Technical assistance in realisation of the 5th report on progress of renewable energy in the EU

Task 4

Review of the operation of the voluntary schemes that have been recognised by the Commission including identifying best practices.

ENER/C1/2019-478

October 2020

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Manuscript completed in October 2020

Luxembourg: Publications Office of the European Union, 2020

ISBN: 978-92-76-22443-3
Doi: 10.2833/10640
Catalogue number: MJ-02-20-775-EN-N

EUROPEAN COMMISSION

DIRECTORATE C
Renewables, Research and Innovation, Energy Efficiency

European Commission
B-1049 Brussels

Publications Office
of the European Union

NAVIGANT
A Guidehouse Company

Review of the operation of voluntary schemes

- Final report -

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European Commission - DG ENER

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12 October 2020

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[1] On October 11, 2019, Guidehouse LLP completed its previously announced acquisition of Navigant Consulting Inc. In the months ahead, we will be working to integrate the Guidehouse and Navigant businesses. In furtherance of that effort, we recently renamed Navigant Consulting Inc. as Guidehouse Inc.

SUMMARY

Voluntary schemes are the main method used by economic operators to demonstrate compliance with the mandatory sustainability requirements for biofuels that are counted towards renewable energy targets under the Renewable Energy Directive (2009/28/EC), as amended by the Indirect Land Use Change (ILUC) Directive (2015/1513). Voluntary schemes are expected to continue this vital role under the recast of the Renewable Energy Directive ("REDII") which will apply from 1 July 2021. From this time, the role of voluntary schemes is likely to be expanded further to help demonstrate compliance with new mandatory sustainability requirements for biomass fuels (solid and gaseous biomass, whether used for power, heat or transport).

The first voluntary schemes were recognised by the European Commission in 2011. Since then, the schemes themselves and the biofuels market have developed significantly and there are lessons to be learned. Article 18(6) of the ILUC Directive (2015/1513) introduced a requirement for recognised voluntary schemes to report annually to the Commission covering aspects such as their approach to auditing, transparency, stakeholder involvement, robustness, monitoring and accreditation of certification bodies, as well as data on the market uptake of the scheme. The reporting requirement aims to increase the information available on the operation of the voluntary schemes in practice through increasing transparency, to improve oversight by the Commission and to enable sharing of best practice and learning across the system[2].

Voluntary schemes were required to submit their first report to the Commission by 6 October 2016 and are required to report annually thereafter by 30 April each year, covering the previous calendar year. At the time of writing, therefore, the Commission has received five rounds of reports from voluntary schemes (October 2016, April 2017, April 2018, April 2019 and April 2020).

This report presents an overview of the experience of voluntary scheme annual reporting to date, aiming to both collate the information on what is reported and to identify best practices. The report also includes a summary of the quantitative data on market uptake reported by schemes for the calendar year 2019 (as submitted in the April 2020 reports). This report is prepared based on the voluntary scheme reports received, complemented by a selected review of scheme documents and stakeholder outreach. Additional insights gained through Navigant's support to the Commission to harmonise and strengthen sustainability certification for biofuels, bioliquids and biomass fuels under the REDII have also been included[3] .

Chapter 2 gives an overview of the market uptake data submitted by schemes for 2019, including a description of the data limitations and recommendations for improving the data reporting process. The following chapters (3 to 7) each discuss what has been reported by voluntary schemes and what is identified as best practice, per topic. Chapters 3 to 7 are structured according to the topics Approach to Auditing, Transparency and Reliability, Stakeholder Engagement and Continuous Improvement, to reflect the aspects that the schemes report on to the Commission. The final chapter (7) discusses scheme Governance. This is not an aspect that schemes are required to report to the Commission on, but nevertheless is important to ensure that schemes have the legal capacity and the technical and operational structure required for the task. The appendix covers the full list of countries of origin for certified biofuels and information on the governance structures of selected voluntary schemes.

[2] Directive (2015/1513), clause (24)

[3] Specific contract ENER/C1/2019-421/2) in the context of the Framework Service Contract ENER/C1/2018-513

1. INTRODUCTION

Voluntary schemes are the main method used by economic operators to demonstrate compliance with the mandatory sustainability requirements for biofuels and bioliquids that are counted towards renewable energy targets under the Renewable Energy Directive ("RED", Directive 2009/28/EC[4]), as amended by the Indirect Land Use Change (ILUC) Directive (2015/1513) which was implemented on 9 September 2015. Voluntary schemes are expected to continue this vital role under the recast of the Renewable Energy Directive ("REDII") which will apply from 1 July 2021. From this time, the role of voluntary schemes is likely to be expanded further to help demonstrate compliance with new mandatory sustainability requirements for biomass fuels (solid and gaseous biomass, whether used for power, heat or transport), as well as for renewable fuels of non-biological origin and recycled carbon fuels.

Only schemes that are deemed to robustly cover the mandatory sustainability criteria for biofuels are recognised by the European Commission[5]. Recognition decisions last for five years, at which point schemes can apply to the Commission to be re-assessed and re-recognised for a further five-year period.

The first voluntary schemes were recognised by the European Commission in 2011. Since then, the schemes themselves and the biofuels market have developed significantly and there are lessons to be learned. Whilst all recognised schemes meet the minimum RED requirements – covering sustainability, greenhouse gas emissions, chain of custody and approach to auditing – there are differences in the coverage of the schemes and in how they operate in practice.

In 2016 the European Court of Auditors (ECA) published a report[6], which aimed to assess the extent to which a reliable certification system for sustainable biofuels was operating in the EU. Recommendations were made with respect to the coverage of the sustainability criteria, improving the governance and transparency of voluntary schemes, the supervision of voluntary schemes by the Commission (including having a transparent complaint system), the collection and reporting of data on sustainable biofuels and the increased harmonisation of the definition of wastes.

Efforts have been made through the ILUC Directive, the re-recognition process for voluntary schemes (when original Decisions expired) and in the drafting of the REDII to resolve the issues identified by the ECA and to take on board lessons learned from the experience of the schemes in practice and to improve harmonisation of aspects where there have been differences between schemes that could cause distortions in the market place. These efforts are detailed further below.

Annual reporting was introduced in the ILUC Directive

In response to both the ECA report and broader learning from Member States and the Commission, the ILUC Directive introduced a requirement for recognised voluntary schemes to report annually to the Commission with the aim to increase transparency and the information available on the operation of the voluntary schemes in practice, to improve oversight by the Commission and to enable sharing of best practice and learning across the system[7].

[4] Similarly Article 7(c), paragraph 6 of Directive 98/70/EC ("Fuel Quality Directive")
[5] The Commission publishes a list of recognised voluntary schemes on their website: https://ec.europa.eu/energy/en/topics/renewable-energy/biofuels/voluntary-schemes
[6] Special report No 18/2016: The EU system for the certification of sustainable biofuels: https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=37264
[7] Directive (2015/1513), clause (24): "Voluntary schemes play an increasingly important role in providing evidence of compliance with the sustainability requirements laid down in Directives 98/70/EC and 2009/28/EC. It is therefore appropriate to mandate the Commission to require voluntary schemes, including those already recognised by the Commission in accordance with Article 7c(6) of Directive 98/70/EC and Article 18(6) of Directive 2009/28/EC, to report regularly on their activity. Such reports should be made public in order to increase transparency and to improve oversight by the Commission. Furthermore, such reporting would provide the necessary information for the Commission to report on the operation of the voluntary schemes with a view to identifying best practice and submitting, if appropriate, a proposal to further promote such best practice."

Article 18(6) of the ILUC Directive covers the aspects (a) to (k), as listed in the box below, that the recognised schemes have to report on to the Commission. The reporting items cover aspects such as the scheme's approach to auditing, transparency, stakeholder involvement, robustness, monitoring and accreditation of certification bodies, as well as data on the market uptake of the scheme.

Guidance is also issued from the Commission to the voluntary schemes in the form of a letter[8] published on 1 September 2015. A reporting template[9] is published alongside the letter to ensure that market uptake data submitted by the schemes in response to point (f) is comparable and can be easily aggregated.

Box 1. ILUC Directive Article 18(6) Voluntary scheme reporting provisions

(a) the independence, modality and frequency of audits, both in relation to what is stated on those aspects in the scheme documentation, at the time the scheme concerned was approved by the Commission, and in relation to industry best practice;

(b) the availability of, and experience and transparency in the application of, methods for identifying and dealing with non-compliance, with particular regard to dealing with situations or allegations of serious wrongdoing on the part of members of the scheme;

(c) transparency, particularly in relation to the accessibility of the scheme, the availability of translations in the applicable languages of the countries and regions from which raw materials originate, the accessibility of a list of certified operators and relevant certificates, and the accessibility of auditor reports;

(d) stakeholder involvement, particularly as regards the consultation of indigenous and local communities prior to decision making during the drafting and reviewing of the scheme as well as during audits and the response to their contributions;

(e) the overall robustness of the scheme, particularly in light of rules on the accreditation, qualification and independence of auditors and relevant scheme bodies;

(f) market updates of the scheme, the amount of feedstocks and biofuels certified, by country of origin and type, the number of participants;

(g) the ease and effectiveness of implementing a system that tracks the proofs of conformity with the sustainability criteria that the scheme gives to its member(s), such a system intended to serve as a means of preventing fraudulent activity with a view, in particular, to the detection, treatment and follow-up of suspected fraud and other irregularities and where appropriate, number of cases of fraud or irregularities detected;

(h) options for entities to be authorised to recognise and monitor certification bodies;

(i) criteria for the recognition or accreditation of certification bodies;

(j) rules on how the monitoring of the certification bodies is to be conducted;

(k) possibilities to facilitate or improve promotion of best practice.

Voluntary schemes were required to submit their first reports to the Commission by 6 October 2016 and are required to report annually thereafter by 30 April each year. The first report covered at least six months from 9 September 2015, while subsequent reports – submitted by 30 April – should cover

[8] https://ec.europa.eu/energy/sites/ener/files/documents/PAM%20to%20vs%20annual%20reporting.pdf ("New legal reporting requirements for voluntary schemes")
[9] https://ec.europa.eu/energy/en/topics/renewable-energy/biofuels/voluntary-schemes ("Data reporting template")

the preceding calendar year. The requirement to submit a report applies to recognised voluntary schemes that have operated for at least 12 months.

New scheme Assessment Protocol used for voluntary schemes (re-)recognised under the RED

Voluntary schemes have been assessed against a set of sustainability requirements defined in an Assessment Protocol template. The template covers both the mandatory RED criteria and aspects from the notes to voluntary schemes that have been published by the Commission since 2014. Voluntary scheme recognition is contingent on the scheme meeting all the requirements relating to their specific scope of operation. The template was updated in November 2015[10] to include the new requirements from the ILUC Directive, preliminary findings from the ECA audit and aspects from the Commission notes to voluntary schemes, in particular, relating to audit quality, transparency and scheme governance. All new schemes going through the recognition process, or existing schemes applying for re-recognition, have been assessed against this new template since November 2015.

Further improvements will be introduced in the REDII

The REDII – which will cover the period 2021 to 2030 – introduces additional elements that further aim to strengthen governance and the practical operation of voluntary schemes. By 30 June 2021, the Commission will set out further details in an Implementing Act, including adequate standards of reliability, transparency and independent auditing and require all voluntary schemes to apply those standards. Navigant has provided technical support to the Commission in the preparation of the Implementing Act and in the update of the Assessment Protocol template, with the overall aim of harmonisation and strengthening the sustainability certification system for biofuels, bioliquids and biomass fuels under the REDII[11].

A (preliminary) REDII Assessment Protocol template was published in July 2020[12]. This includes new requirements from the REDII and formalises existing requirements (and experience) from the RED. The template may be further revised following the publication of the Implementing Act. All schemes seeking to be recognised against the REDII will need to be assessed against this new template.

Article 28(2) of the REDII also requires the Commission to establish an EU-wide database to trace all liquid and gaseous transport fuels promoted under the REDII, aiming to improve traceability and minimising the risk of single consignments of fuels being claimed more than once in the EU. Member States will require economic operators to enter into the database information the sustainability characteristics of fuels placed on the market, including their life-cycle greenhouse gas emissions. Voluntary schemes will also play a key role in the practical operation of the database.

This report is based on the 2019 and 2020 voluntary scheme reports and market data

Annual reporting by voluntary schemes, as introduced in the ILUC Directive, continues under the REDII (Article 30(5)).

This report aims to collate the information on what is reported and to identify best practices. The report also includes a summary of the quantitative data on market uptake reported by schemes for the calendar year 2019 (as submitted in the April 2020 reports). This report is prepared based on the voluntary scheme reports received (see Table 1), complemented by a selected review of scheme documents and stakeholder outreach. Additional insights gained through Navigant's support to the Commission to harmonise and strengthen sustainability certification for biofuels, bioliquids and biomass fuels under the REDII have also been included.

[10] Assessment Protocol template RED. Available at: https://ec.europa.eu/energy/sites/ener/files/documents/Assessment%20Protocol%20template_111115.pdf

[11] Harmonisation and strengthening of sustainability certification for biofuels, bioliquids and biomass fuels under REDII. Draft report. April 2020.

[12] Assessment Protocol template REDII. Available at: https://ec.europa.eu/energy/sites/ener/files/assessment_protocol_template_redii_final.pdf

Table 1. Overview of voluntary scheme annual reports included in this report

	Scheme	Full name of scheme	Annual report	Market data
1	ISCC EU	International Sustainability and Carbon Certification	Y	Y
2	Bonsucro EU		Y	Y
3	RTRS EU RED	Round Table on Responsible Soy EU RED	Y	Y
4	RSB EU RED	Roundtable of Sustainable Biomaterials EU RED	Y	Y
5	2BSvs	Biomass Biofuels voluntary scheme	Y	Y
6	Red Tractor	Red Tractor Farm Assurance Combinable Crops & Sugar Beet Scheme	Y	Y
7	SQC	Scottish Quality Farm Assured Combinable Crops	Y	Y
8	REDcert		Y	Y
9	Better Biomass		Y	Y
10	RSPO RED	Roundtable on Sustainable Palm Oil RED	N	Y
11	KZR INiG System		Y	Y
12	SSAP EU	U.S. Soybean Sustainability Assurance Protocol	Y	Y
13	TASCC	Trade Assurance Scheme for Combinable Crops	N	N
14	UFAS	Universal Feed Assurance Scheme	N	N

Note on Table 1

[1] TASCC and UFAS are chain of custody only schemes whose scope relates to the purchase and distribution of material that originates on UK farms and is covered by the Red Tractor or Scottish Quality Farm Assured Combinable Crops schemes. As such it is these two schemes which certify at the origin of the chain of custody and a submission of market uptake data from TASCC or UFAS would lead to duplicate information as RED compliant material is not purchased outside of those two farm schemes.

How to read this report

Chapter 2 gives an overview of the market uptake data submitted by schemes for 2019, including a description of the data limitations and recommendations for improving the data reporting process. Chapters 3-7 then collate and describe the information reported by schemes to fulfil the other reporting points. The aim of this report is to collate the information reported to date by voluntary schemes, provide recommendations on how to improve annual reporting and to advise on best practice in the operation of the schemes. The chapters are structured according to the topics Approach to Auditing, Transparency and Reliability, followed by Stakeholder Engagement and Continuous Improvement to reflect the remaining aspects that schemes report on to the Commission.

For each chapter, an overview of the information reported by schemes is given, describing examples from specific schemes to give a flavour of what schemes have reported and where schemes differ in their approach and giving suggestions for additional information that could be of value for schemes to report. For each aspect we then describe best practice and areas where schemes could further harmonise or improve. This report should be read alongside the Assessment Protocol that the Commission uses to assess voluntary schemes against prior to their recognition, as well as the actual scheme documentation. Schemes differed in their approach and level of detail of reporting to the Commission, so the fact that a scheme does not mention something in their report to the Commission does not necessarily mean that this aspect is not covered in their scheme documentation.

The final chapter (8) of this report discusses Governance. This is not an aspect that schemes are required to report to the Commission on, but nevertheless is important to ensure that schemes have the legal capacity and the technical and operational structure required for the task.

The appendices cover the full list of countries of origin for certified biofuels, as well as information on the governance structures of selected voluntary schemes.

2. MARKET UPTAKE DATA

2.1 Description of data reported

A total of twelve voluntary schemes reported data on market uptake to cover calendar year 2019 (see Table 1). This data included the quantity (in units of mass) of feedstock certified per type of feedstock, the quantity (in units of mass) of biofuels certified per biofuel type and per feedstock type, and the country of origin where the biofuel or feedstock was produced. All schemes used the Commission's data reporting template to standardise the data gathering and reduce potential errors.

