



REDcert

Scope and basic scheme requirements

Version 05

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1 Introduction

Climate change is a global problem which is increasingly influencing political and economic decisions.

One of its primary causes is certainly the increase in emissions of greenhouse gases (GHG; carbon dioxide, methane and nitrous oxide) in the last few decades which can be attributed to the steady rise in traffic volume as well as increasing levels of industrialisation and the massive consumption of fossil fuels brought about as a result. Reducing GHG emissions is therefore a task faced by the international community which was incorporated into the Kyoto Protocol and ultimately affirmed by the resolutions of the Paris UN Climate Conference.

Various strategies have been pursued to reduce GHG emissions in recent years. Investments in renewable energy sources such as wind and solar energy have been encouraged through financial incentives. Another important strategy which is already practised on a large scale in several countries (e.g. Brazil) is replacing fossil fuels with biofuels.

In response, the European Community decided to introduce further regulations on the production of sustainable and climate-friendly biomass and passed the DIRECTIVE 2009/28/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC.

“It is in the interests of the Community to encourage the development of multilateral and bilateral agreements and voluntary international or national schemes that set standards for the production of sustainable biofuels and bioliquids, and that certify that the production of biofuels and bioliquids meets those standards. For that reason, provision should be made for such agreements or schemes to be recognised as providing reliable evidence and data, provided that they meet adequate standards of reliability, transparency and independent auditing.”¹

The REDcert scheme is this kind of "voluntary scheme" (certification scheme) approved by the European Commission (REDcert-EU) and by the competent authorities at national level in the various member states (REDcert-DE; this certification scheme has mainly been used for Germany to date).

As a result of the amendment to this Directive through Directives 2015/1513 - known as the "iLUC Directive" - and Directive 2015/652, the general legal framework was further developed and was incorporated into the voluntary schemes recognised by the EU Commission.

¹ Directive 2009/28/EC, No. 79

REDcert is an initiative of leading associations and organisations in the German agricultural and biofuel sector that want to actively demonstrate their willingness to assume personal responsibility by participating in a collective and comprehensive certification scheme.

2 REDcert's self-defined role

Many of the key concerns of the economic groups affected have been taken into account in setting up the REDcert scheme. They, along with the relevant legal requirements, served as assumptions in the design of this scheme documentation. These include:

- **Social responsibility**

The contribution that biofuels and bioliquids make in the fight against climate change goes hand-in-hand with society's expectation that the government incentive system – in this case mainly tax relief for biofuels - is applied in compliance with laws. Just as important, however, is society's right to effective measures when it comes to sustainability, e.g. with respect to greenhouse gas balances or socially responsible business management consistent with recognised standards. In this context, REDcert is required, just like any other certification scheme, to formulate the necessary rules and ensure that they are complied with.

- **Competition**

The global dimension of sustainability certification poses great challenges for certification schemes and certification bodies. The prerequisites for sustainability certification are different depending on the type of biomass, what it is used for and the place it is produced or used. It is thus important for the economic groups affected to create adequate competition in the scheme environment and have different certification options to choose from depending on use.

- **Consistent 100% legal compliance**

The REDcert scheme offers legal compliance with certification requirements for the sustainable production of biomass in accordance with RED. In addition, it defines requirements for social criteria for the producing and processing companies along the biomass supply chain. These criteria were adopted from various ILO conventions and are reflected in the REDcert requirements for the production of biomass, biofuels and bioliquids (3.5.9). This guarantees compatibility with all other officially approved certification schemes in the acceptance and sale of biomass and prevents restrictions or even hindrances in the movement of goods.

- **Commitment to accountability**

By creating an industry-driven certification scheme, the economic groups affected by the new legislation are showing their willingness to take on individual responsibility and not just passively wait around for the “inevitable” certification to be imposed on them. Instead, they are taking advantage of the opportunity afforded to them to design the scheme and actively encourage “sustainability”.

- **Actively shaping the future**

Launching a sustainability certification for biomass for energy use created a framework for certifying all types and uses of biomass in the future – it this were to be required either through legislation or market influences.

