

## What is MRV?

MRV is a shorthand term for Monitoring, Reporting and Verification. It summarises the process by which we can track, record, and validate the data associated with pledge targets and objectives. Furthermore, it includes verification that the organisation has reported all the necessary data to make a pledge and, for certain pledges, that the value of the data meets certain criteria. Robust MRV is needed to assess progress towards objectives and ultimately secure timely compliance with set objectives. Ensuring that MRV is done in a serious and robust manner, including through regular and transparent reporting, contributes to integrity and accountability.

Considering the diversity of pledges and the wide range of data sources for pledges under the European Climate Pact, the following section aims to clarify the approach taken by the European Climate Pact in verifying pledges and monitoring progress against them.



## What MRV is not

Given the diverse usage of the term “MRV”, it is important to outline the limits of the MRV as defined under the European Climate Pact. The MRV here is not a third-party audit of pledge related data – e.g., the organisation’s GHG emissions. That type of assurance should be voluntarily sought by the organisation through an independent third-party, accredited to perform verification and assurance of GHG emissions accounting data and other environmental data.

To ensure that the third-party verification processes undertaken by companies are broadly comparable, verification should also be completed in accordance with recognized verification standards. [A list of recommended emissions accounting standards can be found here.](#)

## Why do we need an MRV?

Pledges can’t be empty promises. For pledges to retain credibility and value, regular follow-up reporting is essential and required by the European Climate Pact. Depending on the type of organisation making the pledge, and the level of ambition of pledges made under the European Climate Pact, the MRV criteria may vary.

### Scale of MRV



#MyWorldOurPlanet  
#EUClimatePact

EUROPEAN UNION



For larger organisations, or for organisations deciding to [make an ambitious North Star pledge](#), a higher standard of reporting and level of scrutiny and accountability is needed recognizing their inherently larger climate and environmental impact and the inherent need to secure environmental integrity. This helps negate an elevated risk of 'greenwashing' that could be present with this category of organisation, as well as contribute to an acceptable level of accountability and a better level playing field. the inherent need to secure environmental integrity. This helps negate an elevated risk of 'greenwashing' that could be present with this category of organisation, as well as contribute to an acceptable level of accountability and a better level playing field.

In contrast, organisations of smaller scale and impact such as universities and not-for-profit organisations, and generally putting forward different kinds of pledges, are recognized to represent a relatively minor threat to climate and the environment, and less capacity in terms of mitigation and adaptation potential. As such, the MRV process for pledges coming from these organisations is scaled to rely on a simpler model of self-reporting and transparency.

## Key components of an effective MRV system

### *Monitoring and reporting*

Making a pledge or promise is the first step of engagement. However, committing to an action or a target is just an empty promise if it is not followed up by implementation. By publicly and regularly reporting environmental data, the full context and details of that promise can be understood, and the implementation can be monitored against the committed target(s).

### *Data availability and quality*

In order for pledges to be verified, larger organisations (including businesses and local authorities) must **publicly disclose their climate and environmental data** on an annual basis.

This disclosure of data should **follow the guidance of global environmental reporting standards** such as, for example, those set by the -

- [Non-Financial Reporting Directive \(NFRD\) or Corporate Sustainability Reporting Directive \(CSRD\)](#),
- [Global Reporting Initiative \(GRI\)](#),
- [Task Force on Climate-related Financial Disclosures \(TCFD\)](#), and
- [International Integrated Reporting Council \(IIRC\)](#).

These recognised global environmental reporting standards support the organisation in guiding their reporting, such as how to report their emissions inventory in line with relevant international, regional or national third-party frameworks.

Measurement and monitoring of environmental metrics should be done **using recognised international, regional or national third-party frameworks and methodologies** such as the [Greenhouse Gas Protocol](#) or the European recommended Life Cycle Assessment (LCA) based methods; [EU Product Environmental Footprint \(PEF\) and Organisation Environmental Footprint \(OEF\)](#). **Commitment/target-setting frameworks or initiatives** (e.g. [Science Based Targets initiative, RE100, Science Based Targets network, etc.<sup>1</sup>](#)) also provide guidance on specific environmental practice (ideally science-aligned), laying out criteria and recommendations that define the parameters for target-setting and progress monitoring.

Reporting those measurements and metrics can be done either directly to the initiative behind those pledges or publicly via a recognised third-party reporting platform (e.g. [MyCovenant, CDP](#)).

In addition to public disclosure, verification by an external auditor is also good practice in environmental reporting as it ensures the quality of disclosed/reported data by a third party. It

is recommended that, where possible, pledging organisations seek third-party verification of their Scopes 1, 2 and 3 emissions, as well as verification of other climate-related information.

### ***Importance and Benefits of public reporting and environmental data verification***

Disclosing environmental data following global environmental reporting standards and using robust reporting frameworks and methodologies is an important way to demonstrate an organisation's commitment to measuring and tackling their environmental impact and ensuring that adequate policies and measures have been implemented to achieve the desired objectives. This way, reporting organisations can build credibility through transparency and be recognised as environmentally effective, in line with the commitments publicly taken. In addition, measuring and reporting data improves internal awareness of the organisational impact on the environment, and can help reduce costs (e.g., energy efficiency gains, recycling issues). It also helps inform the development of an organisation's sustainability strategy while monitoring its progress over time, in line with the public commitment taken to meet several environmental/climate objectives by a certain date. In the world of financial institutions, public reporting of environmental data is becoming a key requirement for portfolio investments, making it ever more relevant for businesses in Europe to disclose regularly and in complete fashion.