Two schemes (TASCC and UFAS) did not report data because they cover only the chain of custody. They therefore use other recognised voluntary schemes to certify the origin of the feedstock. In line with the Commission's guidance, the chain of custody schemes were not obligated to report certified amounts as this would lead to duplicate data reporting on certified feedstocks.

2.2 Aggregated market uptake data

The data presented represents the total feedstock and biofuels certified by voluntary schemes. It therefore represents the feedstock and biofuel volumes produced by certified economic operators and **does not necessarily represent the feedstock or biofuel volumes consumed in the EU28 biofuel market**. Furthermore, note that biofuel data has been excluded from one voluntary scheme due to identified inconsistencies (please refer to section 2.4).

Many of the recognised voluntary schemes were developed to certify compliance with the RED sustainability criteria for EU biofuels. However, it does not necessarily imply that all of their biofuel production is supplied to the EU market. The same argument is true for certified feedstock producers. The link between certified feedstock production and EU biofuel consumption is even weaker as certified feedstock could enter non-biofuels markets as well as non-EU markets. For certified biomethane, it is not clear whether this could also have been used to generate renewable heat or electricity in the EU, rather than entering the transport market. Therefore, the scale of the aggregated voluntary scheme data is insightful and can be seen as a volume of certified feedstock and biofuel that has been largely driven by the introduction of the RED, but it should **not** be used to state a percentage of EU biofuel consumption that is certified to a voluntary scheme.

In total, **21,876 kilotonnes (kt) of liquid biofuels** (including pure vegetable oil), **147,357 thousand m^3 of biomethane** (equivalent to ~106 kt), and **219,266 kt of feedstock** were certified to comply with the EU sustainability criteria as set out in Articles 17(2)-(5) of the RED. (A detailed overview of the volume of each product by feedstock is provided in Table 5 in Appendix A).

The ratio of the mass of feedstock to liquid biofuel and biomethane is greater than 10-fold (although this ratio may be skewed higher due to the exclusion of fuel volumes for one scheme). The high ratio implies that the volume of certified feedstock is higher than the volume used in the biofuels market. This is to be expected as certified feedstock can enter other markets – both non-biofuel markets and non-EU biofuel markets. For example, the Red Tractor and SQC schemes are large UK schemes that existed before the RED and certify the majority of the grain and sugar beet production in the UK, so they certify much more than just the feedstock that goes into biofuel production. In addition, there are processing losses when converting feedstocks into fuels; the actual conversion efficiency will vary depending on both the feedstock type and the biofuel produced.

Looking in more detail at certified liquid biofuels (see Figure 2-1), 12,099 kt (55% by mass of the total) was **biodiesel** and 6,340 kt (29%) was **bioethanol**. The remainder consisted of **Hydrotreated Vegetable Oil (HVO)** biofuels (2,671 kt, 12%), **pure vegetable oil** (380 kt, 1.7%) and **other fuels** (385 kt, 1.8%). In comparison to the market data reported in 2017, there has been a large increase of 50% in HVO, a decrease of 64% in pure vegetable oil, while ethanol and biodiesel volumes have remained fairly constant. (Please note the basis for comparison is not the same. One scheme's data was entirely excluded in 2017, and similarly biofuels data were excluded from one scheme in 2019.)

Figure 2-1. Total certified liquid biofuels by fuel type in 2019

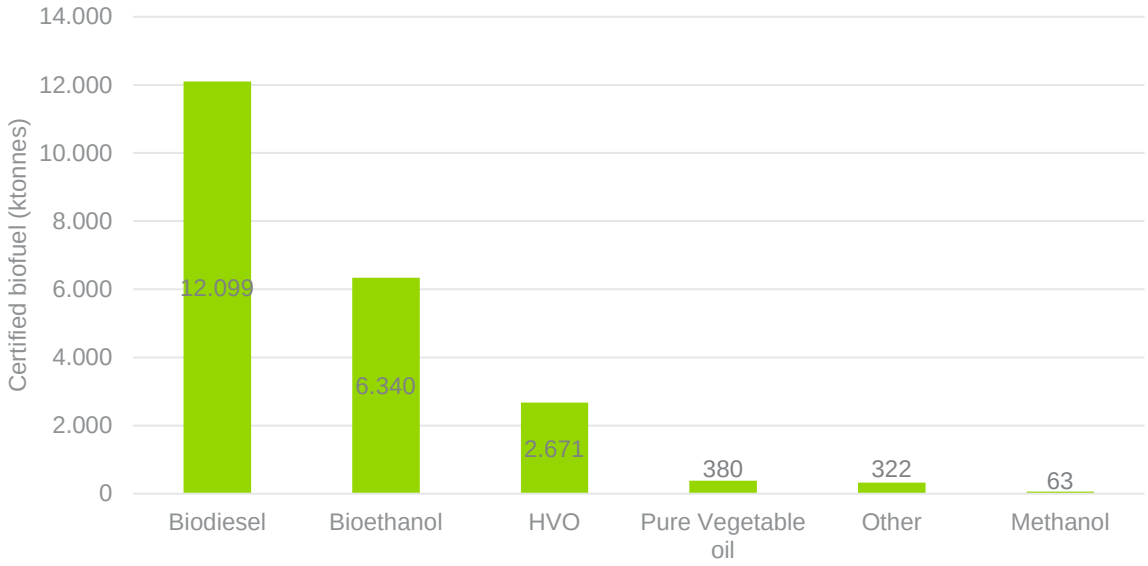


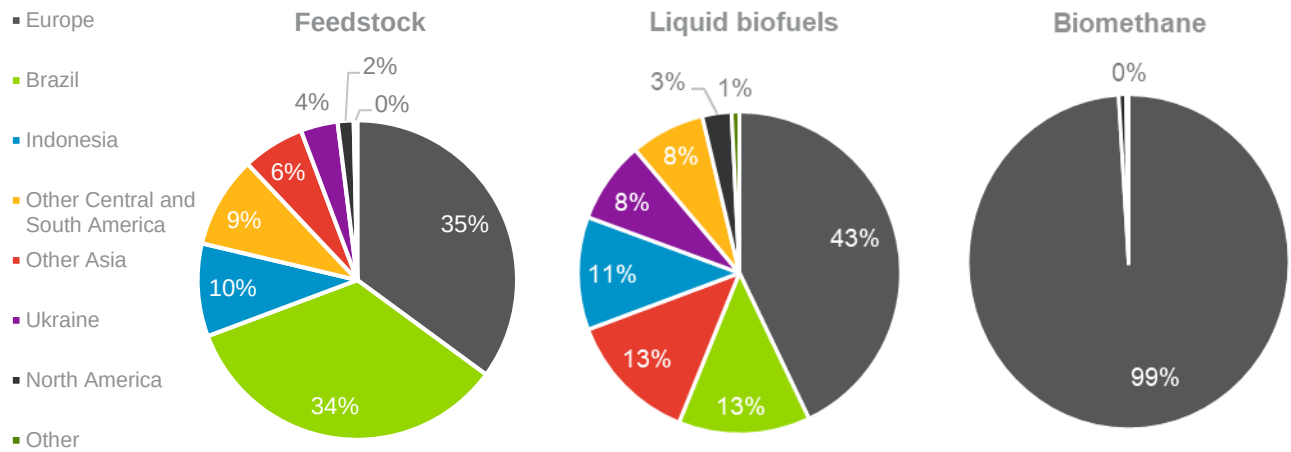
Figure 2-2 presents the key countries/regions of feedstock origin for certified feedstocks, liquid biofuels and biomethane.

For **certified feedstocks**, the largest countries and regions of origin are Europe (35% and primarily rapeseed and wheat), Brazil (34% and primarily sugar cane), Indonesia (10% and primarily palm oil) and other Central and South America (9%). Within Europe, the largest contributing Member States are the United Kingdom (13% of total certified feedstock), France (5%), Germany (3%) and Poland (3%).

For **liquid biofuels,** Europe represented only 43%, of which the largest contributing Member States are France (10% of total liquid biofuels), Germany (4%), Poland (4%), and Spain (3%). The remaining top contributors of feedstock origin for certified liquid biofuels are Brazil (13% and primarily bioethanol), Other Asia (13%), and Indonesia (11% and primarily biodiesel).

As is expected, 99% of **biomethane** was produced from feedstock certified in Europe, primarily from the United Kingdom (31% of total biomethane), Denmark (26%) and the Netherlands (15%).

Figure 2-2. Product by country of origin in 2019[13]; Units % (by mass)



[13] Other includes Oceania, Africa and Middle East.

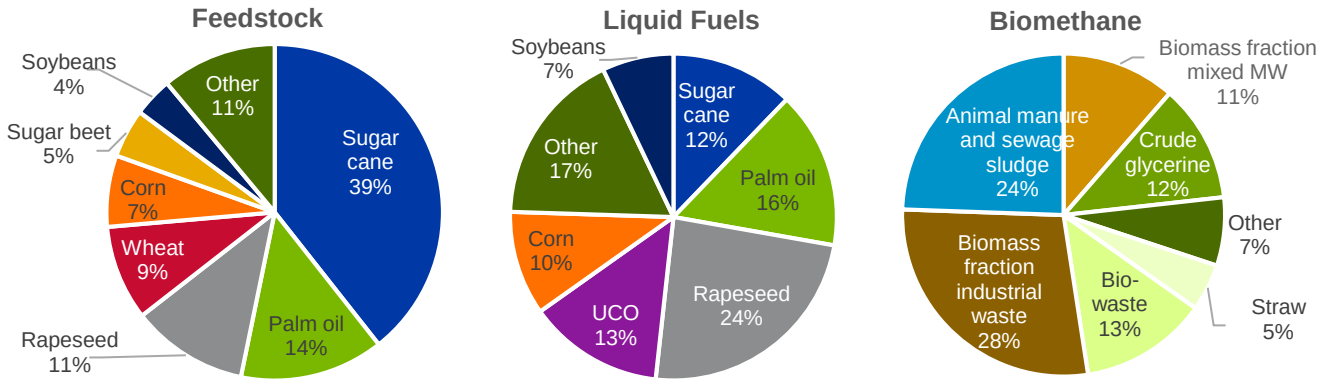
The feedstock type is seen to vary widely between certified feedstock, liquid biofuels and biomethane.

As shown in Figure 2-3, the top 3 largest feedstocks of **certified feedstocks** are sugar cane (39%), palm oil (14%) and rapeseed (11%). It is important to note that feedstock masses are reported as weight received. Since sugar cane has a very high moisture content compared to other feedstocks, this may be a contributing reason as to why it has the largest share by mass.

Similarly for **liquid biofuels**, the top 4 largest feedstocks are rapeseed (24%), palm oil (16%), used cooking oil (13%) and sugar cane (12%).

For **biomethane**, the top 3 largest feedstock categories are the biomass fraction of industrial waste (28%), animal manure and sewage sludge (24%) and bio-waste (13%).

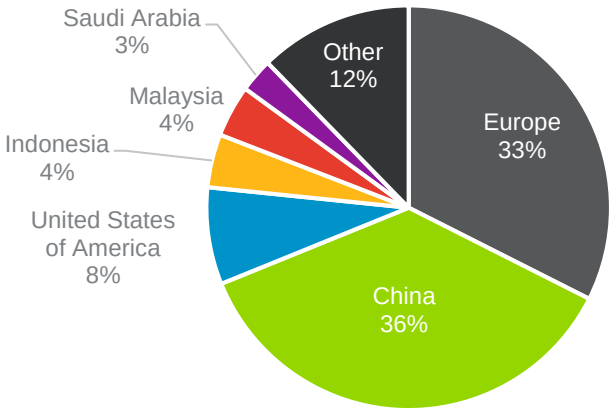
Figure 2-3. Total certified feedstock/biofuel per feedstock in 2019; units % share (by mass)



2.3 Assessment of used cooking oil market uptake data

Used cooking oil (UCO) has seen signficant demand as a feedstock for EU biofuels production to date, largely driven by the double counting incentive available in several Member States. Of the 84 countries from which UCO feedstock was sourced, the top 3 countries/regions are China (36%), Europe (33%) and the US (8%), as shown in Figure 2-4. In total, 3,232 kt of certified UCO feedstock was reported by the voluntary schemes (2,184 kt of which was imported) and 2,941 kt of certified UCO based liquid fuels. Approximately 82% of UCO based biofuel is biodiesel, 18% is HVO and a negligible amount is other fuel.

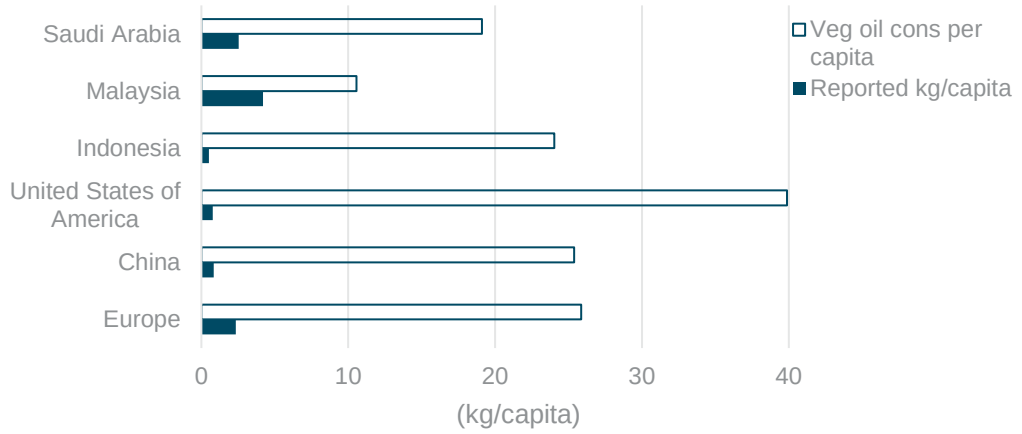
Figure 2-4. Used cooking oil feedstock by country/region of origin in 2019



There have been concerns raised by some commentators regarding the plausibility of UCO supply, in particular given the significant level of imports from outside Europe. The reported UCO data was therefore subjected to several checks. These are summarised below:

Sense checking volume per capita. The reported UCO volumes were divided by the total population of the country/region to verify whether the consumption per capita falls within a reasonable range.[14] The highest volumes per capita reported were in Malaysia, Saudi Arabia and Europe – 4.19, 2.54, and 2.34 kg UCO/capita respectively. Per capita food vegetable oil consumption figures vary depending on geography, and range from ~10 kg/capita in least developed countries, ~25 kg/capita in the EU, and ~40 kg/capita in the US.[15] Even considering that only a share of UCO is exported to the EU, the reported kg/capita figures are within a reasonable range, as they are well below typical consumption of vegetable oils per capita.

Figure 2-5. Reported used cooking oil per capita vs. food vegetable oil consumption per capita of country/region



Comparing total volumes per country of origin/region to UCO availability estimates. The top UCO producing countries and regions were compared to availability estimates. This included the EU, China, US and Indonesia.

- The EU-28 is estimated to collect ~1.2 Mt of UCO annually.[16] A total of 1.05 Mt certified UCO was reported by the voluntary schemes, thus this volume is feasible considering it is lower than the estimated collected volume.

- China, the largest collector of waste greases in Asia, is estimated to collect 3 Mt of UCO and gutter oil and export ~1.5 Mt.[17] The reported volume of UCO from China is 1.2 Mt, thus this falls within a feasible range.

- In the US, yellow grease[18] production was estimated to be in excess of 1 Mt in 2019. However, only a fraction of this is exported as there is domestic demand for waste-based biodiesel of around 650 kt (UCO is no longer used domestically for animal feed as of 2017).[19] Total exports in 2019 were estimated to be 450 kt of which 160 kt was to the EU-28. This is

[14] World Bank Data, Population by country 2019. Available at: https://data.worldbank.org/indicator/SP.POP.TOTL
[15] OECD-FAO Agricultural Outlook 2018-2027, Oilseeds and oilseed products. Available at: http://www.fao.org/3/i9166e/i9166e_Chapter4_Oilseeds.pdf
[16] LMC International (2017), Global Waste Grease Supply.
[17] PRIMA Markets, Shanghai update: Chinese waste boom spurs trade and traceability investment. July 2018.
[18] The term 'yellow grease' is used synonymously with UCO in the US.
[19] Render Magazine, US Market Report, April 2020. Available at: https://rendermagazine.com/past-issues/

lower than the reported certified UCO volume from the US of 251 kt. This discrepancy would need to be further explored with the voluntary schemes.

- In Indonesia, a 2013 study estimated that approximately 650 kt of UCO is produced from gastronomy annually, although it is unknown how much UCO is actually collected.[20] Since only 137 kt certified UCO was reported by the voluntary schemes, this also falls within the range of feasibility, even considering existing uses which were estimated to be around 65 kt.

Comparing reported imported volumes to other sources. The total imported volume of UCO reported was ~2.2 Mt. However, according to analysis by Transport & Environment only 1.5 Mt of UCO was imported in 2019.[21] Although this is only a single data source, this discrepancy is significant and would need to be further explored.