Because most companies, in addition to generating electricity from biomass, are already experimenting with different uses of biomass either with co-products or secondary products or the same “input material”, the companies will have enough time to set a new course.

- **Capitalising on synergies**

The multiplicity of certification schemes for the various forms of biomass use are taxing for companies not just organisationally speaking (documentation, verification, etc.) but also financially because each scheme usually has its own certification requirements, e.g. with regard to inspection intervals and inspector qualification.

The goal here is, with the help of the REDcert scheme, to identify and capitalise on the potential synergies relating to disclosure and verification early on but also in the certification process itself (neutral inspections). This also includes the expansion of the scope of REDcert's certification programme to other forms of biomass use (see REDcert²). The goal is an approach to certification that offers first and foremost a solution for the production of raw materials that is end user-dependent and recognised in all fields of biomass use.

- **Encouraging ease of application in practice**

The involvement of experts from all of the economic groups affected, particularly practitioners from the interfaces, aims to ensure that the structure of the scheme is aligned with practical needs.

3 Terms and scope

To establish a common understanding of the terms and definitions used in these scheme principles, they are outlined and explained separately, to the extent that they are useful, centrally in the annex to this document. All of the scheme principles of REDcert refer to this annex.

The REDcert scheme can be used in all EU member states and selected third countries that fulfil the respective prerequisites and in which the necessary information on specific regional and national conditions related to land classification, production, farming and social issues is available. The geographic scope of application relates to the location where the raw material was farmed/collected or further processed. If the economic operator who is part of the REDcert scheme imports biomass from other countries outside of the scope of application of the REDcert scheme, he must furnish evidence that the scheme requirements are complied with in accordance with section 5.8 of this document.

An overview of third countries where the REDcert scheme can be applied is published on REDcert's website (www.redcert.org).

REDcert offers country-specific documents for these third countries as well as for EU member states (known as “eligible areas”) which document information on regional and country-specific conditions (e.g. protected areas, etc.). These country-specific “schemes” are reviewed and updated on a regular basis.

The REDcert certification scheme described below applies for economic operators along the entire biomass chain (see definition in section 5.6):

- companies that produce biomass (agricultural raw materials)
- first gathering points
- collection points where waste and residues are fed into the processing chain
- conversion plants of all kinds
- biomass suppliers (raw materials and biofuels/bioliquids)

The scheme is intended for biofuels² and bioliquids³ that were produced from different kinds of biomass⁴. This relates to biomass that was produced from agricultural raw materials as well as waste and residues as long as the specific requirements stipulated in Directive 2009/28/EC Article 17 nos. (1) and (2) are satisfied.

² See definition in Directive 2009/28/EC Article 2 (i)

³ See definition in Directive 2009/28/EC Article 2 (h)

⁴ See definition in Directive 2009/28/EC Article 2 (e)

