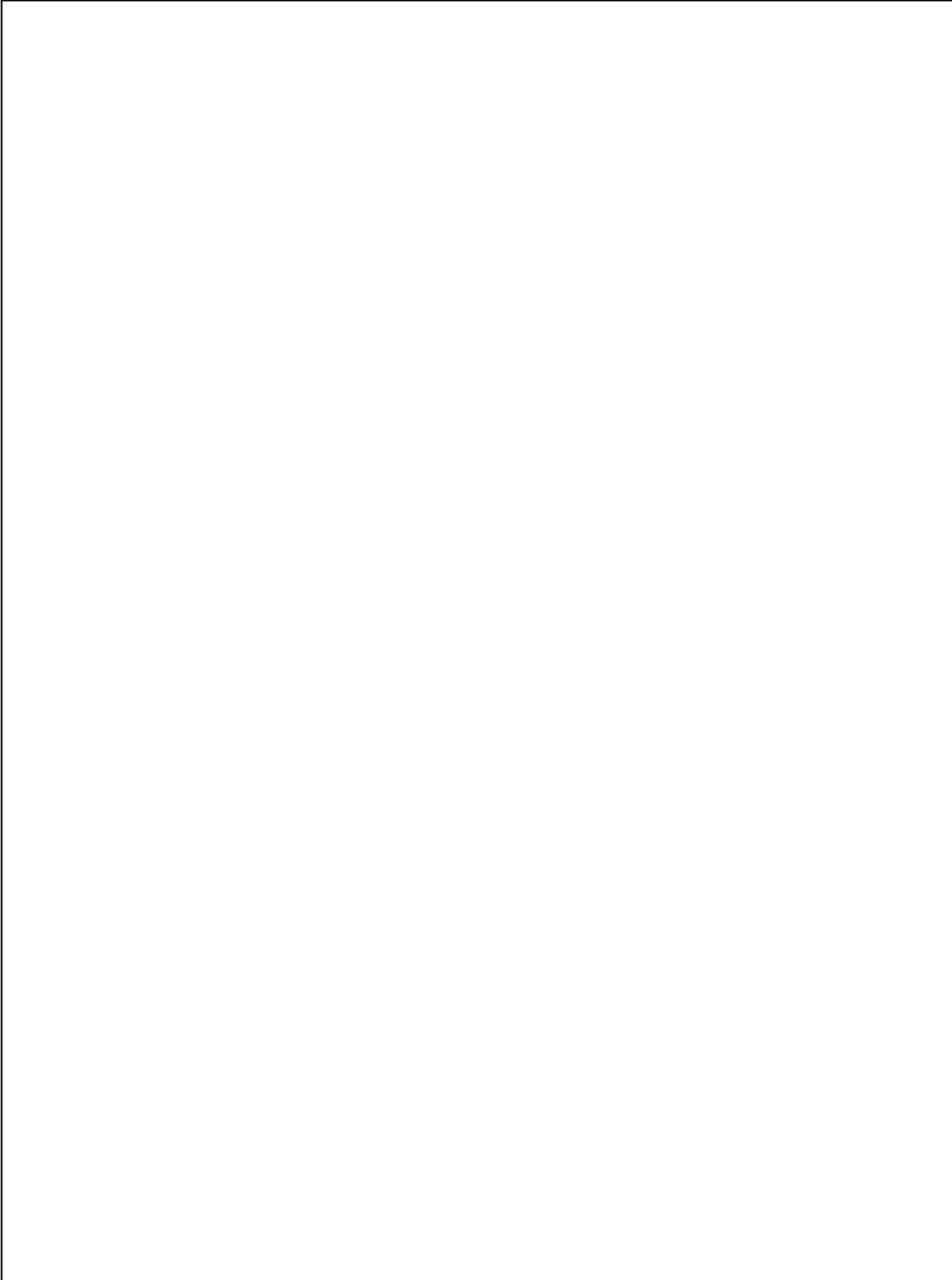
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2. Verification Activities Undertaken:

