



**Smart Freight
Centre**

Smart Freight Centre Assurance Guidance for GLEC Framework Implementation



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1. Introduction

1.1 Context and background

Smart Freight Centre (SFC) was established in 2013 as a global non-profit organization to lead the way to a more efficient and environmentally sustainable global freight sector.

SFC mobilizes business to reduce emissions and recognizes leaders. Together with leading multinationals, partners across their global logistics supply chain and other key stakeholders we work towards

- Harmonized frameworks for emissions calculation and reduction, starting with the GLEC Framework
- Professionalized transport operators for fleet energy management, starting with Smart Transport (STM) Managers training
- Connected business and stakeholders to accelerate action

The Global Logistics Emissions Council (GLEC) is a voluntary partnership of organizations, industry associations and programs led by Smart Freight Centre. Working with SFC, GLEC members and consultees have led the way in developing the first global framework for logistics emissions accounting together with input from businesses, researchers, NGOs and other stakeholders: the GLEC Framework for Logistics Emissions Methodologies version 1.0¹ ("GLEC Framework v1.0"). It incorporates existing methodologies and addresses the major gaps in coverage of GHG emission calculation and reporting within logistics chains.

GLEC members and other interested stakeholders are now committing to use of the GLEC Framework. The objective is that consistent calculation and transparent reporting of greenhouse gas (GHG) emissions from logistics operations worldwide will empower business to use this information for reporting and decision-making that will, in turn, lead to improved efficiency and reduced emissions.

GLEC member organizations and other companies committed to implementing the GLEC Framework or supporting its implementation have called for independent assurance to provide confidence in the credibility of calculation outputs and associated claims made against use of the GLEC Framework.

1.2 Purpose of this assurance guidance

The purpose of this Assurance Guidance is to provide guidance for assurance providers in the steps required to assure claims made around the adoption, implementation of and calculation outputs from the GLEC Framework. It serves as a guide for assurance providers to ascertain and confirm the extent to which organizations have been able to apply the GLEC Framework. This Assurance Guidance is neither intended to be a new assurance standard nor a substitute for existing standards for the assurance or verification of GHG emissions. It is informed by the content of ISAE 3410 and ISO 14064-3, and assurance providers should follow the good practice guidelines laid out in existing standards.

1.3 Objectives

The objective of the assurance provider is to obtain assurance to a stated level (reasonable or limited) on the claims made by an organization in relation to the conformance criteria for GLEC Framework implementation.

1.4 Consultation

The assurance guidance document has been through two rounds of consultation between August and November 2017 and again between January and March 2018. The first draft was shared with GLEC members and consultees whilst circulation of the second draft included selected organisations of the assurance community through both direct contact and via the Assurance Reference Group initiated via the LEARN European project. Significant one-to-one consultation with individual organisations has also taken place.

¹ <http://www.smartfreightcentre.org/glec/glec-framework>

2. Terms and Definitions

For the purposes of this document, the following terms and definitions apply.

Adoption: the first step in the implementation process of the GLEC Framework by a company, as defined in the conformance criteria contained within this guidance. Characterised by a commitment to implement the GLEC Framework accompanied by evidence to back up this commitment, but without active implementation having started.

Assurance: a term used when a third party is engaged to provide an independent assessment with the aim of establishing confidence or trust around a process or declared output (declaration).

Carbon dioxide equivalent (CO₂e): Unit for comparing the radiative forcing of a greenhouse gas to carbon dioxide, calculated using the mass of a given greenhouse gas multiplied by its global warming potential.

Carrier An entity which operates a vehicle or vehicles with the purpose of transporting goods. Vehicle could refer to any form of transport, e.g., truck, train, aircraft, waterborne vessel.

Certification: The process of providing someone or something with an official document attesting to a status or level of achievement.

Compliance: confirmation that a set of processes have been followed fully, and in particular that any associated criteria have been met fully in response to a formal request or legislative requirement.

Conformance: the degree to which a set of processes have been followed and any associated criteria have been met.

Consumption factor (CF): a way to express the fuel efficiency of the useful work done when moving goods; expressed as the total fuel consumption divided by the total work done (expressed in tonne km); can also be passed between supply chain partners (e.g. carrier to shipper) as verified data with an associated data type classification to support scope 3 calculations by customers.

Criteria: a set of indicators, potentially in the form of a checklist or numerical benchmarks, used to assess whether or not a process and the associated outputs are worthy of a given level of recognition.

Declaration: Statement of total company emissions and emission intensity for one or more transport service categories according to the GLEC Framework.

Defaults: Default data, or defaults, are used as a proxy for primary data when it is not available. The GLEC framework includes default data for a range of consumption factors disaggregated by mode and service type and also for greenhouse gas emission factors.

Empty running: Empty running is calculated as the percentage of total vehicle-kilometers that are run empty.

Fuel-based approach: Methodologies that use actual fuel consumption data to estimate emissions based on the content of the fuel and assumptions regarding its combustion.

Greenhouse gas emissions: the greenhouse gases (GHGs) that have been emitted to the atmosphere or would have been emitted to the atmosphere had they not been captured or sunk. GHGs include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), nitrogen trifluoride (NF₃) and sulphur hexafluoride (SF₆).

