

Taskforce 2 – Best practices on recommendations for improvement by verifiers

This guidance concerns recommendation for improvements to be formulated during the verification process of the emissions report.

1.1 What is a recommendation for improvement?

A recommendation of improvement is a suggestion from the verifier to improve the Company performance in monitoring and reporting CO₂ emissions, cargo carried, transport work, distance travelled and time spent at sea.

In general the verifier should raise any weaknesses identified in the Company performance that has the potential to lead to higher risk or a material misstatement in the future and inform them why it considers an improvement is relevant. However, the verifier should refrain from prescribing how the Company should resolve the identified weakness as that would place the verifier in a consultancy role and compromise its independence and impartiality as a verifier.

Recommendations for improvement can cover a whole range of issues not only involving the Company risk assessment, data flow activities, control activities and procedures but also the accuracy of monitoring and reporting.

Uncorrected misstatements and non-conformities which have a material impact¹ shall be reported as such. Recommendations for improvement could only relate uncorrected misstatements and non-conformities which do not lead to material impact.

Example

If the verifier finds 4% materiality (in the sampled data) for the total fuel consumption in one reporting period and in their professional judgement think that the data management system should be more robust then a recommendation for improvement for data management system may be given. However, the verifier should check the recommendation for improvement was implemented in the next reporting period. If there is a raise in the materiality level above the threshold level (> 5%) then the verifier should graduate the recommendation for improvement to a non-conformity for this reporting period.

1.2 Recommendations that would be allowed

- 1) During the verification the verifier noted inconsistencies in fuel data due to the fact that information for certain voyages was missing as a result of the fuel flow meter malfunctioning. The verifier may recommend that the system for ensuring correct functioning of the fuel flow meters can be improved.
- 2) A non-conformity that does not actually affect the data reported in the Annual Emissions Report for example, the contact details on the Monitoring Plan have not been updated after a change of personnel or a change in the document system that does not affect the data, can technically be reported under recommendation for improvement.
- 3) The Company has indicated a low inherent risk regarding the appropriateness of the location of the flow meters whereas the verifier deems the risk to be higher requiring more robust control activities such as maintenance or better location on the inlet to the emissions sources. Note: the verifier should however refrain from explicitly stating which type of more robust control activities they recommend, for example not recommend the exact location of the flow

¹ Article 19 Commission Delegated Regulation EU 2016/2072 on verification activities

meters as that would place the verifier in a consultancy role and compromise its independence.

- 4) The Company does not regularly cross-check or review the data collected for the MRV regulation, the verifier recommends the need for more frequent review of the primary fuel consumption / CO2 emissions and the secondary data source to ensure that anomalies are picked up in a timely manner. For example if Method C Flow Meters is the primary method detailed in the Monitoring Plan it can be cross checked against Method A BDNs and periodic stock take or Method B. Note: the verifier refrains from prescribing the level of improvement in frequency or how to do the cross check between the data sources, this should be based on the Company re-assessing the risks involved.
- 5) The Company uses a data management system that is not suitable for the volume of data to be stored for a large fleet of ships and requires manual data entry. The verifier can recommend that improvements on the data management systems should be initiated. The verifier cannot prescribe a specific system.
- 6) During the verification the verifier identifies that the access to relevant spreadsheets for calculation of MRV data is not restricted. The verifier can recommend to improve the data security. However, the verifier cannot prescribe type of software or the system for restricting rights.
- 7) The `process activity` for enhancing human resource for the on board ship`s staff with regards to competency and training was found to be insufficient. The verifier may recommend for improvement the process but cannot recommend how the company shall plan training i.e. what kind of training to carry out, what competency management system to employ, which training institute to be used for non STCW courses.

1.3 Recommendation that would not be allowed

During the verification the verifier noted inconsistencies in fuel data due to the fact that information for certain voyages was missing as a result of the fuel flow meter malfunctioning.

The verifier recommends to change the fuel monitoring method from Method C to Method A as the Company would not be depending on equipment and reporting fuel consumption would be easier. The verifier also recommends asking the Company to cross check the data from Method A with Method C and provides their own guidance or method on how to do it.

This way of providing recommendations would not be allowed because the verifier influences decisions to be made by the company. If for example the Company decides to follow the exact guidance provided by the verifier and it turns out that it is not effective due to parameters that was not considered, the verifier will be in a difficult position when they detect misstatements as a direct result of their recommendation.

Another example can be with inconsistencies in the dataflow, the verifier can recommend including missing activities (i.e. recorded, transmitting) but the verifier cannot actually describe the activity or provide any template or suggest any software tool.