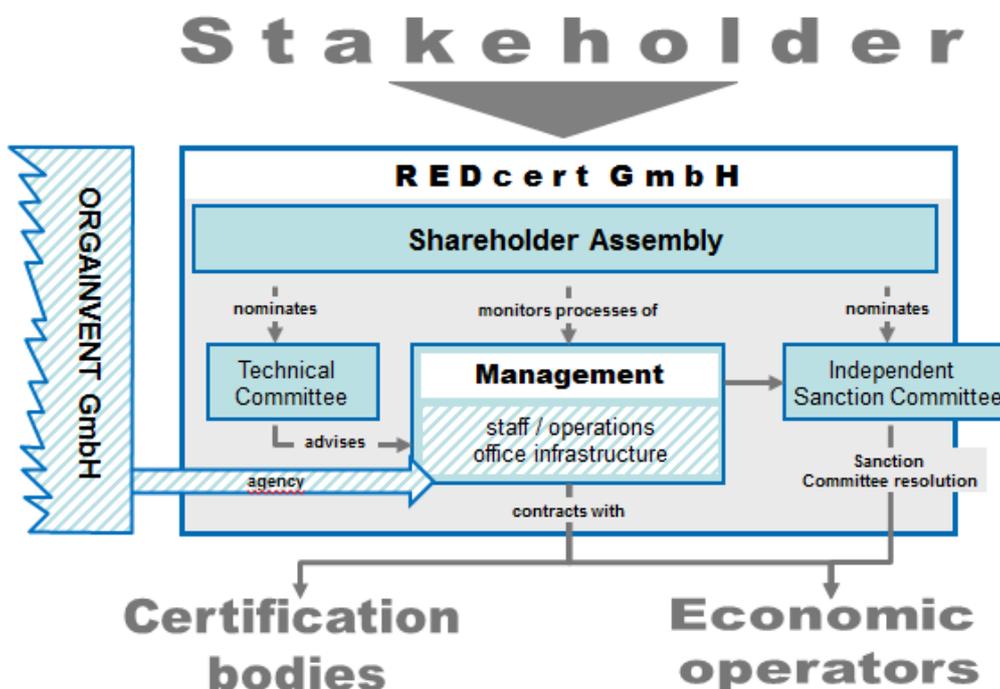
4 Organisational structure of REDcert

The REDcert certification scheme is operated by *REDcert Gesellschaft zur Zertifizierung nachhaltig erzeugter Biomasse mbH* which is also the owner of the “REDcert” brand.

The company focuses on the following activities:

- development, evaluation and modification of scheme requirements to comply with legal and operational specifications
- operation of the certification scheme (registering economic operators, certification bodies, issuing certificates, etc.)
- measures to assure the integrity of the scheme and prevent misuse and fraud
- measures related to transparent scheme management
- measures for dealing with complaints
- support for producers (companies) and economic operators in scheme implementation

The figure below provides an overview of REDcert's organisational structure:



Shareholder Assembly

The Shareholder Assembly represents the shareholders of REDcert. These are the leading associations in the German agriculture and biofuel sectors. Their responsibilities are defined in the company by-laws. They include:

- a. Verifying the annual financial statements
- b. Utilising the net profit
- c. Discharging the company's management for the previous business year
- d. Appointing and dismissing members of the Technical and Sanction Committees
- e. Establishing the Rules of Procedure
- f. Selecting the financial auditor for the current business year

The Shareholder Assembly has to formulate the company's strategic and economic goals but does not influence the operation of the REDcert certification scheme, thus eliminating conflicts of interests between its association activities and its activities as a shareholder of REDcert.

Technical Committee

The Technical Committee has to formulate principles and content for the certification scheme to fulfil the applicable legal requirements for biomass used to produce energy and develops the scheme, taking into account the interests of all affected economic groups. The Technical Committee has to advise the executive management in the areas entrusted to it. The working methods of the Technical Committee are defined in the Rules of Procedure (RoP), where potential conflicts of interest and how they are handled are also addressed. The executive management must listen to the Technical Committee prior to decisions in the areas of responsibility transferred to this Technical Committee and must provide reasons for decisions made against the recommendations of the Technical Committee vis-à-vis the shareholders. The members of the Technical Committee must have sound knowledge and technical and professional expertise in all of the economic areas covered by the certification scheme and have to be familiar with the rules of the REDcert system and other branch-related certification schemes (quality management, environmental management, energy management). Representatives from the sciences, government authorities and non-governmental organisations are involved when necessary. The chair of the Technical Committee has the right to participate in the Shareholder Assemblies. He must report to the shareholders about the activities in the previous business year at the annual Shareholder Assembly.

Sanction Committee

The REDcert Sanction Committee is the committee established in the “sanction system” of the REDcert certification scheme to impose sanctions in the event of violations of REDcert scheme participants. Its responsibilities and activities are described in these scheme principles and implemented using a master agreement as well as Rules of Procedures with the appointed members of the Sanction Committee. The members must have technical and professional expertise with many years of experience in the agriculture and biofuel sectors but do not have potential conflicts of interests as a result of either former or current job-related activities. If, despite this requirement, a conflict of interest arises, the decision-making procedure laid down in the RoP Article 4 (2) takes this in account. The chair of the Sanction Committee must be a lawyer who is qualified to hold the office of judge. This combination guarantees that violations of the REDcert scheme are handled in a technically and legally sound manner without the risk of conflicts of interest.