Verification Activity	Date Achieved
Preparation for Verification	
Submit Case-Specific Conflict of Interest Assessment Form	
Registry Approval of COI Assessment	
Complete contract for verification services	
Kickoff Meeting	
Core Verification Activities	
Assessed Conformance of Emission Report with Registry Requirements	
Assessed Completeness of Emission Report:	
Identified and Listed All Facilities within Scope	
Identified and Listed All Emission Sources within Scope	
Ranked All Sources by Magnitude of Emissions (CO ₂ -e)	
Assessed Any Changes in Entity Boundaries	
Identified and Listed All Fuel Types	
Performed Risk Assessment:	
Evaluated Procedures and Systems for Preparing Emission Report	
Evaluated Personnel and Training for Preparing Emission Report	
Assessed Uncertainty Associated with Methodologies and Management Systems	
Developed Sample Plan	
Verified Emission Estimates Against Verification Criteria:	
Checked that All Required GHG Emissions Are Included in Emission Report	
Confirmed Fuel Consumption Data	
Confirmed Vehicle Miles Travelled	
Confirmed Use of Appropriate Emission Factors	
Calculated Emissions for Sample	
Compared Estimates from Sample Calculations to Reported Emissions	
Estimated Discrepancies Between Sample Calculations and Reported Emissions	
Extrapolated Systemic Discrepancies to the Entity Level	
Summed Discrepancies to the Entity Level to Determine Whether Discrepancies Exceed 5% Materiality Threshold	
Completion of Verification	
Completed and Submitted Verification Report to Reporter	
Completed and Submitted Verification Statement to Reporter	
Scheduled Verification Meeting with Reporter	
Communicated verification findings to the Registry via CRIS	

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4. Provide Description of Sampling Plan and Risk Assessment Methodologies Employed for Each Source Sampled (either in the space below or attached separately):



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5. Evaluation of Compliance with the Registry's Requirements

Assessing Conformance with the Registry's Requirements	Yes	No
1. Is the Reporter a legal entity under U.S., Canadian or Mexican law?		
2. Is the reporting organization a subsidiary of any other company, and if so is the parent company also a Reporter to the Registry?		
3. If the Reporter is submitting a transitional report, is the Reporter eligible to submit the report as transitional under General Reporting Protocol rules ?		
4. If the Reporter has used any simplified estimation methods not prescribed in the General Reporting Protocol, do the emissions estimated using these methods constitute 5% or less of the Reporter's total emissions?		
5. If the answer to Question 4 is yes, are the simplified methods used appropriate, and are the results reasonable?		
6. Have any mergers, acquisitions, or divestitures occurred during the current reporting year?		
7. Have any activities been outsourced or insourced in the current year?		
8. Have any changes in calculation methods or data sources been made since the base year?		
9. If the answer to any of Questions 6, 7, and/or 8 is yes, would the cumulative effect of the mergers, acquisitions, divestitures, outsourcing, insourcing, and methodological changes on base year emissions exceed 5%?		
10. If the answer to Question 9 is yes, has the Reporter adjusted base year emissions?		
11. Has the Reporter provided all of the data in addition to emissions data required by the Registry?		
12. [For Reporter's using the equity share approach] Does the emission report include all processes and facilities for which the Reporter holds an equity share? If not, why?		
13. [For Reporter's using the financial control approach] Does the emission report include all processes and facilities under the financial control of the Reporter? If not, why?		
14. [For Reporter's using the operational control approach] Does the emission report include all processes and facilities under the operational control of the Reporter? If not, why?		
15. Does the report include all facilities and sources of GHG emissions within the geographic boundaries of the Reporter? Or, if the Reporter is a transitional Reporter, does the report include all facilities and sources within the states, provinces, and or native sovereign nations that the transitional Reporter has chosen?		
16. Does the report include all applicable types of GHGs from each facility and emission source within the geographic and organizational boundaries of the Reporter? Or, in the case of transitional Reporters, does the report include all emissions of the GHGs that the Reporter has chosen to report (and, at a minimum, CO ₂) from each facility and emission source within the geographic and organizational boundaries of the transitional Reporter?		
17. Has the reporting entity included all of its Scope 1 and Scope 2 emissions for each facility?		
18. Have the Scope 1 emissions been broken down by source type (stationary combustion, mobile combustion, fugitive and process)?		
19. Have biogenic CO ₂ emissions been reported separately from the Scope 1 emissions?		
20. Are the calculation methodologies/procedures used to compute GHG emissions at the source level among those described in the General Reporting Protocol? If not, why?		