2.4 Data accuracy and limitations

Several schemes described data limitations in their reports, or in subsequent communications during the preparation of this report. The limitations of significance include:

Reporting traded volumes. The Commission's guidance explicitly states that data on certified biofuels should correspond to the volumes arising at the last stage of processing (i.e. at the biofuel production plant). Data on traded material should be excluded. After a follow up discussion with one voluntary scheme, it was evident that traded volumes were reported by several biofuel producers in addition to the biofuel volumes produced. It was not feasible for the scheme to extract the traded data from the reported data. Therefore the biofuels data for this scheme was excluded from the analysis to avoid 'double counting'[22]. The scheme in question has reportedly taken measures to ensure that future data reporting will be based only on the biofuel volumes.

Response rate of economic operators. The market data is collected by schemes via a number of methods. Response rates obtained by schemes vary, particularly for schemes that rely on manual collection methods. As such, the data reported is likely to be an underestimate.

Calendar year and harvest year. For agricultural feedstock producers, calendar years have little meaning compared to harvest years**.** Some schemes have clarified that the data reported for certified feedstock is on a harvest year basis. To obtain data for a calendar year would require collecting data over two harvest years, which is not compatible with the current reporting timeline.

Provisional data reported. Many schemes verify the market data reported by economic operators during the annual audit process. During these audits, the reported volumes are checked by auditors and any identified errors rectified. These audits typically take place after the market data has been reported to the Commission, and therefore the data reported by schemes is subject to change. Several schemes noted that typically on an aggregate scale, the adjusted volumes after audits do not significantly vary from the provisional data that was reported.

Country of origin. One scheme reported countries of origin that are not included in the Commission's data template (namely "European Union" and "Worldwide"). This was due to a miscommunication with their IT team that caused an error in extracting data from another database with different regional annotation. Additionally, another scheme reported "United States" as opposed to "United States of America" and "United Kingdom" as opposed to "United Kingdom of Great Britain and Northern Ireland".

[20] Ecofys (2013), Low ILUC potential for wastes and residues for biofuels

[21] Transport and Environment, More palm and rapeseed in our tanks than our plates, July 2020. Available at: https://www.transportenvironment.org/sites/te/files/publications/Vegetable%20oil%20data%20briefing%202020%20%282%29.pdf

[22] Note that the Renewable Energy Progress Report published by the European Commission alongside this report inadvertently indicates that 'liquid biofuels' are excluded from the voluntary schemes data.

2.5 Best practices

Clear guidance on market data reporting. Schemes such as 2BSvs and ISCC provide clear instructions for economic operators on how to report data (e.g. units, scope).[23,24] ISCC, for example, provides reporting examples and has a list of Frequently Asked Questions. 2BSvs provides clear instructions with screenshot visuals of the portal in which data is reported by economic operators.

Increasing response rates. It can be challenging for some schemes to gather the market data from scheme participants. In particular, smaller economic operators with less resources to formalise the process. The ISCC reports that it has continously evolved its procedures to improve response rates. The actions that proved most effective included:

- Involving auditors to reach out to economic operators for market data since certification bodies typically have closer communication with them.
- Including reporting of market data as a mandatory criterion and issuing a non-conformity for economic operators who do not report in time.
- Sending several rounds of reminder e-mails to economic operators.

These actions resulted in an increase in the response rate from 84% to 88% between 2018 and 2019.

Plausibility checks. Some schemes require that auditors perform a plausibility check during the audit following the market data reporting. Simple desk-based plausibility checks are also performed by comparing data to previous years, checking use of commas versus periods, and whether reported volumes are sensible compared to the capacity of the feedstock or biofuel producer. If errors are identified in either of these steps, they are rectified in the dataset and updated to improve accuracy.

Internal platforms for data collection. Schemes such as 2BSvs and RTRS use internal online platforms to efficiently collect market data from economic operators. This can greatly reduce errors in data reporting compared to data collection by e-mail, or phone, by streamlining the process and reducing human error.

2.6 Recommendations

Based on the data limitations observed and the best practices collected, the following actions are recommended to improve the market data reporting process:

Issuance of guidance to economic operators. All voluntary schemes are encouraged to develop appropriate guidance for economic operators. The guidance should clarify that volumes of traded material should not be reported. Furthermore, that the volumes reported correspond to the relevant voluntary scheme and not to material that has been sourced from another voluntary scheme.

Primary screening of data. A series of plausibility checks should be performed by voluntary schemes to screen the data for any obvious errors. The plausibility checks could include:

- Comparing the reported volumes to the annual capacity of the reporting facility and verifying they are within a reasonable range.
- Ensuring correct use of commas versus periods as different countries use different annotations and could results in a significant discrepancy of 1,000 fold.

[23] https://www.2bsvs.org/how-to-declare-my-production-data-for-the-year-2019-biofuels-and-or-feedstocks-and-materials-before-january-31-2020-.html
[24] https://www.iscc-system.org/client-section/system-users/eu-reporting/

- Comparing the reported volumes to the previous year and verifying with an economic operator if volumes have deviated >10% in a single year.

Commission data reporting template. The reporting template can be improved to facilitate the data reporting process and improve the overall accuracy of the data.

- Inclusion of additional feedstocks and fuels. It has also been suggested by several schemes that the feedstock 'palm oil mill effluent and empty fruit bunches' should be separated as these are very different materials.

- Consistency checks to highlight if invalid countries, feedstocks, fuels or units are reported.

- Consistency checks to highlight if invalid combinations of feedstock-fuel are reported.

- Instructions to clarify that only certified feedstock and fuel volumes should be reported, and not traded volumes.

- Instructions to clarify that palm oil feedstock should be reported as fresh fruit bunches rather than crude palm oil, and to clarify on what basis to report palm oil mill effluent (e.g. dry/wet basis).

It should be noted that the forthcoming Union database will likely address many of the above points. However, since several data limitations refer to feedstock reporting, the database would need to cover the entire chain of custody (i.e. from feedstock to biofuel supplier) to more readily support the market data reporting process.

3. APPROACH TO AUDITING

This chapter describes the schemes' approaches to reporting items (a) on the independence, modality and frequency of audits, and (b) on methods for identifying and dealing with non-compliance. Note that independence of auditors and auditor competences are further described in Chapter 5, Reliability. Independence of auditors and requiring audits before participation in the scheme are both essential aspects of the voluntary scheme assessment framework that must be included for schemes to be recognised by the Commission. The other aspects in this section are also essential for schemes to describe in their documentation before they can be recognised, but there is more flexibility allowed on the exact approach that a scheme can take.

3.1 What is reported by voluntary schemes?

All of the voluntary schemes that submitted an annual report state that auditors who conduct the certification audits must be **independent** from the party being audited. In several cases specific reference is made to relevant ISO standards (ISO 60, 17021, 17065, 19011) and the ISEAL Codes of Good Practice[25] (relevant to Bonsucro, RSB and RTRS). The RTRS scheme also reports that it applied to become an ISEAL community member in December 2019. The process is expected to be concluded by the end of 2020.

REDcert describes that certification bodies implement a **'process of peer review'** in the certification decision process. This ensures that the final certification decision is not taken by the auditor that conducted the audit, but a technical reviewer that was not part of the audit team. This approach is consistent with the ISO 17065 standard[26] and therefore also applied by other voluntary schemes that require certification bodies to be accredited to this standard.

Schemes also mention that **audits take place before participation in the scheme** and describe how these initial audits are conducted. A number of the schemes furthermore specify the **certification validity** and **audit frequency** in their annual reports. The certification validity described by the schemes varies between one and five years.

- 2BSvs describes that their certificate validity is five years and that annual surveillance audits are carried out at the anniversary date of issuing the original certificate with a tolerance of two months. Better Biomass and RTRS also indicate that certificates are issued for a five-year period and annual surveillance assessments are mandatory in between to maintain the certification.[27]

- Bonsucro states that a certificate is valid for three years and that an initial audit is followed by two annual surveillance audits.

- ISCC states that an on-site audit is conducted every year and indicates that additional surveillance audits – either a complete audit or an audit focusing on specific requirements – are conducted in case of non-compliance or if there are substantiated allegations of serious wrongdoing or fraudulent behaviour.

- Red Tractor also carries out annual certification audits, and furthermore conducts 'spot checks' of certified operators (poor performers may be subject to increased frequency of assessment).

- KZR INiG, REDcert, SSAP, SQC, UFAS and TASCC also all undertake annual certification audits.

[25] ISEAL Codes of Good Practice. Available at: https://www.isealalliance.org/get-involved/resources/iseal-codes-good-practice

[26] ISO 17065:2012, Conformity assessment - Requirements for bodies certifying products, processes and services. See section 7.6.2.

[27] RSPO follows a similar approach. However, the scheme did not submit an annual report in either 2019 or 2020.

- RSB notes that the certificate validity depends on the risk of the operator. For low risk operators, certificates are valid for 5 years, for medium risk operators 3 years and for high risk operators 2 years.

All economic operators seeking to continue participating in the voluntary scheme at the end of the term are required to undergo a **re-certification audit** against all the scheme's requirements (comparable to the initial certification audit), although schemes differ in how this is implemented. The majority of schemes require that the re-certification audit is scheduled to take place prior to the expiry of the certificate. Some schemes allow a possible extension of the certificate term (e.g. a 30-day extension is permitted by RTRS under "exceptional circumstances" if "properly justified and registered with the certification body").

Several schemes mention in their annual reports that **on-site** audits are undertaken, although do not generally describe whether **desk-based audits** are allowed, and on what basis. KZR INiG does include this information, and furthermore report that in 2019, 87.5% of audits at first gathering points relied on desk-based evidence for the audits of the farms[28]. RSB also report that the risk level of the operator determines whether the surveillance audit is conducted on-site or desk-based, although the decision ultimately rests with the certification body. In the case of SSAP, it is reported that all audits will initially be undertaken on-site given that it is the first year of operation of the SSAP-RED scheme[29]. Audits may be undertaken remotely in subsequent years depending on the risk classification of the first gathering point.

ISCC describes in its report that all relevant audit documents are submitted for internal review by the scheme as part of the **risk management process** before the certificate and summary audit report are published on the website. The internal review also covers GHG emission information, which is evaluated with respect to plausibility. ISCC furthermore reports that it introduced several new requirements from 1 January 2020 that were developed by its ISCC Technical Stakeholder Committee on Waste, Residues and Advanced Low Carbon Fuels. These largely stem from the EWABA Transparency Standard published in September 2019 and cover various topics, including verification of the existence of points of origin, mandatory surveillance audits after the initial certification of any system user in a high-risk supply chain and a paper-based check of mass balance records prior to the audit. Auditors of waste and residue supply chains were also required to successfully complete a developed training course by 31 December 2019 to be eligible for the certification of system users.[30]

A number of schemes describe the **classification of audit non-conformities (also termed non-compliances)** as minor, major or critical non-conformities and the time period over which non-conformities need to be resolved. KZR INiG and RSB also provide information on the number of non-conformities issued by certification bodies, and their type. KZR INiG indicate that 77 minor non-conformities were issued in 2019, of which 51 related to mistakes or deficiencies in the documentation. RSB report that 68% of the major and minor non-conformities identified in 2019 related to chain of custody/traceability. The number of non-conformities issued per type are also tracked compared to the previous year. This shows an increase in non-compliances raised on chain of custody, which is attributed to the additional assurance measures that the RSB scheme has taken over the last 12 months to increase audit quality on this aspect. Specifically, more detailed audit guidance was published, and traceability was highlighted to the accreditation body as a focus area. It would be useful for all voluntary schemes to systematically report information on non-conformities. This information can give the Commission insights into areas where economic operators most often experience issues, which could be an indication that further guidance or additional requirements would be beneficial.

Finally, several schemes describe how they **deal with economic operators that fail audits or that are excluded from certification due to severe non-conformities or cases of wrong doing**. A

[28] The first gathering point is always audited on-site.

[29] SSAP was formally recgonised as a voluntary scheme by the European Commission on 29 January 2019. See: https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1548840523448&uri=CELEX:32019D0142

[30] ISCC System Updates. 01 October 2019. Avaiable at: https://www.iscc-system.org/update/01-october-2019/

number of schemes furthermore indicate that a list of certified operators and their certificate status (valid, suspended, withdrawn) is published on their website. The RSB scheme also publishes **audit summary reports** which include details of all non-compliances, their classification as major or minor and the actions undertaken to address non-compliances, as well as the evaluation of these activities. KZR provides a summary of the major non-conformities identified and investigated during the reporting year in its report[31]. 2BSvs meanwhile reports that no allegations of serious wrongdoing on the part of its members came to the scheme's knowledge in 2019. ISCC also mentions that it publishes a "blacklist" on its website of ISCC system users that are excluded from ISCC certification due to a severe non-conformity with the scheme requirements, including the time period of suspension.

3.2 Best practice

Multiple stakeholders that were consulted in the update of the REDII sustainability framework for voluntary schemes highlighted that the audit of **wastes and residues, mass balance systems and actual value GHG emission calculations** should be further strengthened.

Several stakeholders reported that auditors need to spend longer on the **mass balance** audit and check more evidence. Furthermore, that the focus of the mass balance audit should be on the evidence, rather than on the system itself. Overall, stakeholders reported that it would be useful to have further guidance on what should be audited as part of the mass balance audit. A streamlined approach helps to ensure a level playing field across the market.

The updated REDII Assessment Protocol template includes a new requirement which specifically addresses the audit of the mass balance system[32]. This covers a number of aspects focusing on both the initial certification audit and subsequent re-certification audits. For the initial certification audit, the auditor needs to check the existence and set-up of the mass balance system participation in a scheme. For annual audits thereafter, the auditor needs to check a number of aspects. These include:

- List of all **sites** that are under the scope of certification. Each site shall have its own mass balance records.
- List of all **inputs** per site, including description of materials and details of all suppliers.
- List of all **outputs** per site, including description of materials and details of all customers.
- Inputs, **outputs and balances** carried forward should be in balance and should be audited and checked against the book keeping system.

Economic operators must also make available to auditors all mass balance data in advance of the planned audit.

The RSB has recently updated its scheme requirements so that as of 1 January 2020, audits of mass balance, or the traceability of sustainability claims, and GHG inventories (including their input data) must meet a **reasonable assurance** level with a 5% materiality threshold.[33] Currently audits under the RED must meet a **limited assurance** level. Reasonable assurance requires a higher level of evidence gathering resulting in a far more in-depth audit, with higher responsibility placed on the certification body. However, it may also significantly increase the audit duration and cost.

Regulators, voluntary schemes and the biofuels industry (notably through EWABA) have been supportive of introducing additional guidance to help manage the risks associated with the use of

[31] Note that the scheme indicated that the information reported is confidential and can not be published.

[32] See 'Assessment Protocol template REDII' (requirement 7.10). Available at: https://ec.europa.eu/energy/sites/ener/files/assessment_protocol_template_redii_final.pdf

[33] RSB, Procedure for Certification Bodies and Auditors, Version 3.6, 1 January 2020. Available at: https://rsb.org/wp-content/uploads/2019/04/RSB-PRO-70-001-vers-3.5-Requirements-CBs-and-Auditors.pdf

wastes and residues, in particular UCO. A number of additional aspects have been incorporated in the REDII Assessment Protocol template[34]. These include:

- Collecting points are required to submit a **list of all points of origin** that have signed a self-declaration to the auditor prior to the audit of the collecting point. The auditor shall **verify the existence** of at least the square root of the points of origin on the list. The verification can be undertaken remotely, unless there is doubt concerning the existence of the point of origin.

- Mandatory **surveillance audit** by the certification body six months after the first (initial) certification. For collecting points and traders that deal with both waste and residues and with virgin vegetable oils, the surveillance audit is conducted 3 months after the first certification audit (covering the first mass balance period).

The threshold for requiring **on-site audits** is also proposed to be reduced from 10 tonnes per month.

The correct and uniform application of the GHG emission calculation across the market is critical to the robustness of the RED sustainability system. Under the REDII, economic operators will need to make available to auditors all relevant information concerning the calculation of actual GHG emissions in advance of the planned audit. This includes input data and any relevant evidence, information on the emission factors and standard values applied and their reference sources, GHG emission calculations and evidence relating to the application of GHG emission saving credits (e_{ccr}, e_{ccrs}, e_{csca}). This will enable auditors to better prepare for the on-site audit.

Additional aspects concerning audit have been included in the REDII Assessment Protocol template, to formalise existing best practice on audit already implemented by the voluntary schemes. This includes, for example, requirements on the audit team composition and audit decision making process.