Greenhouse gas emission factor: a factor or ratio for converting the measure of an activity (for example, litres of fuel consumed) into an estimate of the quantity of GHGs associated with that activity.

Implementation: the staged process by which a company decides to, and then progressively uses, the GLEC Framework as the basis for its logistics GHG accounting and reporting.

Limited assurance engagement: an assurance engagement in which the assurance provider reduces engagement risk to a level that is acceptable in the circumstances of the engagement, but where that risk is greater than for a reasonable assurance engagement, as the basis for expressing a conclusion in a form that conveys whether, based on the procedures performed and evidence obtained, a matter has come to the assurance provider's attention to cause the assurance provider to believe the information is materially misstated. The nature, timing, and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement but is planned to obtain a level of assurance that is, in the assurance provider's professional judgment, meaningful.

Load factor: Ratio of the average load to total vehicle freight capacity (vans, lorries, train wagons, ships), expressed in terms of tonne kilometres.

Logistics Chain: Sequence of transport, warehousing and transshipment activities used to move goods from their origin to their destination.

Logistics Service Provider (LSP): a third party to which an organization outsources its logistics operations. Services provided by LSPs include transportation, freight forwarding, warehousing and inventory management.

Materiality: Materiality is a concept that used throughout an assurance engagement. When determining the extent of the assurance procedures to be carried out, the concept will be used to determine the sample size. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions of primary users of the report containing that information.

One way trip: Travel without a return trip.

Reasonable assurance engagement: an assurance engagement in which the assurance provider reduces engagement risk to an acceptably low level in the circumstances of the engagement, as the basis for a positive form of expression of the auditor's conclusion. Reasonable assurance means a high but not absolute level of assurance.

Round trip: A group of sequential journeys that start and end in the same place.

Scope 1 GHG emissions: direct emissions from sources that are owned or controlled by the reporting organization.

Scope 2 GHG emissions: indirect emissions that are associated with energy that is transferred to and consumed by the entity.

Scope 3 emissions: other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal.

Service level: data or calculation output associated with a particular transport service category (see below).

Shipper: individual or entity that sends goods for transport.

Source: a physical unit or process that releases GHGs into the atmosphere.

Transport Service Categories (TSCs): groups of similar round trip journeys that are considered over a 12-month period to represent the way that freight transport services are procured and provided.

Validation: used to refer to an internal check as to whether a process or product meets the requirement set out for it. As such validation does not carry the same level of trust that would be inferred from the engagement of an independent assurer.

Verification a term used with more focused meaning, as a subset of an assurance process that focuses on a particular aspect; it is frequently used, particularly in the USA, in association with the verification of data.

3. Principles

In carrying out assurance engagements, assurance providers should adhere to the following good practice principles aligned with ISO 14064-3.

3.1 Independence

Assurance providers should be independent of the subject matter of the assurance engagement – i.e. free from conflict of interest or bias. In conducting their work, assurance providers should remain objective and exclusively base their findings and conclusions on evidence obtained during the engagement.

Original text: “Remain independent of the activity being validated or verified, and free from bias and conflict of interest. Maintain objectivity throughout the validation or verification to ensure that the findings and conclusions will be based on objective evidence generated during the validation or verification.”

3.2 Ethical Conduct

Assurance providers should act ethically throughout the assurance engagement through integrity, trust, discretion and confidentiality.

Original text: “Demonstrate ethical conduct through trust, integrity, confidentiality and discretion throughout the validation or verification process.”

3.3 Fair Presentation

Assurance providers should present assurance activities, findings, conclusions and statements fairly and accurately and disclose any material obstacles or unresolved issues among assessors and the client.

Original text: “Reflect truthfully and accurately validation or verification activities, findings, conclusions and reports. Report significant obstacles encountered during the validation or verification process, as well as unresolved, diverging opinions among validators or verifiers, the responsible party and the client.”

3.4 Due Professional care

Assurance providers should demonstrate judgement and due professional care in line with the importance of the assurance engagement and confidence placed by clients and stakeholders. Assurance providers should have the appropriate competencies and skills to conduct the assurance engagement.

Original text: “Exercise due professional care and judgment in accordance with the importance of the task performed and the confidence placed by clients and intended users. Have the necessary skills and competences to undertake the validation or verification.”

4. Conducting assurance engagements

Assurance engagements, and the procedures undertaken by the assurance provider to form a conclusion regarding claims made around the adoption, implementation of, and calculation outputs from the GLEC Framework, should be conducted in accordance with relevant assurance standards, such as the International Standard on Assurance Engagements 3000 (ISAE 3000): Assurance Engagements other than Audits or Reviews of Historical Financial Information, or the International Standard on Assurance Engagements 3410 (ISAE 3410): Assurance Engagements on Greenhouse Gas Statements. Assurance engagements can be conducted to either reasonable or limited assurance levels; it is generally expected that, in the early stages of adoption and implementation, assurance engagements relating to the GLEC Framework will be conducted to a limited level of assurance. The exception may be for scope 1 emission calculations where fuller access to data may make reasonable assurance proportionate.

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