21. When available, has the Reporter used the emission factors, GWPs and standardized estimation methods in the Registry's General Reporting Protocol to calculate emissions in each source category?		
a. Are the methodologies, data sources and emission factors documented and explained appropriately?		
b. Has the Reporter correctly documented the General Reporting Protocol's tier ranking for each General Reporting Protocol methodology used?		

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Coahuila
Nuevo Leon
Sonora
Tamaulipas

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Campo Kumeyaay Nation

Pueblo of Acoma
Southern Ute Indian Tribe

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Arizona Public Service Company
Austin Energy
Barr Engineering Company
Bentley Prince Street
Bonneville Power Administration
Boral Bricks Inc.
Boral Construction Materials
Brightworks
Cadence Network, Inc.
California Environmental Protection Agency
Cameron-Cole, LLC
Carbon Credit Corp
Carbon Solutions America, LLC
Castle & Cook Florida, LTD
City and County of San Francisco, CA
City of Austin, TX
City of Greenville, SC
City of Long Beach, CA
City of Oneonta, NY
City of Rochester, NY
City of Roseville, CA
City of Seattle, WA
City of Syracuse, NY
City of West Hollywood, CA
City of Wilmington, DE
CitySpaces Consulting Ltd.
Clark County, WA
Clark Public Utilities
Cleveland-Cliffs Inc.
Climatix Corporation
Coastal Conservation League
Colorado Interstate Gas
Colorado Springs Utilities
CommScope, Inc.
Consolidated Edison Company of New York, Inc.
Cormetech Inc.
Cornell University
Covanta Energy
DAK Americas LLC
Davidson College
Dean Foods Company
Dormitory Authority of the State of New York
DPRA, Incorporated
Dublin San Ramon Services District
Duke Energy Corporation
E. H. Pechan & Associates, Inc.
Earth Advantage, Inc.
Eastman Kodak Company
Ecology and Environment, Inc.

ÉcoRessources Consultants
Ecos
EcoSecurities
Ecotek
Edison International
El Paso Natural Gas Company
Element Markets
Enviance, Inc.
ENVIRON International Corporation
Environmental Advocates of New York
Environmental Performance Group
Environmental Planning Specialists, Inc.
Environmental Science Associates
EORM, Inc.
ETC Group, LLC
First Climate
First Environment
Ford Motor Company
Fresh & Easy Neighborhood Market
GDTS Chartered Accountants
GHG Accountants, L.L.C.
Good Company
Grand Targhee Resort
Great River Energy
Green Building Services
Green Mountain Power Corporation
Groom Energy
HES Ltd.
Hilmar Cheese Company
Hogan & Hartson - Colorado
Horizon Environmental Corporation
Idaho Department of Environmental Quality
Innovative Bio-Technologies, LLC
Invitrogen Corporation
Jacques Whitford
Johnson & Johnson
Juice Energy, Inc.
KEMA, Inc.
Kennecott Land Company
Kennecott Utah Copper
Kleinfelder, Inc.
Law Offices of Jeremy D. Weinstein, P.C.
Lexington Medical Center
Limousine Environmental Action Partnership
Longview Fibre Paper and Packaging, Inc.
Los Alamos National Laboratory
M.E. Group, Inc.
Madison Environmental Group, Inc.
Malcolm Pirnie, Inc.
Marin Sanitary Services
Maryland Department of the Environment
Massachusetts Department of Environmental Protection
Mazzetti & Associates
McWane, Inc.
Mesquite Power
Metropolitan Council of Minnesota
MGM International Group, LLC
MidAmerican Energy Company
Minnesota Department of Natural Resources