In terms of **non-conformities**, it would be good practice for schemes to systematically collect and report information on the non-conformities identified by the certification bodies during audits. For example, the number and type of non-conformity (i.e. critical, major or minor and what topic/criteria the non-conformity relates to) and how (or at least whether) the non-conformities are resolved. This includes collecting data on the number of certificates that are suspended or withdrawn. This will give insights into the audits and allow the schemes to identify any trends, or recurring issues, that may be an indication that further clarification or practical guidance is required. Publishing such overview data would also allow the Commission and Member States to improve their oversight and identify areas where further harmonisation can be achieved, or guidance is required.

Although not a requirement in the RED or REDII, voluntary schemes could consider implementing the **ISEAL Codes of Good Practice** to help support the credibility, transparency and effectiveness of their schemes. Alternatively, schemes may look to incorporate specific aspects of the Codes that are most relevant to the operation of their scheme.

[34] See 'Assessment Protocol template REDII' (requirement 7.8). Available at: https://ec.europa.eu/energy/sites/ener/files/assessment_protocol_template_redii_final.pdf

4. TRANSPARENCY

This chapter describes the schemes' approaches taken to reporting item (c) which covers transparency, particularly in relation to the accessibility of the scheme, the availability of translations in the applicable languages of the countries and regions from which raw materials originate, the accessibility of a list of certified operators and relevant certificates, and the accessibility of auditor reports. On 12 March 2015 the Commission published a letter to voluntary schemes with guidance on transparency measures[35].

4.1 What is reported by voluntary schemes?

Voluntary schemes' websites are crucial for transparency as they are often the only point of interaction between the voluntary scheme and the general public. Most of the schemes have an accessible website that is clear and easy to navigate. In addition, the 2BSvs, KZR INiG, REDcert and RTRS websites are available in multiple languages reflecting the geographical coverage of these schemes[36].

The Commission's letter to the voluntary schemes on transparency requires that schemes make the following information available:

- The list of economic operators that are recognised under the scheme and those who no longer participate. Information on the withdrawal or suspension of certificates must be published promptly;
- The latest version of scheme documents, including the guidelines for audits;
- The certification bodies that are permitted to conduct audits and if relevant, where they are accredited;
- Contact details for the scheme (e.g. telephone number, email address and correspondence address); and
- The names of any other voluntary schemes the scheme is recognising.

Following a review of the voluntary schemes' websites, it is evident that not all voluntary schemes fully cover the requirements specified in the Commission's letter. The majority of voluntary schemes provide free access to their **scheme documentation** in English and, where relevant, other languages. Several schemes do not, however, make available the guidelines for audits. The scheme documents themselves should include the date published and/or document version number, as schemes update documents over time. In addition, a summary of the changes made compared to previous document version(s) is considered best practice, as included for example by RSB.

All schemes publish information on the approved **certification bodies**. However, the geographical scope of the certification bodies is not provided by all schemes. Voluntary schemes provide **contact details** such as postal address, telephone number and email address (specific staff and/or general contact email). A number of schemes additionally provide a contact form. Publication of the **names of other voluntary schemes that schemes recognise** is not generally available. This topic is well addressed by the 2BSvs scheme in its annual report.

The lists of **economic operators,** along with the status and validity of the certificates, are also important for transparency. Most voluntary schemes publish this information, although the detail included in the published lists varies across schemes. The lists published by 2BSvs, Bonsucro, ISCC,

[35] Letter to the voluntary schemes concerning transparency measures, 12 March 2015. Available at: https://ec.europa.eu/energy/sites/ener/files/documents/PAM%20to%20vs%20on%20transparency%20ARES%202015%2010949 30.pdf

[36] 2BSvs is available in English and French; KZR is available in English and Polish; REDcert is available in English, German and Polish; and RTRS is available in English and Portuguese.

KZR INiG, RSB and REDcert are the most comprehensive, whereas the RTRS scheme publishes more limited information. A further observation is that identification of suspended or withdrawn certificate holders is not readily accessible for some schemes. Some schemes only provide details of the certificate holders to scheme members (e.g. Red Tractor, SQC, TASCC and UFAS).

Several schemes also make accessible **certificates** in the lists of economic operators. These include the 2BSvs, Better Biomass, ISCC, REDcert, RSB, RSPO, RTRS and SSAP schemes. Four of the fourteen Commission-recognised voluntary schemes **publish summary audit reports**, including Better Biomass, ISCC, RSB and RTRS, while the RSPO goes further and publishes the **main audit report**. Some schemes explicitly mentioned in their annual report that they do not provide public access to the audit reports because of confidentiality issues (namely Bonsucro, Red Tractor and SSAP). 2BSvs mention they can provide access to the audit report upon receiving an authorised request.

Information on the **governance structure** of a scheme is also important for transparency as it provides third parties with an insight into whether the scheme is being overseen and managed appropriately. The Bonsucro, ISCC, Red Tractor, RSB, RSPO and RTRS schemes provide the greatest level of transparency on their governance structure (see Appendix C). The information published by these schemes typically includes an organisational chart, description of the role of the scheme's bodies and how they interact with each other, composition of the scheme's board (and in some cases their profiles), lists of scheme members and articles of association, statutes and/or terms of reference.

Finally, several schemes make accessible the process for dealing with **complaints** made by third parties against economic operators and certification bodies.

4.2 Best practice

Transparency is crucial to enable the voluntary scheme system to be effective. A broad range of stakeholders have an interest in being able to contact schemes and access information, from Commission and Member State policy makers, to scheme participants, certification and accreditation bodies and auditors, to NGOs.

As part of the implementation of the sustainability framework for voluntary schemes under the REDII[37], a number of additional items on transparency have been proposed. This builds on the best practice demonstrated by schemes to date, as well as the ISEAL Assurance Code of Good Practice[38]. These include:

- Information on the governance structure of the voluntary scheme describing the roles of all relevant bodies, details on the ownership structure, and composition and experience of the Board of Directors (or equivalent).
- The list of economic operators shall also include the certificates and/or summary audit reports of economic operators. Information related to natural persons can be redacted from certificates and/or summary audit reports that are published.
- The scheme documents should include a date and version number and, if applicable, summarise any changes made compared to the previous document version.
- Information on the certification bodies that are permitted to conduct audits shall also include the entity or national public authority that it was recognised by and is monitoring it.

[37] See 'Assessment Protocol template REDII' (requirements 7.13 and 7.15). Available at: https://ec.europa.eu/energy/sites/ener/files/assessment_protocol_template_redii_final.pdf

[38] ISEAL Assurance Code of Good Practice Version 2.0. Avaiable at: https://www.isealalliance.org/get-involved/resources/iseal-assurance-code-good-practice-version-20

- Voluntary schemes are also required to set out the process for dealing with complaints made by third parties against economic operators and certification bodies. As a minimum this shall be transparently available on the scheme's website and should include:
    - How complaints are filed (e.g. postal address, email address) and the evidence that is to be provided;
    - Guidance on which complaints are in scope, and which are not;
    - Step-by-step overview of how complaints are handled, from the receipt of the initial complaint through to resolution, and the associated timeframe for each step;
    - Decision making process for complaints and the process for appealing decisions; and
    - How information received from third parties that is relevant for the certification is taken into account (e.g. in the planning of future audits).
- Voluntary schemes must furthermore keep a register of all complaints, and for transparency provide a summary of these complaints to the Commission through the annual reporting process. This could include, for example, a short description of each complaint and assessment of the total number of complaints received in the reporting year and their categorisation.

An additional aspect seen as best practice is that schemes notify interested parties via an **email alert** when a certificate is suspended or withdrawn. ISCC introduced this as part of their 2019 system updates[39]. The notification emails sent to the subscriber only contain basic information and do not contain reasons for the withdrawal of a certificate or the suspension of a company for data protection reasons. The RSB scheme also has a dedicated mailing list and publishes details on its website for every new scheme applicant. Also, since the status of certificate holders may change or be updated, the list of economic operators should also include a **date stamp** to show when the list has last been updated.

Finally, we recommend that all schemes publish the **market data** that they report to the Commission (or a further aggregated form of that data if required). Greater transparency on this has been highlighted by stakeholders as important and is already implemented by several schemes. Schemes should publish information annually on the feedstocks and biofuels certified, including the country of origin (in line with their reporting obligation to the Commission). Data can be aggregated, for example, by publishing regional level data (e.g. Europe, North America, South America etc.) as opposed to country level data should this be necessary to protect the commercial confidentiality of specific economic operators.

[39] ISCC System Updates. Available at: https://www.iscc-system.org/update/01-october-2019/

5. RELIABILITY

This chapter describes the schemes' approaches taken to reporting items, (e), (g), (h), (i) and (j) which together broadly cover the 'Reliability' of the scheme. These reporting items cover the overall robustness of the scheme, including aspects such as qualifications and independence of auditors, monitoring and accreditation of certification bodies and systems to track the proofs of sustainability conformity through supply chains and measures to prevent fraud.

Third-party independent audit and a specific description of the required auditor qualifications and competences are requirements in the assessment framework for schemes to be recognised by the Commission. Auditor competences must be appropriate to the scope of the scheme. It is also necessary for a scheme to describe the approach to accreditation and monitoring of certification bodies, although different approaches are permitted. The details of requirements for fraud prevention are not specifically defined in the assessment framework, so schemes have flexibility to define appropriate measures.

5.1 What is reported by voluntary schemes?

All of the voluntary schemes that submitted their annual report cover the requirement of third-party **independent auditing** and **auditor competency** in their annual report. In several cases specific reference is made to relevant ISO standards (ISO 17021, 17065, 19011) and the ISEAL Codes of Good Practice, which collectively include requirements for auditors to operate in an impartial, consistent and competent manner. The independence of auditors is further discussed in Chapter 8 on Governance.

The majority of schemes also report their process for the **continuous training of auditors**. This includes describing the methods used to train auditors (e.g. on-line training, workshops), the number of hours of training, the examination process and annual refresher sessions to demonstrate that auditors reach an adequate level of knowledge and expertise. It should be noted that all of the above aspects are well documented in the respective scheme's standards, despite not always being explicitly indicated in their annual reports.

Several approaches to independent **accreditation of certification bodies** under the RED voluntary schemes framework. These include:

- Bodies referred to in the Commission Regulation setting out the requirements for accreditation and market surveillance[40];
- Bodies having a bilateral agreement with the European Cooperation for Accreditation[41];
- Accreditation by a national accreditation body affiliated to the International Accreditation Forum (IAF)[42]; and
- Accreditation by being a full member or 'associate' member of ISEAL, or via the 'commitment to comply' with ISO 17011:2004, or justified equivalent within three years.

Schemes therefore differ in the approaches they take on accreditation of certification bodies, although the majority of the schemes use national accreditation bodies that are affiliated to the IAF.

Better Biomass relies on a single national accreditation body to accredit their certification bodies, the Dutch Accreditation Council (RvA). Similarly, the Red Tractor, SQC, TASCC and UFAS schemes exclusively use the United Kingdom Accreditation Service (UKAS). 2BSvs uses two accreditation

[40] Article 4 of (EC) Regulation No 765/2008. Available at: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2008:218:0030:0047:en:PDF
[41] http://www.european-accreditation.org/
[42] https://www.iaf.nu//articles/IAF_MEMBERS_SIGNATORIES/4

bodies, COFRAC (France) and ACCREDIA (Italy), both of which are EA Members and signatories to the IAF Multilateral Recognition Arrangement (MLA)[43] for the accreditation of product certification bodies internationally. KZR INiG also uses two bodies, the Polish Centre for Accreditation (PCA) and RvA, as does Bonsucro who works with the Brazilian National Institute of Metrology, Quality and Technology (INMETRO) and the American National Standards Institute (ANSI). RTRS works with three accreditation bodies, the Organismo Argentino de Acreditacion (OAA), Organismo Uruguayo de Acreditacion (OUA) and INMETRO. Finally, SSAP exclusively uses DAKKS, the IAF affiliated national accreditation body for Germany. DAKKS is a signatory to the IAF MLA.

ISCC has developed an accreditation programme together with the ANSI, which is also a signatory to the IAF MLA. ANSI was responsible for accrediting 21 of the 32 certification bodies operating for ISCC in 2019. The remainder were accredited by the German Federal Office for Agriculture and Food (BLE). Although REDcert allows multiple accreditation options, in practice the BLE is responsible for recognising all certification bodies operating in Germany, while the Krajowy Ośrodek Wsparcia Rolnictwa (KOWR) is responsible for recognising certification bodies in Poland.

Both the RSB and RSPO schemes exclusively use the international accreditation body Assurance Services International (ASI). ASI is a full member of the ISEAL Alliance and meets the ISEAL Compliance Requirements for Accreditation Members, which requires compliance with ISO 17011:2004. ASI delivers accreditation services to multiple voluntary schemes worldwide, including the Forestry Stewardship Council (FSC), Sustainable Biomass Program (SBP) and the Marine Stewardship Council (MSC).

A number of the schemes also describe in their reports that they implement additional requirements for the approval of certification bodies, with reference to the specific scheme standards that are applicable or procedures that are followed. As there are different approaches between the schemes on accreditation and also potential changes within a scheme over time as the approach to accreditation evolves, this is particularly useful information for schemes to report on to the Commission.

Some of the schemes describe the system they have in place for **internal monitoring of certification bodies (i.e. monitoring by the voluntary scheme themselves)**. As with accreditation, this is an area that differs between schemes and over time, so is particularly valuable to report developments and lessons learned to the Commission. Examples of the approaches used by schemes is detailed below:

- 2BSvs monitors the compliance of certification bodies with the provisions of its scheme by reviewing a sample of audit reports based on a risk analysis and undertaking integrity audits which are carried out by recognised third parties. 2BSvs further mentions that it has updated its internal monitoring process in 2019 to include 'benchmark audits' of scheme participants. These audits focus on wastes and residues certification, in particular relating to UCO[44].

- Bonsucro describes that it conducts an annual office audit of certification bodies where compliance against the Bonsucro Certification Protocol is verified. This is complemented by an annual witness audit where auditors are accompanied during one of their audits at the premises of an operator. Verification of a selected sample of operators is also undertaken to cross-check the work of the certification bodies. A report is issued to the certification body with a summary of observations and potential non-compliances. The report is not publicly available. Bonsucro also reports that it signed a service agreement with ASI in 2019 to support the monitoring of its certification bodies[45].

- The ISCC Integrity Program consists of independent audits conducted either by ISCC or by independent auditors acting on behalf of the scheme. These audits take place at the head office of the certification body or at the economic operator certified by the certification body.

[43] https://www.iaf.nu//articles/IAF_MLA/14

[44] Operating Mode for 2BS system users and certification bodies, Integrity program – Benchmark audits. Available at: https://www.2bsvs.org/documents/public_restreint/Contre%20audits_Benchmark%20audits.pdf

[45] ASI & Bonsucro launch oversight project. See: http://www.bonsucro.com/asi-bonsucro-launch-oversight-project/

The results of the performance of the certification body and recommendations for improvement are published in a report. ISCC state that 17 of the active 30 certification bodies were subject to internal monitoring in 2018, which resulted in 66 Integrity Assessments being conducted (covering more than the square root of certified ISCC system users). The audits reflected the geographical distribution of economic operators. In addition, in 2019, ISCC received 35 complaints of which 11 resulted in on-site Integrity Audits. The majority of complaints related to traceability, such as concerns with the waste/residue material declaration.

- KZR INiG operates a similar internal monitoring system and report that in 2019 it carried out 18 planned audits (including both on-site audits at the certification body office and witness audits), 1 additional witness audit was performed due to non-conformities identified in 2018 and 3 audits of economic operators were carried out as part of its internal monitoring. In addition, 4% of the certification bodies' audit reports are checked every year, with a minimum of 3 per certification body.

- REDcert also indicates that it monitors its certification bodies and certification activities as part of its Integrity Management System (IMS). This involves monitoring at the head office of the certification bodies and surveillance (witness) audits in the field. Such audits are performed in case of repetitive problems, complaints and any other observations which may indicate potential non-conformities affecting the certification body's work. REDcert reports that it performed surveillance audits according to the Polish biofuel legislation at 4 of the 5 certification bodies registered for the REDcert scheme. In total, 33 cases were handled by REDcert in 2019 as part of its IMS. REDcert's monitoring process also reviews the duration spent on audits performed by certification bodies and assesses this with respect to an operator's scope and complexity. REDcert also tracks those proofs of sustainability registered in the Nabisy database where the GHG emission saving is greater than 10% compared to the average value of the particular biofuel pathway. These proofs of sustainability are individually assessed by REDcert and have to be confirmed by the applicable certification body.