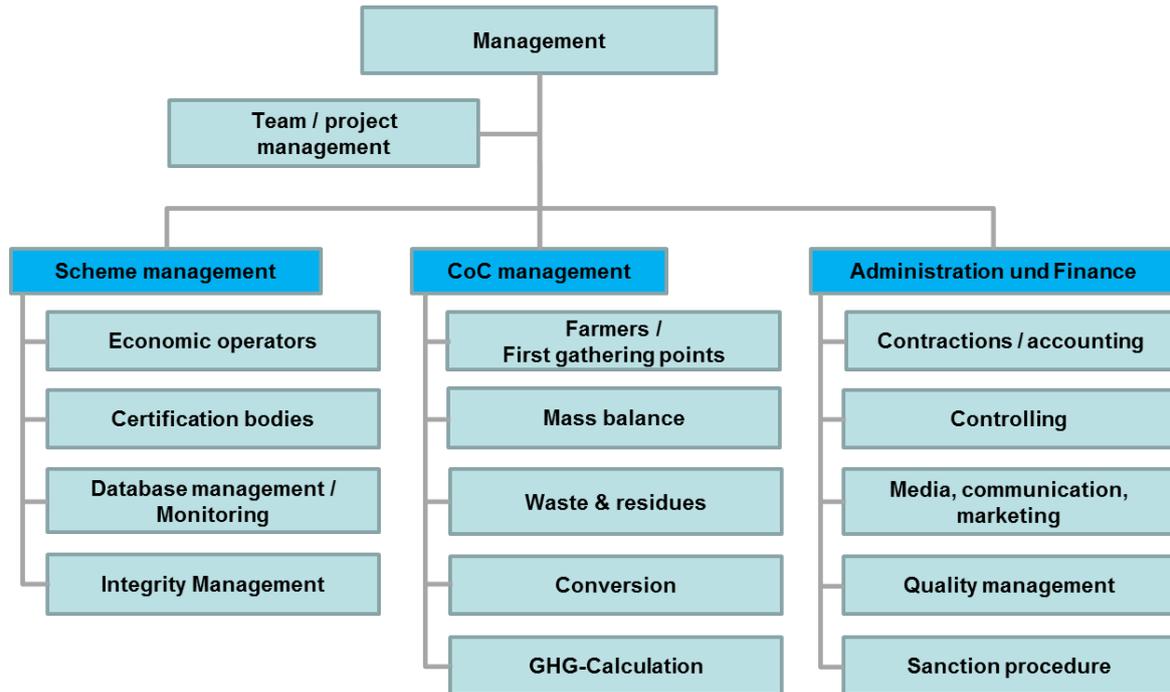
ORGAINVENT GmbH (agency)

ORGAINVENT GmbH operates the certification scheme on behalf of REDcert GmbH. In this role, it provides the business offices, the necessary office equipment and staff. Business operation is contractually regulated over the long run with respect to the rights and duties of the contract partner (including data protection requirements, compensation, liability). There is no conflict of interest between the other business fields and activities of ORGAINVENT and its activities for REDcert.

ORGAINVENT has been active as a leading certification scheme for the origin identification of meat since 1998 (for more information, see also www.orgainvent.de) and has made a significant contribution to setting up REDcert and the success of the REDcert scheme with its many years of experience.

The organisational chart below shows the functional structure of REDcert.

The responsibilities are broken down into scheme management, the individual economic groups or technical areas covered by the scheme (CoC management) and overarching responsibilities (Administration and Finance).



These areas of responsibility are described in more detail in process descriptions to ensure quality management, they define the interfaces of the respective processes and describe the responsibilities and requirements for documentation.

5 The REDcert certification scheme

The REDcert certification scheme is designed to satisfy the basic requirements of Directive 2009/28/EC:

- (1) sustainability requirements for farming and producing biomass taking into account applicable legal requirements (cross-compliance criteria) and basic social standards in accordance with the ILO convention
- (2) requirements for the GHG emission saving and the calculation method
- (3) requirements for traceability and mass balancing for the continuous proof of origin of biomass over the entire production and supply chain

It also defines requirements for the quality of documentation as well as the chain of custody, particularly for the inspection and certification of the participating companies.