Minnesota Pollution Control Agency
Minnesota Power
Mirant Corporation
Missouri Botanical Garden
Missouri History Museum
Mitel Networks Corporation
MotivEarth, LLC
National Grid
NativeEnergy, Inc
Natural Capital, LLC
Natural Resources Defense Council
Nevada Division of Environmental Protection
New York Power Authority
New York State Department of Environmental Conservation
New York State Energy Research and Development Authority
New York State Environmental Facilities Corporation
New York State Metropolitan Transportation Authority
New York State Office of General Services
New York State Office of Parks, Recreation and Historic Preservation
Newmont Mining Corporation
Newmont Nevada Energy Investment, LLC.
Nexant, Inc.
Noblis
North Star BlueScope Steel
Northern California Power Agency
Northern Natural Gas
Northland College
Nuclear Energy Institute
Pacific Waste Consulting Group
PacifiCorp
Parametrix, Inc.
Pennsylvania Recycling Markets Center
PG&E
Platte River Power Authority
Point Carbon North America, LLC
Port of Seattle
PPG Industries, Inc.
Progress Energy
Public Utility District No. 1 of Clallam County
Red Bull North America
Resource Systems Group Inc.
RiverWright, LLC
RMT, Inc.
S&C Electric Company
Sacramento Area Council of Governments
Sacramento Municipality Utility District
Saint Louis Science Center
Salinas Valley Memorial Healthcare System
Salt Lake City Corporation
Salt Lake County
Salt River Project
Santee Cooper
Saunders Thread Company
SCANA Corporation
Science Applications International Corporation (SAIC)
SCS Engineers
Shaw Industries Inc.
Shell Oil Company

ShoreBank Pacific
Shultz Steel
Sierra Pacific Resources
Smart Papers Holdings LLC
Sokol Blosser Winery
South Carolina Department of Health & Environmental Control
Southwestern Power Group II
Spring Hill Solutions, LLC
St. Louis Zoo
St. Olaf College
State of Colorado
State of Utah Executive Branch
Sterling Planet, Inc.
Subaru of Indiana Automotive, Inc.
Summit Energy
Suncor Energy (USA) Inc.
Supply Chain Consulting US, LLC
Sustainable Business Consulting
SWCA Environmental Consultants
Symbiotic Engineering, LLC
Syracuse University
Termoelectrica de Mexicali, S. de R.L. de C.V.
Terra Industries Inc.
Tetra Tech
The Cadmus Group, Inc
The Climate Trust
The North Carolina Department of Environment and Natural Resources
The Port of Los Angeles
The Port of Portland
The Sacramento Metropolitan Air Quality Management District
The Weidt Group
TRC Solutions, Inc.
Trihydro Corporation
Tri-State Generation and Transmission Association, Inc.
Tropical Salvage, Inc.
Truckee Tahoe Airport District
Tucson Electric Power Company
U.S. Postal Service
United States Tile Company
University of Hawai'i at Mānoa
USANA Health Sciences
Utah Transit Authority
Valmar & Associates, Inc
Vermont Agency of Natural Resources
Vermont Technical College
Washington State Department of Ecology
Washington State Department of Transportation
Wenck Associates, Inc.
West Basin Municipal Water District
West Coast Environmental and Engineering
West Linn Paper Company
Westar Energy, Inc.
Willis Energy Services Ltd.
Wolverine Power Cooperative
World Resources Institute
Worldwide Carbon, Inc.
Xcel Energy