Some of the schemes describe in their reports how they deal with **non-compliance of certification bodies**. 2BSvs report that Intertek lost its recognition in 2019, due to identified weaknesses in its management control system, and an observed reduction in the available audit resource**.** 2BSvs also report that non-satisfactory assessment results from the documentary audit of Bureau Veritas resulted in additional benchmark audits being undertaken. REDcert report that certification bodies are also excluded in case of repeated performance issues raised during their integrity program. Similarly, Bonsucro report that certification bodies are suspended in case of a major non-conformity, or immediately excluded in case of major failure or evidence of fraud. ISCC states that the scheme may impose sanctions on either the certification body or individual auditor in cases of non-compliance. In 2019, ISCC issued 3 'yellow cards' due to non-conformities of the certification body with ISCC requirements. The detected non-conformities resulted in a closer monitoring of the certification bodies' performance and a higher probability to be subject of further Integrity Assessments. Additionally, ISCC suspended 5 auditors in 2019 (either a lifetime suspension or a suspension for scope-specific audits). KZR INiG report that serious non-conformities were identified with 3 certification bodies in 2019 through the internal monitoring process, resulting in one certification body losing its accreditation.

The approach to dealing with non-compliance of certification bodies does not tend to vary over time, although this information is useful to report to the Commission for context. However, any insights into specific practical experiences with non-conformance of certification bodies or examples of certification bodies where there have been issues is extremely useful for schemes to report to enable better oversight from the Commission and, potentially, for the wider market to benefit from lessons learned.

In terms of measures to **track sustainability information through the supply chain and to prevent fraud**, the majority of schemes describe the proof of conformity for a delivery of sustainable material. However, only three voluntary schemes describe initiatives on how documentation to track sustainable material along the supply chain could be stored in an **information tracking system**. Bonsucro mentions that it is currently working on a database solution to enable real-time data

collection and verification, although they did not specify when the database will be launched[46]. ISCC reports that it commenced pilots of the Trace Your Claim (TYC) database in November 2019[47]. The pilots focused on the supply of UCO and UCO derived biofuels. TYC is a database for documenting and transferring relevant sustainability information (proofs of conformity) from the point of origin of a raw material along the entire value chain, and can serve as a means of preventing fraudulent activity. SSAP describe that it has developed a traceability platform that allows its users to input all their transactions and to manage the mass balance system. We are also aware that RSPO has developed an IT system (RSPO PalmTrace[48]) where scheme participants are required to register their trades.

5.2 Best practice

The internal monitoring process is integral to the robust operation of voluntary schemes as it helps to ensure that the scheme's standards are being correctly applied by economic operators and audited consistently by certificate bodies. Although this is an exsting requirement for all voluntary schemes, there is a large variation in how it has been implemented by schemes to date. With this in mind, the requirement on internal monitoring has been strengthened under the REDII sustainability framework to ensure that all schemes apply a more consistent approach. This takes on board the best practices observed to date. These include:

- The internal monitoring should cross check the work conducted by external auditors (including the time spent on audits).
- Certification bodies are required to submit all audit reports, and **actual value GHG emission calculations** (where applicable) to the voluntary schems.
- Internal monitoring shall be undertaken on **at least an annual basis** and reflect the **geographical and feedstock coverage** of the voluntary scheme, as well as the **level of risk** of the economic operators. The monitoring activities shall include both **audits and the inspection of a sample of audit reports** prepared by each certification body.
- The voluntary scheme shall describe **how the results of the internal monitoring are acted on**. This could include, for example, **issuance of technical guidance** to economic operators and certification bodies, development of training material, **harmonisation meetings** with certification bodies or **possible sanctions** for certification bodies that are not in compliance with the scheme's requirements.

The REDII includes several provisions that will further improve the reliability of the voluntary schemes system. Article 28 requires the European Commission and Member States to strengthen cooperation between national systems and between national systems and voluntary schemes and verifiers (including, where appropriate, the exchange of data), with the aim of minimising the risk of single consignments of fuels being claimed more than once in the European Union. The article furthermore requires that the Commission sets up a Union database to enable the tracing of liquid and gaseous transport fuels. This initiative has the potential to significantly reduce the risk of fraud, particularly if the scope of the database covers the whole supply chain (i.e. from feedstock to fuel supply). The database can also serve as a useful resource to assist voluntary schemes in the monitoring of certification bodies. Finally, Article 30(9) will require Member States to supervise certification bodies perfoming audits. The certification bodies will need to provide relevant information upon request. Where Member States identify a non-conformity they are required to inform the voluntary scheme.

[46] The database is not available at the time of writing.
[47] http://trace-your-claim.com/
[48] https://rspo.org/palmtrace

6. STAKEHOLDER ENGAGEMENT

This chapter includes an assessment of reporting item (d) Stakeholder engagement, particularly as regards the consultation of indigenous and local communities prior to decision making during the drafting and reviewing of the scheme as well as during audits and the response to their contributions. This is not a formal part of the assessment framework that schemes are assessed against to receive Commission recognition, but stakeholder engagement is considered good practice.

6.1 What is reported by voluntary schemes?

The Bonsucro and RSB schemes both indicate that they follow the ISEAL Code of Good Practice for Setting Social and Environmental Standards[49] with respect to drafting and reviewing scheme documents. This standard defines effective standard-setting processes and helps to ensure the credibility of the standard. Bonsucro also describes how it undertakes a mapping to take into account vulnerable communities or those that may be affected by the operations of sugarcane producers or millers. The RSB scheme furthermore describes that decisions with respect to standard development are consensus based and take on board the voices of all relevant stakeholders, including indigenous and local communities. These schemes both publish the procedure they follow for standard development and standard revision.

The Better Biomass scheme also reports that their standards were developed through a process of multi-stakeholder engagement that included non-governmental organisations. Draft versions of the standards were published for public consultation. Similarly, the RTRS report that their standards were developed through a multi-stakeholder development process that included several public consultation rounds. Red Tractor state that their standards are under continuous review and that a formal stakeholder review is undertaken every three years. The SSAP scheme report that the initial drafting of the SSAP protocol included a stakeholder consultation of the most relevant stakeholders within the U.S. soybean market.

The scheme reports demonstrate that they take different approaches to stakeholder engagement during the certification process. For example, the principle of Free, Prior and Informed Consent (FPIC) forms the basis of the stakeholder engagement approach in the Bonsucro and RSB schemes. Bonsucro also report that certified operators are required to map their stakeholders and consult them when a decision may influence them. Auditors also have the possibility to seek evidence of compliance by engaging and liaising with stakeholders during certification audits. The RSB furthermore notes that women, youth, elders, indigenous and vulnerable people are allowed to participate meaningfully in meetings and negotiations and that decisions are taken on a consensus basis in all cases. The Better Biomass scheme requires that operators consult stakeholders under specific circumstances, and in addition provides the option for certification bodies to carry out a stakeholder consultation as part of their audit process. The ISCC scheme may require a participatory social impact assessment to be conducted if negative environmental, social, economic and cultural impacts are identified.

The Bonsucro, RSB and RTRS schemes all explicitly mention that stakeholder consultations are held prior to acceptance of a new scheme participant or field audit. The Bonscuro scheme holds a 30 day public consultation period for every new membership application. Interested stakeholders may submit comments on the applicant's records and behaviour in relation to the Bonsucro Code of Conduct. In the case of the RTRS scheme, a public consultation is carried out two weeks prior the first assessment. In addition, the certification body is required to contact the stakeholders at least six weeks prior to the main compliance assessment taking place. All interested parties can participate and be interviewed by the auditor during the assessment. This includes indigenous and local communities (if they exist). As well as a consultation by the operator, certification bodies carry out a stakeholder consultation before going on-site under the RSB scheme.

[49] ISEAL, Setting Social and Environmental Standards, ISEAL Code of Good Practice, Version 6.0 – December 2014. Available at: https://www.isealalliance.org/get-involved/resources/iseal-standard-setting-code-good-practice-version-60

All the voluntary scheme reports further clarified that they respond to the contribution of stakeholders either through an open communication line, through regular seasonal/annual meetings or through communication with stakeholder committees/councils. A number of voluntary schemes engage with stakeholders through a technical board, a council or a committee that often consists of unions, representatives or association of different stakeholders (e.g. competent authorities, certification bodies, social or environmental NGOs, experts.

6.2 Best practice

It is important that voluntary schemes provide a transparent process for the development and ongoing operation of their scheme standards. Stakeholder engagement during the certification process is also important. However, the relevance of stakeholder engagement depends on the scheme scope. For example, schemes that only cover the certification of the chain of custody would not be expected to provide detailed requirements for stakeholder engagement, whereas this aspect is more relevant for schemes that certify feedstock production, particularly in regions populated by indigenous peoples.

To promote the involvement of stakeholders in decision making and standard development, best practice would include providing a freely accessible and transparent document that explains the process for the development of the voluntary scheme standard. The ISEAL Code of Good Practice on Setting Social and Environmental Standards is considered best practice in this regard. The code recommends that a scheme engages with all relevant stakeholders in its development, including (but not limited to) producers, consumers, traders, retailers, unions, NGOs, indigenous groups, governments, local authorities, international organisations, researchers and academic bodies. It further defines the process for scheme development, including the use of public consultation and a process for the review and revision of standards. The code also recommends issuing freely accessible and transparent documentation as part of a consultation, explaining the process for the development, or revision, of the voluntary scheme standard. In terms of timeline, ISEAL recommends that a public consultation of at least 60 days should be carried out when new standards are developed, or existing standards are updated. A second round of consultation of at least 30 days should be included for new standards development.

Establishing a direct and open communication line that all stakeholders, including indigenous and local communities, can use to directly communicate their views, concerns and complaints about scheme decisions or standard developments is also considered best practice. Publishing audit reports (or public summaries) would also help in this regard as well as systematically allowing stakeholders time (e.g. 30 days) to comment before the audit has taken place and once audit reports are finalised.

Although FPIC (or undertaking a social impact assessment) is not a requirement in the RED (or REDII), it is nonetheless good practice if voluntary schemes consult with stakeholders, particularly local communities and indigenous people and other local stakeholders, when an operation may result in adverse impacts. Stakeholder consultations should also be inclusive and aim to ensure that all relevant groups are able to meaningfully contribute, in particular with respect to local or indigenous communities. Requiring consensus in decision making is also seen as best practice.

7. CONTINUOUS IMPROVEMENT OF VOLUNTARY SCHEMES

This chapter includes an assessment of reporting item (k) possibilities to facilitate or improve promotion of best practice. This aspect is not a formal part of the assessment framework that schemes are assessed against to receive Commission recognition, but is considered good practice.

7.1 What is reported by voluntary schemes?

Continuous improvement is achieved through the implementation of best practice. Most voluntary schemes identify best practices through engagement with their certification bodies or by consulting technical experts.

Several voluntary schemes describe in their annual reports that they schedule regular meetings with their recognised **certification bodies** to identify and implement best practice and to further improve the certification system. Better Biomass indicate that they hold meetings (at least annually) where best practices are shared, and potential interpretation issues related to the scheme requirements are discussed. Attendance is mandatory for all certification bodies. Similarly, 2BSvs report that it organised two "harmonisation meetings" with its certification bodies in 2018 and 2019. The aim is to improve the certification process by incorporating operational feedback gained by 2BSvs and its certification bodies. Certification bodies provide ISCC with an annual evaluation report regarding important non-conformities, corrective actions and risks which have been detected during the audits and inspections of the previous year. These evaluations are taken into account for the continuous improvement of ISCC. REDcert reports the organisation of "Exchange-of-Experience" meetings during which updates on legal and scheme requirements together with the improvement and harmonisation of the certification process are discussed with registered certification bodies. In addition, evaluating the performance of certification bodies via an **internal monitoring system** has been reported by some voluntary schemes as an integral part of the process to improve best practice (see Chapter 5).

Several voluntary schemes describe the procedures they have in place to **implement the promotion of best practice to relevant actors** and to ensure harmonised implementation of practices across the scheme. In addition, schemes describe the training courses that they run for certification bodies, and other interested stakeholders. These include mandatory basic training for scheme auditors, as well as specialised training on topics such as GHG emission calculations and wastes and residues. Several schemes describe that they have implemented mandatory online auditor tests (that auditors need to pass) to further strengthen the reliability of the audits undertaken by certification bodies. The 2BSvs scheme includes an overview of the auditors who took the online test in their annual reports. The RSB also report that it has recently set up a training database to monitor the training status of all active RSB auditors.

2BSvs, Bonsucro, REDcert, Red Tractor and RSB all report that they routinely **consult technical experts** to identify best practice and improve the operation of their schemes. This is achieved through ad-hoc meetings focusing on specific aspects, or more systematically through dedicated technical working groups or technical committees.

Best practice for sustainability standards are also promoted through the **ISEAL Alliance**, of which Bonsucro, RSB and RTRS all report being members. This voluntary initiative builds an understanding of good practice for certification systems and sets internationally applicable good practice guidance for the implementation of credible standards. ISEAL furthermore recommend that schemes implement a **monitoring and evaluation system** to evaluate the scheme's impact. This is practiced by the RSB, RSPO and RTRS schemes and also ISCC despite not being an ISEAL member. ISCC indicate that they started publishing their first 'Impact Report' in 2019[50]. The report provides an overview of ISCC's activities, the roles and limitations of sustainability certification as well as an assessment of the scheme's impact to further inform its continuous improvement process.

[50] ISCC Impact Report 2018. Available at: https://www.iscc-system.org/about/impact-report-2018/

Several schemes also report on the **relevant initiatives** they have implemented to promote best practice. These include tools that may be applied to facilitate the effectiveness of the certification process. 2BSvs has developed an IT application that is used by certification bodies to schedule audits, generate audit records and record the market uptake data. The ISCC Audit Procedure System (APS) tool, which was extensively updated in 2019, aims to simplify the audit preparation and increase the efficiency of the audit by indicating to auditors the questions that are relevant for the particular audit. It also allows multiple auditors to audit the same economic operator at the same time. The Independent Smallholder (ISH) Field App[51], developed by GRAS, and applied by ISCC aims to support the certification of small holders by enabling the efficient management, analysis and visualisation of smallholder data. The Bonsucro Connect Tool[52] is an online tool that helps sugar cane producers to monitor and improve their performance via a 'smart dashboard' and is used by auditors to facilitate the audit process. SSAP has set up a risk assessment tool based on GIS (geographical information system) data that displays the critical and non-critical land use areas. The tool enables the auditor to efficiently verify the land use data of the scheme participant.

Cooperating with other voluntary schemes with respect to tracking of major non-conformities and on the mutual recognition between schemes is also mentioned by REDcert.

Finally, Bonsucro report that they promote the **exchange of sustainable production practices** across the sugarcane sector globally. Bonsucro supports the practical implementation of its Production Standard by conducting technical visits and pre-assessment at production sites, and also to liaise with industry and supply chain actors to support their own sustainability strategies and programmes. Bonsucro indicate that in 2019 almost 1 million Euro was dedicated to the implementation of such programmes. Bonsucro is also piloting various innovative methods to offer producers' benchmarking and learning opportunities in sugarcane producing countries based on the mass collection and interpretation of data through its calculator tool.

7.2 Best practice

Voluntary schemes should engage with all their stakeholders including economic operators, certification bodies, national bodies or NGOs to identify best practices. Open, proactive and regular (at least annual) dialogue is preferred. General assemblies, conference calls, expert task forces or working group meetings are seen as practical ways of engaging with stakeholders. Regional meetings are also seen as important means to ensure that the identified best practices reflect the specific geographical context of a scheme. Covering best practices as a fixed agenda item in those meetings means the topic is kept are the forefront of discussions.

It is important that best practices are regularly discussed and shared with certification bodies. REDcert's dedicated "Exchange-of-Experience" day with certification bodies only and ISCC's tracking of recurring mistakes are good examples of best practice which could be implemented by other voluntary schemes. These initiatives provide a proactive approach to seek feedback from certification bodies, signaling the important role certification bodies have to play in the continuous improvement of voluntary schemes. Furthermore, recommendations and tools that facilitate the better implementation of voluntary schemes can be shared among certification bodies and certified operators, for example, through presentations at conferences or at an annual general assembly meeting, or otherwise through integrity audit reports, newsletters, training programmes, webinars and industry publications.

It is recommended that schemes have a process in place to communicate the identified best practices to stakeholders and to implement new practices in a harmonised and consistent way. This process should also ensure that any potential conflict of interest is avoided, as reported by REDcert.

Finally, voluntary schemes are encouraged to implement a monitoring and evaluation system to assess their impact. According to ISEAL, a monitoring and evaluation system should include steps for

[51] GRAS ISH Module - User Manual. Available at: https://www.iscc-system.org/wp-content/uploads/2017/10/GRAS-ISH-Module_User_Manual.pdf

[52] Bonsucro Connect. A revolutionary cloud-based tool for the sugarcane industry. See: https://www.bonsucro.com/bonsucro-connect/

identifying the impact the scheme intends to achieve, for defining strategies for achieving that impact and for selecting appropriate indicators to monitor and evaluate the impact through its three codes of conduct (Assurance, Standard-Setting and Impact Codes). Although not required, the ISEAL membership of a voluntary scheme sets a common standard all schemes can adhere to.

