



REDcert

Sanction system

(pursuant to Annex 3 no. 1 b) dd)
of the BioSt-NachV and Biokraft-NachV)

Version 02

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1 Introduction

Annex 3 of Article 33 (1) and Article 43 (1) of the BioKraft-NachV and the BioSt-NachV stipulate that a certification system for sustainably produced biomass must have measures in place that are initiated if a certification body determines that an operation or an interface participating in the system does not or no longer satisfies the requirements set forth by the ordinances above or the system requirements.

These measures are described in this sanction system. Internal system sanctions in no way replace the regulatory function of the competent authority. It is up to the discretion of this authority to lay down its own regulatory measures for any violations found.

2 Procedure

Violations in how the REDcert certification system is applied by a system participant can be identified in different ways, in particular through

- inspection by the neutral certification body responsible
- an unscheduled inspection by an inspector contracted by REDcert
- an inspection conducted by the competent authority for monitoring the sustainability certificate (BLE)

REDcert communicates sanctions solely to the contractually bound system participant. It is up to the system participant to pursue recourse against the operating site responsible for the imposed sanctions.

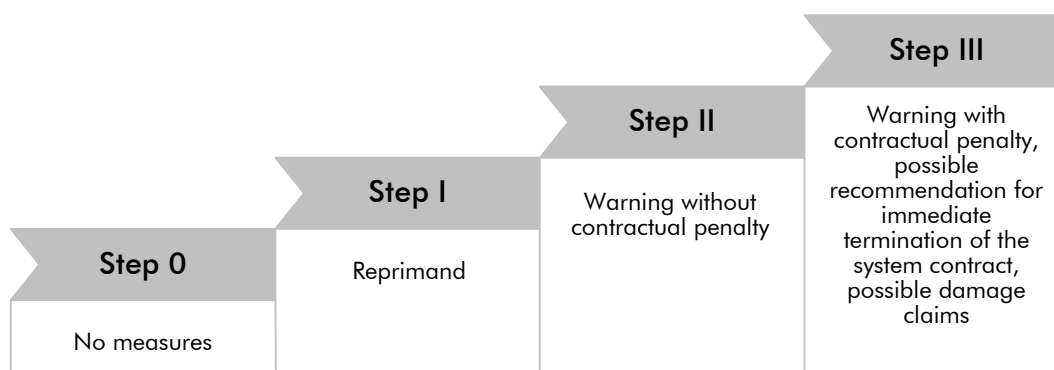
The system participant is responsible vis-à-vis REDcert for immediately remedying the problem found.

In the case of "**severe**" violations that are found during the inspections above, an independent committee decides on potential sanctions. The working methods of the committee are defined in the Rules of Procedure.

The basis for sanctions is all available evidence, in particular the findings about the violation in the inspection report. The system participant is given the opportunity upfront to respond in a reasonable amount of time.

As an immediate measure, a follow-up inspection is carried out shortly thereafter by the certification body responsible.

The REDcert sanction system is structured into several levels:



2.1 Sanction level 0

The Sanction Committee determines that no other measures against the system participant are necessary.

2.2 Sanction level I

The Sanction Committee determines that a reprimand has to be communicated to the system participant to implement the requirements of the Sustainability Ordinance(s) and the REDcert certification more carefully in the company.

2.3 Sanction level II

The Sanction Committee determines that a warning shall be communicated to the system participant. If the problem recurs, the result is generally Sanction level III.

2.4 Sanction level III

The Sanction Committee determines that a warning with contractual penalty shall be communicated to the system participant.

At Level III, a **contractual fine of up to €30,000** may be imposed depending on the severity of the violations and/or the amount of damage caused by the violations and/or taking into account the advantages achieved through the illegal activities and taking into consideration the size of the operation.

It is up to the independent Sanction Committee's discretion to set the fine individually in each case.

The system participant has to bear the costs of pursuing legal remedies to enforce the contractual penalty.

REDcert is required

- to inform the system participant of the Sanction Committee's decision
- to enforce the sanctions defined by the Sanction Committee with the system participant
- to inform the BLE of the Sanction Committee's decision
- to freely decide whether to increase the inspection frequency, also for the other operating sites owned by the system participant

REDcert is also required for Sanction Level III

- to review, at its own discretion, whether to prematurely terminate the contract
- to declare termination if necessary
- to undertake other steps to satisfy civil claims (damages)

If a system contract is terminated prematurely, the system participant in question may only join the REDcert certification system after 6 months at the earliest and subject to another review of the prerequisites.

If, as a result of a sanction, a system contract is terminated within the defined notice period – regardless of which side terminates – the company may rejoin the system without a waiting period only after a review of the prerequisites.

3 Special requirements

One potential sanction underscored by the legal requirements for certification of sustainable biomass stress is that all other certification bodies and interfaces for whom the violation found is critical be informed.

Critical for the bodies above are considered all violations that

- result in sustainability or partial sustainability certificates becoming invalid either in part or in full or
- relate to the declaration of specific parties identified as "sustainable" for "biomass" on the market

If these types of legal violations are found or identified by the system participant, he is required to immediately inform the body affected of the violation and its possible impact on the downstream operations. The system participant has to inform REDcert within a period of 7 business days in an appropriate manner, i.e. by providing a copy of the written correspondence.

If the system participant fails within the deadline to report to REDcert which information he has provided to the bodies affected, REDcert is authorised to perform an immediate unscheduled inspection of the operation in question and to communicate the suspected violation to all other certification bodies and interfaces as well as other recognised certification systems it feels are critically affected at its own discretion.