Reporting data using a **public reporting platform** (e.g. [CDP](#), [CDP-ICLEI Track](#), [myCovenant \(Covenant of Mayors\)](#), or any national reporting system that publicly displays the data) can further streamline this process, guiding organisations in providing quality, comparable data relevant for environmental performance and progress monitoring, ensuring alignment with the standards mentioned above and in a way that can be effectively communicated to both internal and external stakeholders. These standardised frameworks facilitate completeness and consistency allowing meaningful comparisons of progress towards environmental goals over time.

### ***(What we mean by) Verification***

Recognizing capacity limitations in terms of data verification for each and every pledge, the term verification under the European Climate Pact is defined as follows:

- In order for a pledge to be verified, the organisation or pledger is to provide sufficient data to inform their pledge. Pledge-relevant data should follow the specific criteria and quality standards for target setting and reporting as indicated by the commitment initiative or the reporting framework through which the pledge is made, and ideally checked through third party verification. A consistency check for every submitted pledge is made by the European Climate Pact secretariat.
- Pledging organisation must provide regular (at least once yearly) progress updates through the commitment initiative or by reporting, this reporting must be publicly available, and is meant to measure progress against the target/commitment made under the pledge (in particular for North Star pledges).

Please note that as the global environmental standards' arena is in constant evolution, so are the pledging and MRV system of the European Climate Pact. While this document names some of the most widely recognized commitment frameworks and standards, which are incorporated into the current MRV system of the European Climate Pact, we very much welcome pledges hosted under any other equivalent and comparable framework. Through the onboarding of relevant target setting and reporting frameworks into the European Climate Pact system, the MRV criteria for pledges may be expanded.

## MRV Status

To accommodate the wide range of pledges welcomed under the European Climate Pact, a range of MRV status types have been defined.

The type of MRV status allocated to pledges depend on the level of information provided by the pledging organisation in support of their commitment, and the quality of reporting linked to the pledge. These categories are described as follows:

- **"Pact MRV in place"**: Pledges that satisfy the monitoring and reporting criteria of recognised third-party frameworks and methodologies or commitment/target-setting initiatives will be marked with a 'Pact MRV in place' in their MRV status. Pledges that have provided evidence of being independently verified by a third-party will also qualify for this status. All pledges must also be regularly reported against.

This designation indicates that monitoring and reporting of sufficient information to inform that pledge is complete. Pledges missing any of the required information will be either fundamentally or analytically incomplete and the European Climate Pact will be unable to verify them. In these cases, pledges will not be accepted or displayed on the European Climate Pact website.

- **"Self-verified"**: Organisations who do not publicly disclose their environmental actions through independent third-party platforms should still provide regular progress data with the European Climate Pact by sharing a link to a publicly available resource - e.g., the company's website. Official reports, such as sustainability reports, annual financial reports or strategic plans, are also good means for organisations to periodically report on progress towards the targets committed under the pledge(s).

For these self-reporting organisations, the MRV status will be indicated as 'Self-verified'. This stands to clarify that verification of such pledges will be conducted by the pledging organisation themselves, in response to follow-on prompts from the European Climate Pact linked to their original pledge.

- **"Publicly announced"**: Pledges that have only been announced, but for which data is not yet available – e.g., a public commitment to set science-based emissions



reduction targets - the MRV status will be indicated as “Publicly announced”. This status will be changed once data is available, according to the reporting mechanism chosen by the organisation.

The following table summarises the various MRV Status types.

*Table 1: Summary of MRV Status types*

<b>MRV Status</b>	<b>Pledge source</b>	<b>Reporting source</b>	<b>Data consistency</b>
Pact MRV in place	<ul style="list-style-type: none"> <li>• Third-party organisation (e.g., DG JUST’s Green/Sustainable Consumption Pledge, OEF-PEF methodologies, RE100, SBTi, CoM, CDP, WBCSD, etc.)</li> <li>• European Climate Pact website</li> <li>• Pledging Organisation’s website</li> </ul>	Third-party organisation (e.g., RE100, DG JUST, CDP, SBTi, etc.)	Pledge data is provided following the requirements of the European Climate Pact
Self-verified	<ul style="list-style-type: none"> <li>• European Climate Pact website</li> <li>• Pledging Organisation’s website</li> </ul>	<ul style="list-style-type: none"> <li>• Dedicated section of the organisation’s website.</li> <li>• Publicly available official report encouraged.</li> </ul>	Pledge data is provided by the organisation
Publicly announced	<ul style="list-style-type: none"> <li>• Third-party organisation (e.g., DG JUST’s Green/Sustainable Consumption Pledge, RE100, CoM, CDP, SBTi, etc.)</li> <li>• European Climate Pact website</li> </ul>	Not yet available and should be provided within 12 months from pledge submission	Not yet available. Pledge consistency check will be performed as soon as data is made available by pledging organisation



#MyWorldOurPlanet  
#EUClimatePact

EUROPEAN UNION The European Union flag, featuring twelve yellow stars in a circle on a blue background.

	<ul style="list-style-type: none"><li>• Pledging Organisation's website</li></ul>		
--	---	--	--

© European Union, 2022. This document should not be considered as representative of the European Commission's official position