8. GOVERNANCE

This chapter discusses scheme governance. Unlike the other aspects in this report, this is not something that voluntary schemes are required to directly report to the Commission on, but has been identified as a key aspect that schemes must address to ensure that the certification system under the RED and REDII is reliable.

The Commission can only recognise voluntary schemes if they meet adequate standards of reliability, transparency and independent auditing. A key overarching component is that schemes implement a governance structure that avoids conflicts of interest. Additionally, a transparent complaints system and an effective internal monitoring system are important. This has been previously recognised by European Court of Auditors (ECA) as part of the 2016 Special Report[53]. The report's findings were supported by the European Parliament and the Council, leading to an update of the Assessment Protocol template in November 2015.

The updated template includes a requirement to *"analyse the relationship between the scheme owner, economic operators to be certified under the scheme and the third-party auditors undertaking audits in the context of Directive 2009/28/EC and that the voluntary scheme has the legal capacity and the technical and operational structure required for the task"*. The updated template also includes new requirements addressing complaints and internal monitoring. However, the template does not include specific criteria. So far, assessments have been made on a case-by-case basis, including considerations on the inclusion of different entities as part of the scheme's governance structure, the interaction with scheme users and certification bodies, the level of stakeholder representation together with the decision, complaint and internal monitoring processes used.

In this context, the following sections will highlight current practices implemented by the voluntary schemes on governance and the handling of the complaints process. (Note that internal monitoring is covered in Chapter 5.) As part of the implementation of the sustainability framework for voluntary schemes under the REDII, a number of additional items linked to governance and complaints have been proposed. These requirements are summarised below.

8.1 Governance structure

The ECA's Special Report highlighted how 'company-owned' schemes run by the current management and staff of the company with no specific governance bodies or procedures, present a significant risk of conflict of interest[54]. It also brought attention to the fact that the weak technical capacity of a voluntary scheme's managers and staff does not enable the effective compliance by economic operators with the scheme's standards.

Voluntary schemes currently use three types of ownership structures. They are either led by their members[55], public bodies or a consortia/ association. No company-owned voluntary schemes are still operating. Table 3 highlights the ownership of voluntary schemes recognised by the European Commission. Appendix B provides the organisational charts of a selection of voluntary schemes.

[53] The EU system for the certification of sustainable biofuels, 2016. Available at: https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=37264

[54] The applicable schemes were Ensus/CropEnergies (initially owned by Ensus and later by CropEnergies), HVO Renewable Diesel Voluntary Scheme (owned by Neste) and RBSA (owned by Abengoa).

[55] Members of a voluntary scheme can include organisations from any stage of the biofuels supply chain. For example, agricultural producers, biofuel producers, traders and industry associations.

Table 2. Ownership of Commission recognised voluntary schemes

Ownership	Voluntary schemes
Members	Bonsucro, ISCC, RSB, RSPO, RTRS
Consortia, organisations or associations	2BSvs, REDcert, Red Tractor, SSAP, SQC, TASCC, UFAS
Independent bodies	Better Biomass, KZR INiG System

Although the governance structures vary across the voluntary schemes, several entities are typically represented within these structures: the Board of Directors (Executive Board), the Secretariat (Management team), the Technical Committee(s) or Working Groups and the Certification Body. Appendix C highlights examples of governance structures for a selection of schemes. Actions taken by voluntary schemes to limit conflict of interest are highlighted below for each entity.

Board of Directors (Executive Board)

In order to enable the representation of a broad range of views, **multi-stakeholder representation** is desirable. Schemes such as Bonscuro, ISCC, RSB, RSPO and RTRS have all implemented such a structure. The scope of certification adopted by schemes does however influence which type of stakeholders are relevant to that scheme. As an example, the involvement of civil society representatives is less applicable to schemes whose scope is restricted to the chain of custody (e.g. UFAS and TASCC).

Board member representation should be limited in time to help avoid potential conflict of interest. The RSB and RSPO schemes set a two-year term, while Bonsucro and ISCC apply a three-year terms. Furthermore, the **renewal of the Board's membership over time** offers an opportunity to take into account a broader range of opinions and further guard against conflict of interest. In some cases, the Board is **elected**, for example at a General Assembly meeting (e.g. RSPO, RTRS). In other cases, Board members are simply **appointed** (e.g. RSB)[56].

Lastly, the **independent operation of a Board** to avoid conflict of interest is necessary as part of the decision-making process. This is covered by several schemes in their Statutes or Articles of Association.

Secretariat (Management team)

Schemes generally have a Secretariat to organise their day-to-day operation. It is recommended that the role of such a team, and importantly its relationship with the Board, is clearly defined and have **separate functions**. In the case where a voluntary scheme offers advisory services alongside certification activities, precautions should be taken to avoid any conflict of interests with the scheme's activity.

Technical Committee(s) or Working Group(s)

Voluntary schemes use expert committees either on an ad-hoc or more structural basis. They ensure that the Board has the necessary technical capacity to fulfil its role effectively. Better Biomass, Bonsucro, ISCC, REDcert, Red Tractor, RTRS and RSB all operate in this way. **Equal voting rights**

[56] By 'appointed' Board member, we refer to a Board member selected through a vetting process or background check, carried out to see if a person is qualified to sit on the Board. In contrast, an 'elected' Board member will have been voted in by voluntary scheme members in an organised election.

between the Board and the Technical Committee ensures that they each have the same weight, meaning the Board cannot override the recommendations of the Technical Committee. Alternatively, the Board should not be able to dismiss outright an evidence-based or majority/consensus recommendation made by a Technical Committee. Finally, it is important to avoid potential conflict of interest by ensuring that an individual's role within a Technical Committee is **not compromised in any way by their external activities**.

Certification Body

The independence of a voluntary scheme's certification body (or bodies) is key to ensuring it can verify an economic operator's compliance with the scheme's standards free of external interference. To that effect, voluntary schemes commonly require their certification body to adhere to ISO standards. The **ISO 17021**[57] **or 17065**[58] standards require a clear separation between the scheme owner and the certification body. Furthermore, they attribute the responsibility to award or withdraw a certificate to the certification body. This serves to limit the emergence of conflict of interest between the voluntary scheme owner and the certification body. The ISO 17065 standard also highlights the necessity for a mechanism to be implemented by the certifying body to ensure that audits are based on impartial decisions and free of bias. Impartiality is covered under the same standard, both from the perspective of the certification body, and the auditors that are operating on behalf of the certification body. For example, auditors must sign a contract with the certification body to declare any prior and/or present association with the audit and to reveal any situation known to them that may present them or the certification body with a conflict of interest.

In the REDII Assessment Protocol template the voluntary schemes will be required to provide information on the governance structure of the scheme, the roles of all relevant bodies, details on the ownership structure and composition and experience of the Board of Directors (or equivalent).

In addition, we recommend that several other measures are taken. Firstly, we recommend that the Board governance should be set out in a legal document, such as an Articles of Association, or equivalent. This document should describe the specific roles of the board members, the process for (re-)electing members, terms of engagement and a description of how decisions are taken. The representation within the Board should be in line with the operational context of the voluntary scheme and a clear and transparent expense system should be made available to any stakeholder groups that would not otherwise be able to fulfill their responsibilities on the Board. The day-to-day management of the scheme should be handled separately from the Board of Directors. Secondly, advisory relationships between a voluntary scheme and a third-party should be managed in a transparent way to ensure that conflict of interest is avoided either within the Board or the Technical Committee. Voluntary schemes also need to be able to draw on (independent) experts to get advice on technical issues arising, free of conflict of interest. The duration of such engagements may vary depending on the specific issue, its urgency and complexity. Similarly, the type of issues that voluntary schemes may require external support on will depend on the scope of the scheme. Lastly, voluntary schemes should use certification bodies accredited to either ISO 17021 or 17065 to avoid conflict of interest and ensure the effective verification of compliance with the scheme's standards.

8.2 Complaints process

A robust complaint process improves the reliability of a voluntary scheme and supports their continuous improvement. To enhance transparency, voluntary schemes should set out a clear process for dealing with complaints made by third parties against economic operators and certification bodies. This includes two aspects: guidelines on the process and timeframe for dealing with complaints; together with avoiding conflict of interest are part of this process. The processes and timeframes for complaints that are implemented by the voluntary schemes vary considerable in scope. REDcert documents its complaints process in a dedicated standard, which also includes a

[57] ISO 17021:2011, Conformity assessment - Requirements for bodies providing audit and certification of management systems.

[58] ISO 17065:2012, Conformity assessment - Requirements for bodies certifying product, processes and services.

step-by-step flowchart of the process. Steps are timed and the maximum resolution time should be of four weeks.[59]

Complaints should also be handled in an independent manner, free of conflict of interest. Voluntary schemes address this in different ways. The Ethics Committee of the 2BSvs scheme is tasked with checking that complaints are dealt with by the Executive Board in an independent manner, avoiding conflict of interest.[60] Bonsucro convenes a panel to resolve any appeals against the decision taken by the Board of Directors. The panel comprises the Chair of the Directors of Bonsucro and three Bonsucro member representatives, appointed by the Board of Bonsucro and each representing a different member category. A requirement is that "No person shall act as either a panel member or secretary to the panel if there is any direct or indirect conflict of interest".

In terms of best practice, recommendations were also included in the REDII Assessment Template protocol concerning the complaint process. As a minimum, the process should include online how complaints can be filled and the evidence to be provided, eligible scope of complaints, a overview of the complaint handling process from reception to resolution with the associated timeframe for each step, together with the decision making process involved for their resolution, including the appeal process required if needed. Voluntary schemes should keep a log of all complaints, and for transparency provide a summary of these complaints to the Commission through the annual reporting process.

[59] REDcert Complaints Management System, Version 01, 2017. Available at: https://www.redcert.org/images/SP_EU_Complaint_management_system_Vers.01.pdf

[60] Ethics Chart of the 2BS Association, 2BS-PRO-01-CE, 2016. Available at: https://www.2bsvs.org/documents/public_restreint/2BS-PRO-01-CE%20[Charte%20Ethique]%20v1.0%20(en).pdf

APPENDIX A. LIST OF FEEDSTOCK COUNTRIES OF ORIGIN FOR CERTIFIED BIOFUELS

Table 3. Total certified biofuel in 2019 by fuel type and feedstock; units thousand tonnes (kt) and 1,000 m^3 for biomethane

Feedstock type	Biodiesel	Bioethanol	HVO	Pure vegetable oil	Methanol	Other		Biomethane
Total		**12,099**	**6,340**	**2,671**	**380**	**63**	**322**	**147,357**
Algae	-	-	-	-	-	-		-
Animal fats classified as categories 1 and 2	492.7	-	24.6	0.1	-	0.2		-
Animal manure and sewage sludge	-	-	-	-	9.6	-		36,014.5
Bagasse	-	-	-	-	-	-		-
Biomass fraction of industrial waste	181.9	177.4	35.1	-	17.3	-		41,244.4
Biomass fraction of mixed municipal waste	-	-	-	-	27.1	56.3		16,812.6
Biomass fraction of wastes and residues from forestry and forest-based industries	-	13.5	-	0.4	-	-		1.2
Bio-waste	22.8	46.5	-	-	6.3	-		18,836.9
Cobs cleaned of kernels of corn	-	43.7	-	-	-	-		-
Corn	0.5	2,245.7	-	-	-	12.0		3,545.9
Crude glycerine	6.0	-	-	-	0.2	-		17,419.7

Feedstock type	Biodiesel	Bioethanol	HVO	Pure vegetable oil	Methanol	Other	Biomethane
Grape marcs and wine lees	-	135.5	-	-	-	0.4	-
Husks	-	-	-	-	-	-	-
No feedstock reported	-	-	-	-	-	-	-
Nut shells	-	-	2.4	-	-	-	5.0
Other cereals	-	16.9	-	-	-	-	290.0
Other feedstock	-	35.1	1.7	-	-	160.6	3.0
Other ligno-cellulosic material except saw logs and veneer logs	-	-	-	-	-	-	-
Other non-food cellulosic material	-	-	-	-	-	-	699.1
Other oil crops	18.5	-	-	0.6	-	-	83.0
Other sugar crops	-	5.6	-	-	-	-	-
Other waste vegetable or animal oils	146.8	-	604.5	-	-	-	4,167.2
Palm oil	1,915.6	-	1,387.7	33.5	-	71.5	-
Palm oil mill effluent and empty palm fruit bunches	67.6	-	58.2	4.0	-	-	-
Rapeseed	5,167.5	-	14.1	43.2	-	16.6	-
Soybeans	1,303.5	-	5.6	239.5	-	-	-
Straw	-	-	-	-	2.8	-	6,944.2
Sugar beet	-	482.4	-	-	-	-	1,000.5
Sugar cane	-	2,669.7	-	-	-	-	-

Feedstock type	Biodiesel	Bioethanol	HVO	Pure vegetable oil	Methanol	Other	Biomethane
Sunflower seed	371.6	-	-	58.5	-	-	-
Tall oil pitch	-	-	2.0	-	-	-	-
Used cooking oil	2,404.3	0.7	535.6	0.2	-	-	-
Wheat	-	467.7	-	-	-	4.0	290.0

Table 4. Feedstock country of origin for certified biofuels in 2019– ranked by liquid fuels certified; units thousand tonnes (kt) or 1,000 m^3 for biomethane

Country/Region	Feedstock	Liquid fuels	Biomethane
Total	**219,266**	**21,876**	**147,357**
Europe	76,907	9,389	145,868
Brazil	75,032	2,886	350
Indonesia	20,614	2,477	-
Other Central and South America	20,308	1,630	-
Other Asia	13,832	2,886	-
Ukraine	8,229	1,795	-
North America	3,557	643	1,107
Africa	572	47	33
Middle East	211	120	-
Oceania	4	3	-

Table 5. Feedstock country of origin for certified biofuels in 2019; units thousand tonnes (kt) or 1,000 m^3 for biomethane

Country/Region	Feedstock	Liquid fuels	Biomethane
Total	**219,266.4**	**21,876**	**147,357.1**
Afghanistan	43	6	0
Albania	0	0	0
Andorra	0	0	0
Argentina	4,865	864	0
Australia	1,852	408	0

Country/Region	Feedstock	Liquid fuels	Biomethane
Austria	130	148	1,359
Azerbaijan	0	0	0
Bahrain	4	1	0
Belarus	151	33	0
Belgium	584	115	1,022
Benin	104	1	0
Bolivia (Plurinational State of)	975	33	0
Bosnia and Herzegovina	4	2	0
Brazil	75,032	2,886	350
Bulgaria	1,281	318	0
Burkina Faso	157	4	33
Cambodia	3	0	0
Canada	1,729	159	0
Chile	20	15	0
China	1,187	1,094	0
Colombia	1,687	123	0
Congo	0	0	0
Costa Rica	2,070	24	0
Côte d'Ivoire	24	0	0
Croatia	292	39	0
Cyprus	4	2	0
Czech Republic	2,419	495	0
Denmark	2,559	146	38,767
Ecuador	3	0	0
Egypt	36	14	0
Estonia	14	4	0
EUNonSpec	1,265	0	0
Finland	507	93	1,805
France	10,323	2,215	965
Gabon	27	0	0
Georgia	0	0	0
Germany	6,388	859	4,723
Ghana	3	1	0
Greece	564	181	0
Guatemala	7,119	192	0
Honduras	665	153	0
Hungary	5,456	721	0
Iceland	0	0	0
India	0	29	0
Indonesia	20,614	2,477	0
Iraq	4	0	0
Ireland	104	101	0
Israel	3	3	0
Italy	420	144	1,289
Japan	63	38	0
Jordan	13	2	0
Kazakhstan	25	9	0

Country/Region	Feedstock	Liquid fuels	Biomethane
Kosovo	0	0	0
Kuwait	18	4	0
Latvia	339	58	0
Lebanon	6	9	0
Lithuania	1,203	140	0
Luxembourg	5	3	0
Malaysia	9,967	1,051	0
Mali	3	0	0
Malta	1	0	0
Mauritius	196	2	0
Mexico	0	0	0
Monaco	0	0	0
Montenegro	0	0	0
Morocco	5	9	0
Mozambique	0	0	0
Namibia	0	0	0
Netherlands	1,285	324	22,051
New Zealand	4	3	0
Nicaragua	453	5	0
North Macedonia	1	1	0
Norway	220	19	250
Oman	5	3	0
Pakistan	0	20	0
Panama	2	2	0
Paraguay	334	82	0
Peru	2,046	113	0
Philippines	1	0	0
Poland	5,516	780	348
Portugal	89	32	0
Qatar	2	1	0
Republic of Korea	23	53	0
Republic of Moldova	144	38	0
Romania	3,797	705	0
Russian Federation	663	167	0
Saint Kitts and Nevis	0	0	0
Saudi Arabia	87	60	0
Serbia	80	21	0
Singapore	15	12	0
Slovakia	1,276	184	0
Slovenia	12	7	0
South Africa	12	14	0
Spain	1,819	749	12,843
Suriname	0	0	0
Sweden	477	145	15,109
Switzerland	31	11	0
Thailand	35	3	0
Trinidad and Tobago	1	1	0
Tunisia	4	2	0

