



Workshop on Carbon Content

Direct and indirect emissions – company-level information management and input-output statistics. Accounting, recordkeeping, and auditing of emissions data in supply chains

22 February 2024



Level of Assurance: Limited Assurance vs. Reasonable Assurance

Limited Assurance

- Results in statement indicating the assurance provider has not encountered anything that would indicate that the information is not materially prepared in accordance with the criteria applied to the preparation of that information, such as an appropriate framework
- Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those performed to obtain a reasonable level of assurance
- The assurance provider reviews the processes, systems and competencies used to compile the information. It does not include detailed sample testing of source data or the operating effectiveness of processes and internal controls
- Provides less assurance and is substantially less in scope than a reasonable assurance engagement

Reasonable Assurance

- Gives an opinion as to whether the information has been properly prepared (gives a true and fair view) in all material respects, in accordance with the reporting framework
- Requires a more comprehensive understanding of source data as well as the operating effectiveness of processes and internal controls.
- The assurance provider audits metrics and disclosures and traces them back to their source in order to confirm their accuracy
- Involves a closer examination of the elements that are material to users, to ensure that the company presents a balanced report that is relevant to stakeholders

Principles on Accounting for Carbon Assets/Offsets

Principle 1

Only offsets that remove carbon from the atmosphere may be used to reduce an organization's reported emissions

Principle 2

A company may buy or sell removal offsets, but it may not similarly trade E-liabilities

Principle 3

Rights to carbon removals shall be recognized as an E-asset, and be tradable as a removal offset, **when the timing and magnitude of the offsets are both reasonably estimable and probable**

Principle 4

A company shall net a given quantity of E-assets against its E-liability account only when that quantity of **GHG has been actually removed from the atmosphere and indefinitely sequestered**

Principle 5

An offset asset shall be impaired or accreted **on the basis of new information** about the **quantity and duration of actual carbon sequestration**

Thank you

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