These requirements are captured in the scheme documentation (scheme principles) that are recognised by the European Commission under the European approval process.

5.1 Sustainability requirements for farming and producing biomass

When farms produce “sustainable biomass” as defined in the Directive, they must satisfy the sustainability requirements of Directive 2009/28/EC for the following aspects:

- (1) protection of land with high biodiversity value
- (2) protection of land with high carbon stocks
- (3) protection of peatland
- (4) sustainable management

These requirements are described in detail in the REDcert document “Scheme principles for the production of biomass, bioliquids and biofuels”.

5.2 Special requirements for the collection and use of waste and residual materials

Biofuels and bioliquids from waste and residual materials perform better in greenhouse gas balancing compared to farmed biomass because the life cycle emissions can be set to “zero” up to the process of collection. These benefits on the market for biofuels and bioliquids also mean that there is a greater risk of misuse and unfair advantage. As a result, REDcert created additional requirements beyond the legal requirements for the collection and gathering of waste and residual materials as well as for the verification of this attribute.

These additional requirements are also described in detail in the REDcert document "Scheme principles for the production of biomass, biofuels and bioliquids".

5.3 Requirements for the GHG emission saving and the calculation method

To fulfil the requirements set forth in the Directive, proof of the GHG emission saving consistent with the valid legal minimum requirements compared to the emissions of comparable fossil fuels must be provided for all biofuels and bioliquids produced under the REDcert certification scheme. Every economic operator along the production and supply chain for biofuels and bioliquids from the farm to the producer or the conversion plant (corresponds to the “last interface” and is generally called this as well) must specify the GHG emissions of the biomass he supplied/produced:

- using an actual value that was calculated according to the methodology described in Annex V (C) of Directive 2009/28/EC or
- using NUTS2 values for those biomass types that were specified in the reports of the member states (if available) in accordance with Article 19(2) of Directive 2009/28/EC or
- using disaggregated default values in accordance with Annex V (D) or (E) of Directive 2009/28/EC

Every interface that receives a consignment with biomass must calculate the GHG emissions resulting from transport and delivery:

- in accordance with the formula provided in the REDcert document “Scheme principles for GHG calculation” (2.2.5) or
- using disaggregated default values in accordance with Part D or E of Directive 2009/28/EC

The last conversion plant (the “end producer”) must calculate the GHG emission saving by first calculating the total emissions for the production of the bioliquids and biofuels on the basis of the data provided by the production and supply chain. This value is then compared with the reference values for fossil fuels to determine the GHG emission saving. For the end producer, there are two ways to calculate the total emissions for the production of biofuels and bioliquids:

1. using the default value if a default value for the GHG emission saving is specified in Part A or B of Annex V, and if the e_f value calculated for these biofuels and bioliquids according to point 7 of Part C of Annex V is less than or equal to zero or
2. using a value that is the result of the sum of the factors in the formula outlined in point 1 of Part C of Annex V whereby the disaggregated default values in D and E of Annex V can be used for several factors and the actual values calculated according to the methodology described in Part C of Annex V can be used for all other factors.

Please note that only actual GHG emission values are to be recorded/transmitted along the supply chain in the appropriate unit (i.e. dry mass basis for raw materials and intermediate products). Furthermore, actual values for each specific element must be reported (if appropriate). If (disaggregated) default values are applied then it should simply be stated “(Disaggregated) default value applied” or similar. For more information, see the “Scheme principles for the production of biomass, biofuels and bioliquids” or “Scheme principles for GHG calculation”

Default and partial default values may only be used if it is ensured that the biomass in question or the specified processing process corresponds exactly to the respective definition of these default values according to Directive 2009/28/EC.

The emissions related to the delivery of the end product also have to be included and calculated in accordance with the formula provided in the REDcert document “Scheme principles for GHG calculation” (2.2.5). The GHG emissions related to the storage of end products as well as the emissions produced by petrol stations also have to be included (for more information, see 2.2.5).

The end producer must calculate these emissions and specify which markets the product can be transported to without falling short of the minimum GHG emission saving.

These requirements are described in detail in the REDcert document “Scheme principles for GHG calculation”.