Country/Region	Feedstock	Liquid fuels	Biomethane
Turkey	15	3	0
Ukraine	8,229	1,795	0
United Arab Emirates	27	31	0
United Kingdom of Great Britain and Northern Ireland	28,103	542	45,334
United States of America	1,827	485	1,107
Uruguay	69	24	0
Venezuela (Bolivarian Republic of)	0	0	0
Viet Nam	23	10	0

Table 6. Comparison of total certified feedstock to total certified biofuel per feedstock in 2019; units thousand tonnes (kt). Biomethane converted to kt using conversion factor 0.72 kg/m^3

Feedstock type	Certified feedstock	Liquid biofuels	Biomethane	Total product
Total	**219,266.4**	**21,876.0**	**106.1**	**21,982.1**
Algae	-	-	-	-
Animal fats classified as categories 1 and 2	1,036.9	517.6	-	517.6
Animal manure and sewage sludge	2,535.9	9.6	25.9	35.6
Bagasse	-	-	-	-
Biomass fraction of industrial waste	2,219.9	411.7	29.7	441.4
Biomass fraction of mixed municipal waste	274.0	83.4	12.1	95.5
Biomass fraction of wastes and residues from forestry and forest-based industries	241.8	13.9	0.0	13.9
Bio-waste	743.9	75.6	13.6	89.1
Cobs cleaned of kernels of corn	180.8	43.7	-	43.7
Corn	15,044.0	2,258.2	2.6	2,260.8
Crude glycerine	153.5	6.2	12.5	18.8
Grape marcs and wine lees	1,032.6	135.8	-	135.8
Husks	24.3	-	-	-
No feedstock reported	-	-	-	-
Nut shells	-	2.4	0.0	2.4
Other cereals	6,328.5	16.9	0.2	17.1
Other feedstock	480.5	197.4	0.0	197.4
Other ligno-cellulosic material except saw logs and veneer logs	-	-	-	-
Other non-food cellulosic material	9.2	-	0.5	0.5
Other oil crops	539.4	19.1	0.1	19.2
Other sugar crops	45.1	5.6	-	5.6
Other waste vegetable or animal oils	1,275.7	751.2	3.0	754.2
Palm oil	30,361.0	3,408.4	-	3,408.4
Palm oil mill effluent and empty palm fruit bunches	821.7	129.8	-	129.8
Rapeseed	24,652.9	5,241.4	-	5,241.4
Soybeans	8,276.4	1,548.6	-	1,548.6
Straw	66.6	2.8	5.0	7.8
Sugar beet	10,265.5	482.4	0.7	483.1
Sugar cane	86,349.6	2,669.7	-	2,669.7
Sunflower seed	3,027.3	430.1	-	430.1
Tall oil pitch	2.2	2.0	-	2.0
Used cooking oil	3,232.4	2,940.7	-	2,940.7
Wheat	20,044.8	471.7	0.2	471.9

APPENDIX B. VOLUNTARY SCHEME OWNERSHIP STRUCTURES

Table 7. Governance of members-owned voluntary schemes

Voluntary scheme	Ownership	Governance structure
Bonsucro	Members	Bonsucro is formally governed by a **Board of Directors**. The Board is ultimately responsible for all actions and activities of Bonsucro. It has the power to convene committees to support it in its work and to which it can delegate responsibility for certain activities. The Board of Directors is responsible for appointing a Chief Executive Officer to serve as the principal executive officer of Bonsucro. The Board receives input from a **Members' council**, the scheme's **Secretariat**, a **Technical Advisory Board**, a **Governance & Nominations Committee** and a **Finance & Risk Committee**. The **Members' Council** has been created as the representative body for Bonsucro Certified members, and acts as a sounding board for the Board of Directors. Members cover civil society, farmers, intermediates, industry and end-consumers. The **Technical Advisory Board** provides the Board of Directors advice and recommendations on the Bonsucro Standards, assurance mechanisms and measurement of impact. The **Bonsucro Governance & Nominations Committee** (GNC) is a permanent subcommittee of the Board, whose responsibility is to ensure a robust and effective process for supporting the appointment to and evaluating the performance of the scheme's governance bodies (including the Board of Directors). It also verifies that the Board of Directors fulfils its legal, ethical and functional responsibilities. The GNC consists of at least three members, and at most five members. The Chair must be a member of the Board of Bonsucro, as must at least one other member of the GNC. One member of the GNC must also be a member of the Members' Council.
ISCC	Members	The **ISCC Association (ISCC e.V.)** and the **ISCC System GmbH** oversee the scheme. The ISCC Association, comprises over 100 members, and incorporates the **General Assembly, the ISCC Board and the Technical Committee**s. The Board manages the affairs of the Association and is bound to the resolutions of the General Assembly, which includes all members. The ISCC Board is elected by members of the ISCC Association as part of a General Assembly of ISCC members by simple majority.[61] It represents three different stakeholder groups participating in ISCC: 1. Biomass Producers and Processors; 2. Trade, Logistics and other System Users, 3. NGOs, Social Sector, Science and Research, Public Sector. The ISCC Board is made up of two representatives of each stakeholder group ensuring equal representation of interests. The Board reports to the General Assembly and is supported by an Executive Board and Technical Committees. The Executive Board carries out the operational business of the certification system. The ISCC System covers the day-to-day operations of the scheme.

[61] https://www.iscc-system.org/wp-content/uploads/2017/02/ISCC_102_Governance_3.0.pdf

Voluntary scheme	Ownership	Governance structure
RSB EU RED	Members	**RSB members** are divided between five chambers: 1. Grower & Producers; 2. End Users, Blenders & Investors; 3. Social; 4. Environmental and 5. UN Government, Research that elect an **Assembly of Delegates** to govern the organisation. Each chamber elects up to three Delegates, thus giving each chamber the same weight and influence in decision making. The Assembly then appoints a **Board of Directors**, which appoints the **Secretariat** of the organisation to oversee the day-to-day requirements of the scheme. The Board of Directors also represent the scheme at events and has for responsibility to ensure that it adheres to its commitment to the ethics and principles it stands for. Board members are responsible for changes to policy and manage RSB's activities.
RSPO RED	Members	An ordinary **General Assembly**, comprising of scheme Members (Ordinary, Affiliate and Supply Chain Associate members[62]), elects the Board of Governors (16 members) for a period of two years[63]. These cover: oil palm growers (4), palm oil traders/processors (2), consumer good (2), retailers (2), banks/investors (2) and NGOs – environmental and social (2 each). The general strategic direction and delivery of the scheme is the responsibility of the Board in collaboration with the Secretary General. The Board entrusts the daily management of the scheme to the Secretary General and to the Secretariat. The Board may appoint and delegate part of its powers and responsibilities to Working Groups, Standing Committees or Task Forces. The Standing Committees are responsible for trade and traceability, communication and claims, the finance of the scheme and the standard itself and the certification process. It is supported by Working groups and Task Forces on an ad-hoc basis.
RTRS EU RED	Members	The **General Assembly** is the highest decision-making body of RTRS. It encompasses all the Members, both Participants and Observers, although only the former have the right to vote and may choose their representatives in the **Executive Board**. The Executive Board is elected by the General Assembly and represents up to 15 members from three groups (in equal proportions): 1. Producers; 2. Industry, Trade & Finance together with 3. Civil society. The Executive Board is supported by the **Executive Secretariat**, which runs as an operational centre to offer the scheme's services to its members. Ad hoc working groups are formed according to the needs for some specific topics, such as National Interpretations, RED compliance and Chain of Custody options, among others

[62] **Ordinary:** organisations directly involved within the palm oil supply chain, or is an associated NGO; **Affiliate:** organisations or individuals that are not directly involved in the palm oil supply chain; **Supply Chain Associate:** organisations that have business activities along the palm oil supply chain but limited to purchasing, using, or trading less than 500 metric tonnes of palm oil and palm oil products annually.

[63] https://www.rspo.org/about/our-organisation

Table 8. Governance of consortia, organisations or associations-owned voluntary schemes

Voluntary scheme	Ownership	Governance structure
2BSvs	Consortium of seven companies	Members from each of the seven founding organisations that founded the 2BSvs Consortium in 2010 constitute the **Executive Board**[64]. Voting rights for each member depend on which founding organisation they belong to (e.g. AGPM 5.6% vs Terres Univia 45%). The Executive Board mandates a **Secretary General** and a back-office manager. The back-office manager is responsible for the operation of the scheme and for providing technical support. The Secretary General reports to the **Ethics Committee** any difficulties encountered in carrying out its mandate. The Ethics Committee's main role is to ensure that the 2BSvs Association respects the principles of independence, absence of conflicts of interest and non-discrimination between the independent certification organisations. A **Steering Committee** provides expertise and advice to the Secretary General. Members of the Ethics committee of the 2BSvs association are appointed by the Executive Board.
REDcert	Twelve organisations from the agricultural, trade, fuel, biofuel and biogas sectors	Within REDcert, a **Shareholder Assembly** appoints the **Executive Management** and nominates a **Technical Committee** (2 years term) together with a **Sanction Committee** (1 year term) to support the Executive Management. The Shareholder Assembly has to formulate the company's strategic and economic goals but does not influence the operation of the REDcert certification scheme. The Technical Committee looks after the certification scheme's standards and governing principles. The Sanctions Committee imposes sanctions in the event of violations of REDcert scheme participants. The management and operation of the scheme on a day-to-day basis is delegated through an agency agreement to a separate company (ORGAINVENT GmbH). ORGAINVENT GmbH[65] has been developing and operating certification systems for the agriculture, food industry and energy industry since 1998. It made a significant contribution to setting up REDcert.

[64] The founding organisations of the 2BSvs scheme are (voting rights are in brackets): Fédération du négoce Agricole (4%), Association Générale des Producteurs de Maïs (AGPM, 5.625%), Association Générale des Producteurs de Blé et autres céréales (5.625%), Fédération des coopératives agricoles (6%), Confédération Générale des planteurs de Betteraves (11.25%), Syndicat National des Producteurs d'Alcool Agricole and Association générale des producteurs de blé et autres céréales (22.50%), Organisation nationale interprofessionnelle des oléagineux (Terres Univia, 45%).

[65] https://orgainvent.de/?lang=en

Voluntary scheme	Ownership	Governance structure
Red Tractor	Assured Food Standards (non-profit company)	The Red Tractor scheme is an industry self-regulatory initiative owned by **Assured Food Standards (AFS**). Owners include UK farmers' unions, the Agriculture and Horticulture Development Board, Dairy UK and the British Retail Consortium. The **AFS Board** governs the operation and oversees the development of the scheme. The current representation is 15 Board members (and shall not be less than 8 nor more than 22). The Board is represented by a Chief Executive and Chairman. The Board is mainly composed of members with an industry and farming background. It includes representatives of the National Farmers' Union, the Ulster Farmers' Union, the Agriculture and Horticulture Development Board, Dairy UK and the British Retail Consortium. The Board also includes independent experts such as prominent academics and specialist scientists, plus professionals representing consumers, veterinary science and the environment. The Board oversees the **Standards committee** and the **Marketing committee**. The **Red Tractor Assurance Sector Boards** (one of which manages the scheme) are responsible for overseeing the management of the Sector Schemes (including crops) and their activities. The Sector Schemes are made up of sector experts and representatives. Each sector has a **Technical Advisory Committee** responsible for the on-going maintenance and development of Red Tractor Assurance standards.
Scottish Quality Crops (SQC)	Company limited by guarantee	There are 8 members of SQC: National Farmers Union of Scotland, Agricultural Industries Confederation, Scottish Agricultural Organisation Society, Scottish Agricultural College, Scottish Whisky Association, Scottish Flour Millers Association, Malt Distillers Association of Scotland and Scottish Agricultural Organisation Society. SQC is controlled by a **Board of Directors** (comprising 12 members from the 8 member companies) that are responsible for the direction, overall management and administration of the company. The Board is represented by an Executive Director, Chairman and 2 Vice Chairmen. Technical groups headed by the **Technical Chairman** are used on an ad-hoc basis when industry expertise is required.
Trade Assurance Scheme for Combinable Crops (TASCC)	Agricultural Industries Confederation (AIC)	Management of TASCCS (and UFAS) falls under the responsibility of the main AIC Committees for the Crop Marketing and Feed Sectors. These are the **Arable Marketing Committee** and the **Feed Executive Committee**. The Chairman of each of these Committees represents their sector on the AIC Board. **AIC Services** is a wholly owned subsidiary of AIC and responsible for managing the trade assurance schemes and additional services to AIC members and trade assurance participants. The organisation is managed by the **Managing Director** and the **Board of AIC Services**. A **Technical Manager** is responsible for the day-to-day operation of the scheme.
Universal Feed Assurance Scheme (UFAS)	Agricultural Industries Confederation (AIC)	As per above (TASCC).

Voluntary scheme	Ownership	Governance structure
U.S. Soybean Sustainability Assurance Protocol EU (SSAP EU)	Soy Export Sustainability, LLC (SES), a subsidiary of the U.S. Soy Export Council (USSEC)	The SSAP EU scheme is managed by Soy Export Sustainability (SES), a subsidiary of the U.S. Soy Export Council. SES operates through a **Board of Managers** (Management Board), an **Advisory Committee** (Committee) and a **Secretary** which is responsible for the day to day operations of the scheme. The **Management Board** ensures the integrity of the SSAP/RED protocol, monitors the implementation process, guides the continuous improvement process, and oversees stakeholder communication. It appoints a secretary and can delegate the management and implementation of the scheme to the Secretariat. The Secretariat is responsible for the daily operation of the scheme, data collection and document management as well as the annual reporting requirements.

Table 9. Governance of public body-owned voluntary schemes

Voluntary scheme	Ownership	Governance structure
Better Biomass	Netherlands Standardisation Institute	The **NEN Scheme Management** is managed by the **Dutch NEN Bureau** which is responsible for the management of scheme and all related executive activities. The NEN Scheme Management acts as a secretariat for the **Scheme Management Committee**, the **Committees of Experts** and **Review Committees** falling under it. The NEN Scheme Management is the first point of contact for all stakeholders in the management of the scheme. The Scheme Management Committee is responsible for setting up Committees of Experts and Review Committees, aiming for a balanced composition of experts. It also monitors the operation of the scheme and deals with complaints. The management of schemes is carried-out by Committees of Experts and Review Committees reporting to the Scheme Management Committee.
KZR INIG System	Polish Oil and Gas Institute	The KZR scheme is administered by the **Polish Oil and Gas Institute**. The director of the Oil and Gas Institute **(System Administrator)** is responsible for ensuring independency, transparency and avoiding conflicts of interests between the system participants and certification bodies. The **Biomass Certification Systems Office** is made up of another division of the Oil and Gas Institute and is responsible for the supervision and development of the scheme. This mainly involves the communication and cooperation with the System Administrator, system participants, certification bodies, **System Council** and interested parties. The Biomass Certification Systems Office is supervised by a management team, which is overseeing the day-to-day activities of the scheme. The System Council comprises 5 to 10 members external experts (e.g. industry representatives, associations, NGOs, representatives of government, representatives of certification bodies) and meets at least twice a year. The main tasks of the Council are: supervision over independence, transparency, avoiding conflicts of interests between the system participants and certification bodies, examination of complaints

APPENDIX C. GOVERNANCE STRUCTURES

Figure 8-1. Bonsucro scheme governance (Members based scheme)