5.4 Requirements for traceability and mass balancing for the continuous proof of origin of biomass

An information and traceability system must be set up which monitors every step along the production and supply chain to ensure the continuous proof of origin for the biomass and to prevent a batch of sustainable biomass or biofuels or bioliquids from being sold more than once on the market (“multiple claiming”). Every biomass consignment that is used to produce sustainable bioliquids and biofuels therefore has to be

- clearly and unmistakably labelled (e.g. unique identification number)
- weighed or measured to determine the quantity
- labelled with respect to its GHG emission value for each specific element (explicitly stated in the appropriate unit) or the statement “(Disaggregated) default value applied”
- clearly identified by the certificate number on the shipping papers under the REDcert certification scheme (or another approved certification scheme when it enters the production and supply chain of the REDcert certification scheme)

This makes it possible to trace the origin of the sustainable biomass used to produce biofuels and bioliquids through the individual phases of sales, production and delivery all the way back to where it was originally farmed.

The requirements for traceability are described in detail in the REDcert document “Scheme principles for mass balancing”.

In addition, the REDcert scheme requires a mass balancing system that

- makes it possible for raw materials and biofuel consignments with different sustainability properties to be mixed
- requires that information on the sustainability properties of partial consignments remains assigned to the mixture
- makes it possible for the sum of all consignments withdrawn from the mixture to be described as having the same sustainability characteristics, in the same quantities, as the sum of all consignments added to the mixture

Detailed requirements on the principles of mass balancing can be found in section 2.2.3 of Communication 2010/C 160/01 of the EU Commission.

These requirements are described in detail in the REDcert document “Scheme principles for mass balancing”.

5.5 Documentation requirements

The documentation requirements are specified in the REDcert documents “Scheme principles for the production of biomass, biofuels and bioliquids”, “Scheme principles for GHG calculation” and “Scheme principles for mass balancing”.

Proper documentation is required to comply with the legal provisions for sustainable bioliquids and biofuels. This is a mandatory component of an auditable management system⁵.

Particularly important in the documentation in the mass balancing system are the results of mass balancing at the end of the permissible balancing periods.

The documentation related to the production and traceability of sustainable biomass as well as biofuels and bioliquids must be thoroughly reviewed as part of the certification process. Every producer and economic operator therefore has to share his documentation with the certification body. This obligation doesn't just apply to the documents directly related to REDcert certification, but also to other documents (accounting, other certification schemes...) at the discretion of the certification body responsible to the extent that these are viewed as required to verify scheme-compliant activities. In addition, the economic operator must keep his documentation for at least 5 years as long as no other laws apply with regard to retention

⁵ For information on setting up this kind of management system, see nos. 2 and 5.2 of module D1 (“Quality assurance of the production process”) in Annex II of Directive 768/2008/EC on uniform conditions for the marketing of safe products in the EU.

periods and must grant access to these documents at all times independently of the format or type of document (hard-copy, electronic file).