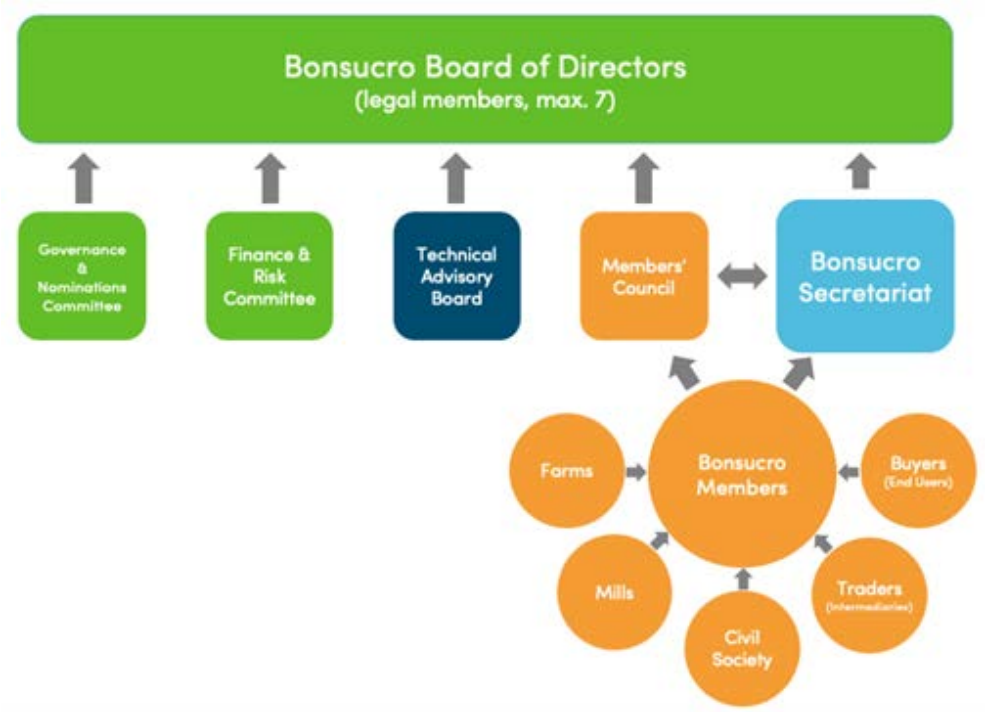


Figure 8-2. ISCC scheme governance (Members based scheme)

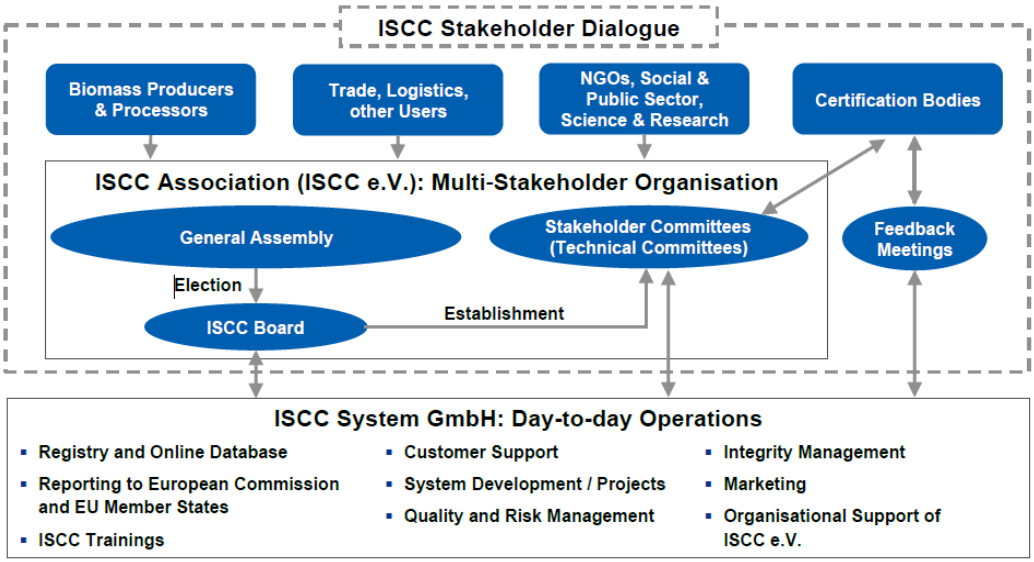


Figure 8-3. RSPO scheme governance (Members based scheme)

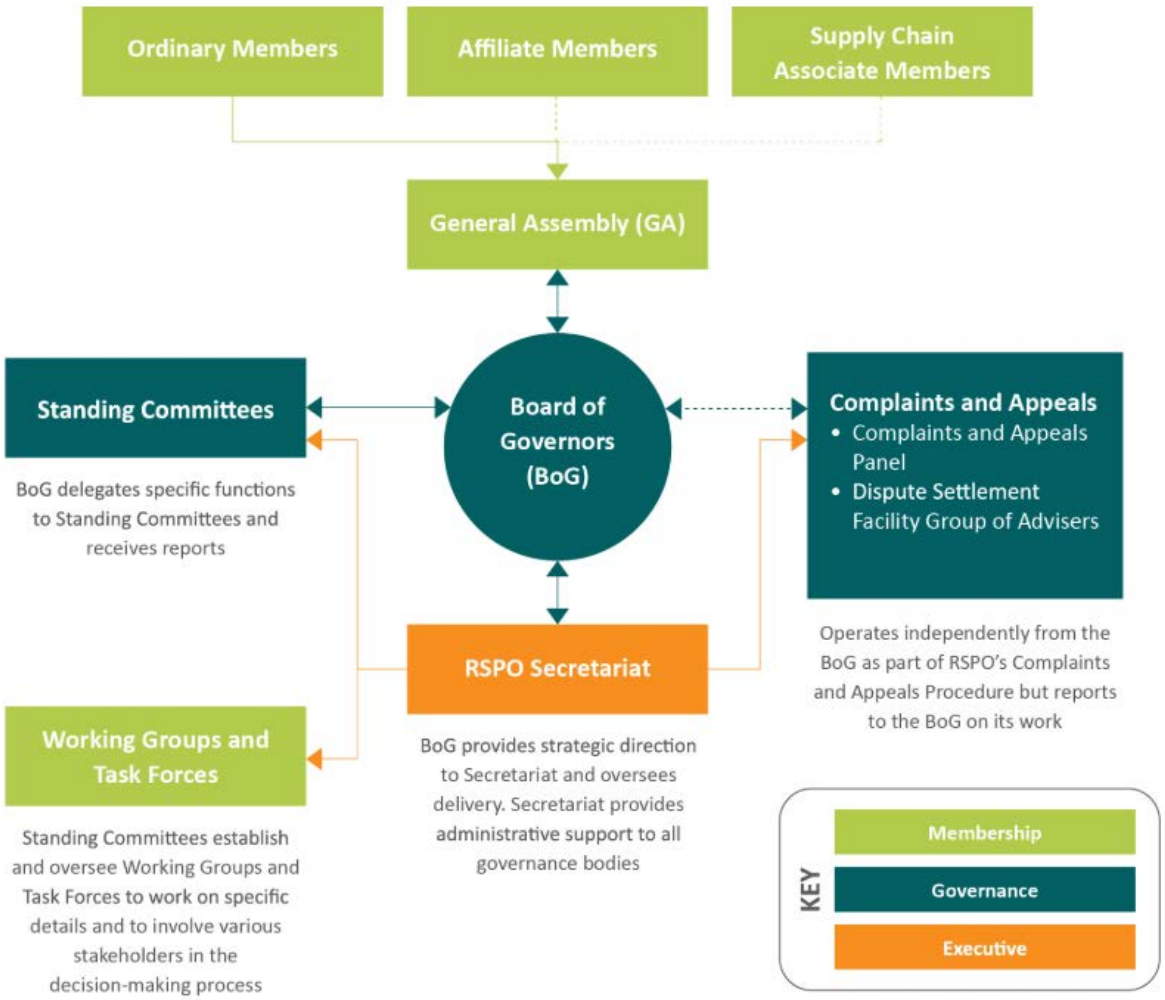


Figure 8-4. REDcert scheme governance (Organisation-owned scheme)

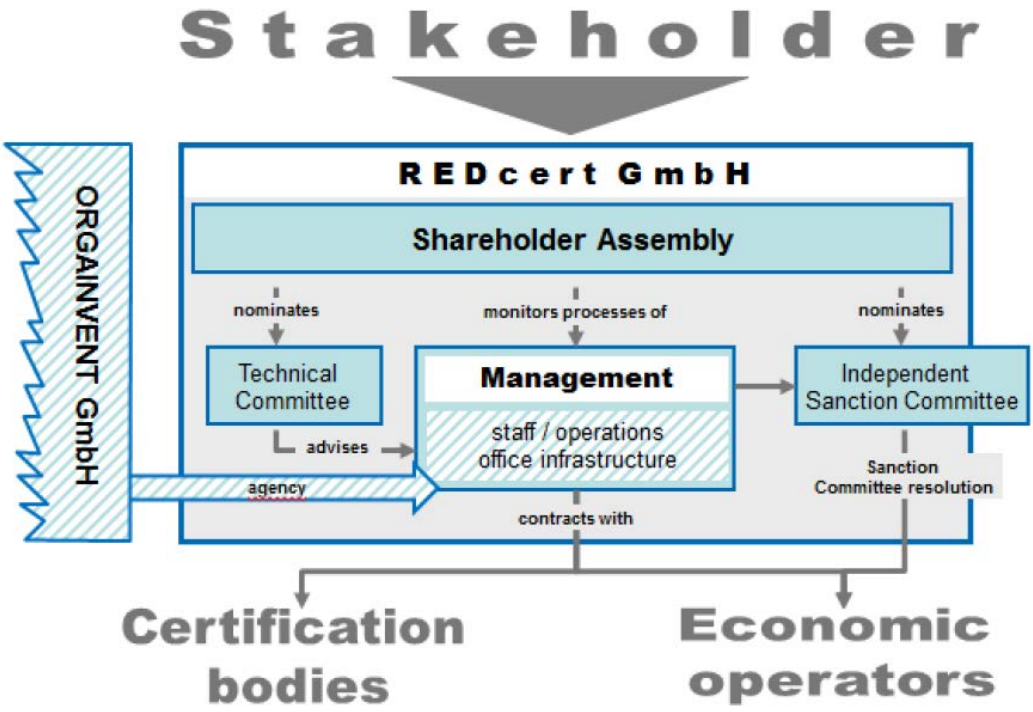


Figure 8-5. Red Tractor scheme governance (Non-profit company scheme)

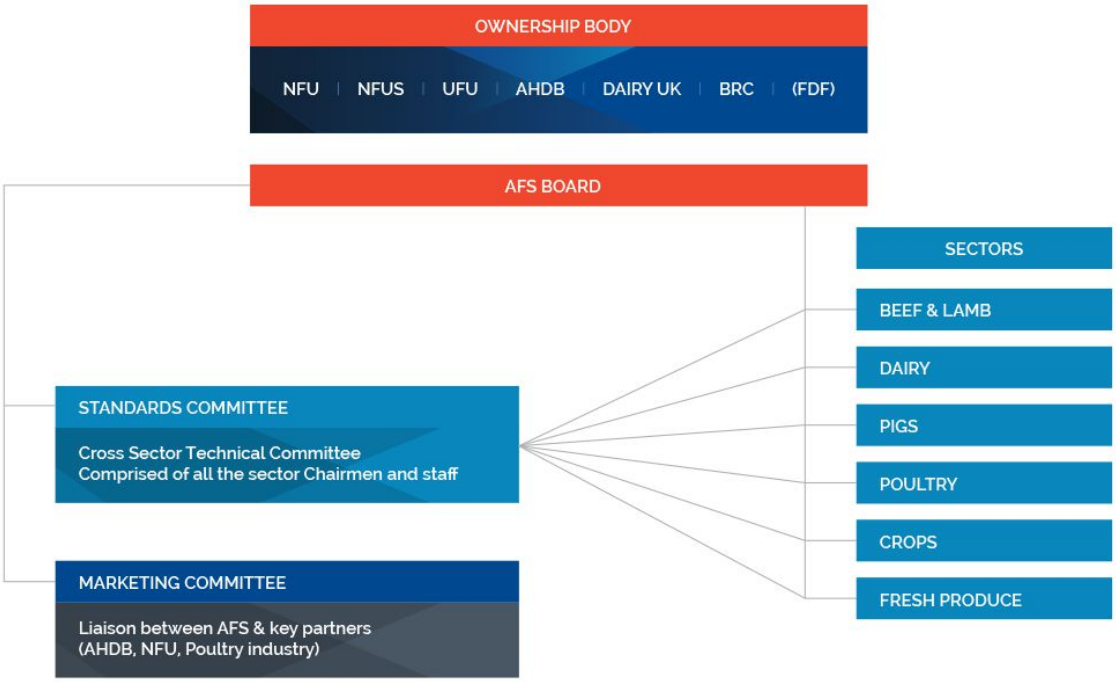


Figure 8-6. TASCC and UFAS scheme governance (Organisation-owned scheme)

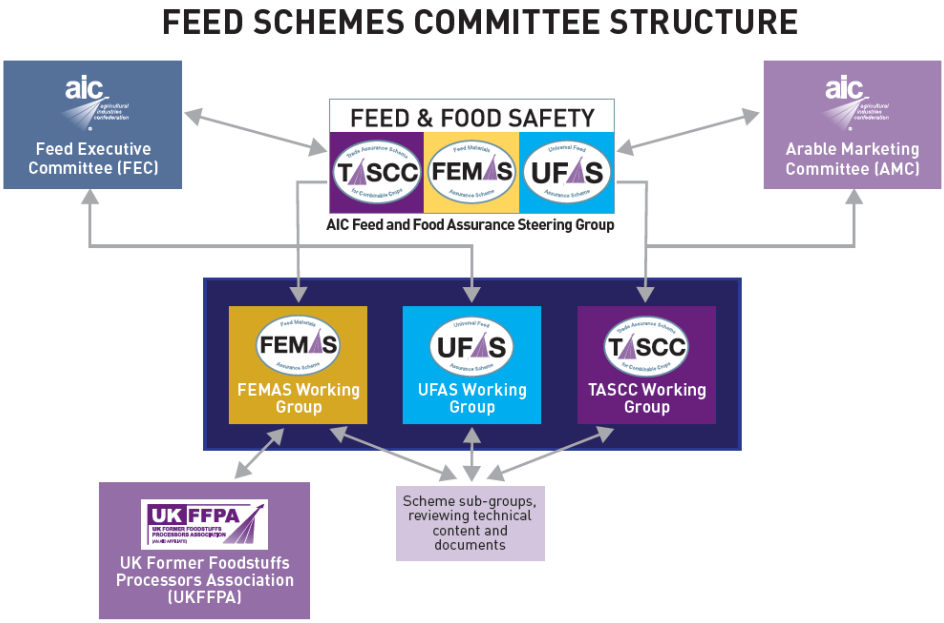


Figure 8-7. Better Biomass scheme governance (Public body-owned scheme)

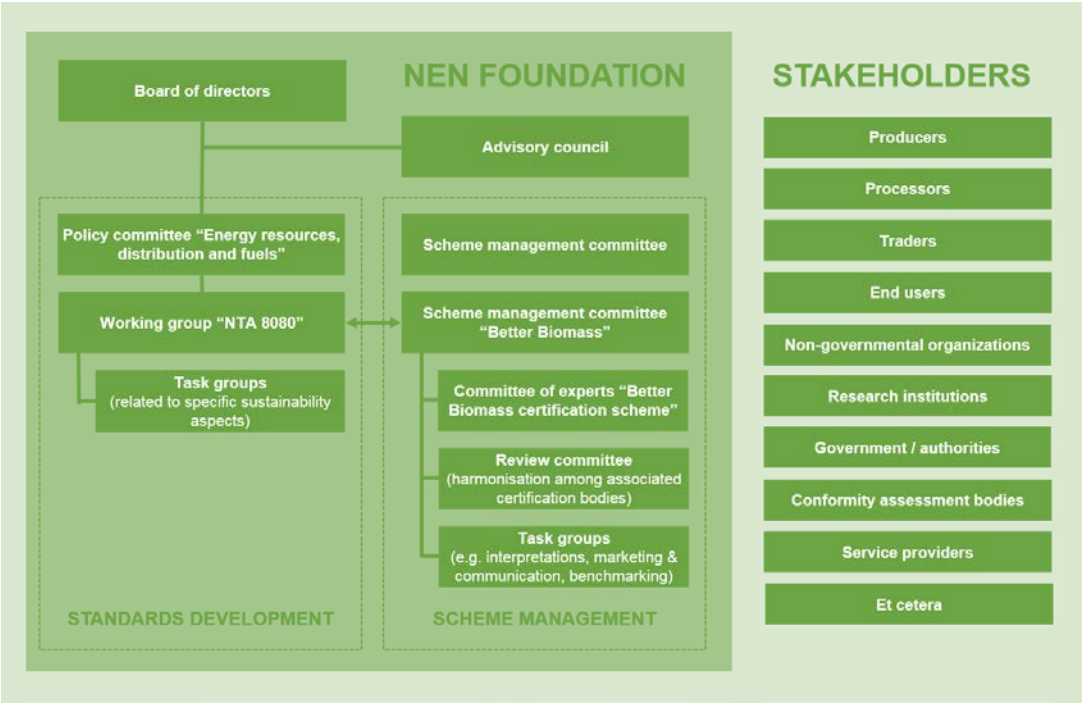


Figure 8-8. KZR INIG scheme governance (Public body-owned scheme)