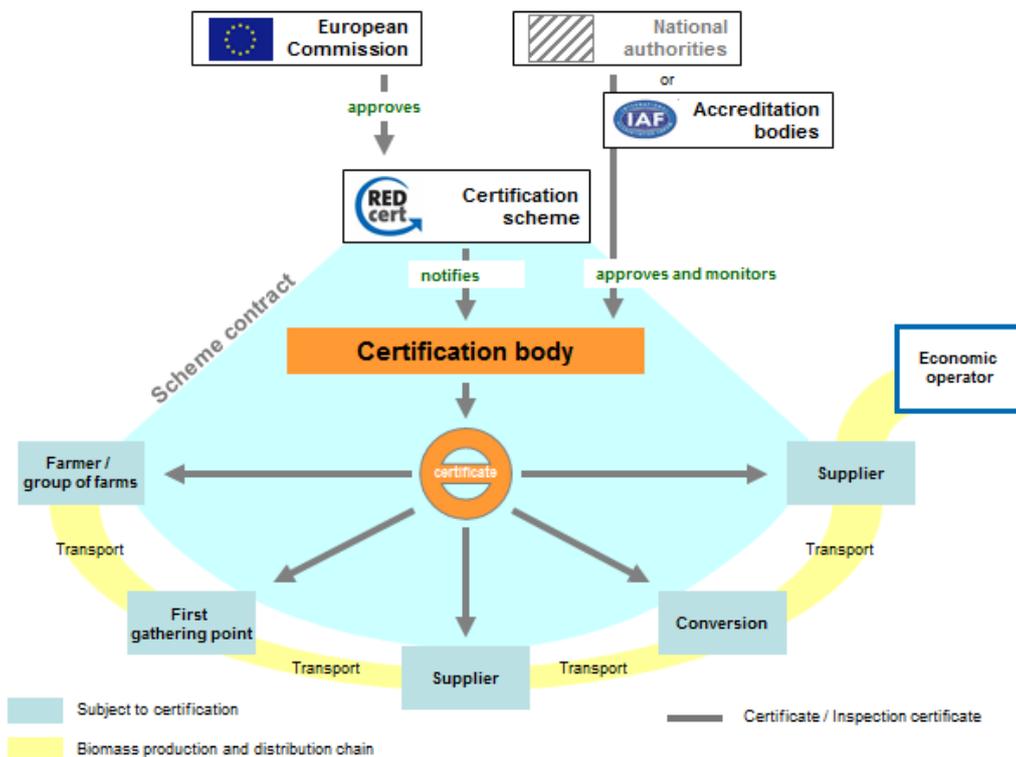
5.6 Scheme function

The REDcert scheme was accredited by the European Commission.

The certification bodies approved by REDcert must be approved/accredited by the competent national authority or accreditation body in the EU member state where membership occurs depending on the applicable legal regulations.

To ensure that the specifications of the certification scheme are binding for the economic operators and the certification bodies, both are integrated into the REDcert scheme via standard contracts in which the rights and duties of both parties are precisely defined.

The figure below provides an overview of the structure and function of the certification scheme:



The production and supply chain for biofuels and bioliquids includes the following operators:

Producers

Producers own and/or use farmland on which biomass is farmed and harvested as a raw material for the production of biofuels/bioliquids. They are required to provide detailed information on the type, location and size of the fields used to produce sustainable biomass and, if applicable, provide the status of the farm with respect to the requirements and standards under the scope of the provisions under “Environment” in Letter A, nos. 1-8 and Letter B, no. 9 of Annex II of DIRECTIVE (EC) 73/2009 from 19 January 2009 (cross-compliance criteria). For certification purposes, they also have to grant access to all data and information related to the production and traceability of sustainable biomass.

Producers are issued an “inspection certificate” as proof that they satisfy the scheme requirements. They can either be certified as an individual producer or as a group of producers (see “Scheme principles for neutral inspections”).

First gathering points

First gathering points receive biomass from the producer for resale or further processing. Even if the biomass is supplied directly to a storage or conversion facility on behalf of a first gathering point, the first gathering point is subject to certification as what is known as an “interface”.

The first gathering points are responsible for determining the origin, quality and quantity of the supplied sustainable biomass. They are required to set up a mass balancing system to document all consignments of sustainable biomass. First gathering points are inspected at least once a year (12-month period) by a certification body. The gathering points or storage facilities maintained by the first gathering point are also included in the annual certification (for more information, see the REDcert document “Scheme principles for neutral inspections”).

First gathering points (= interfaces) are issued a certificate as proof that they satisfy the scheme requirements.

Waste and residue collection points

Collection points from which waste and residues are gathered for further processing in the fuel chain must start with the calculation of the GHG emission saving (gathering and distribution process). They must ensure that the biomass that they receive as “waste and residues” from other economic operators outside the “chain of custody” are correctly declared in ac-

cordance with Communication 2010/C 160/02 section 5.2. Other special requirements are stipulated in the “Scheme principles for the production of biomass, biofuels and bioliquids”.

Collection points are certified as interfaces just like first gathering points.

Suppliers

Many economic operators along the production/supply chain are involved in sales or storage of biomass or act as intermediaries. There are two types of “suppliers” in the production/supply chain:

- Suppliers who come after the first gathering point and supply raw materials for further processing/conversion => **Suppliers before the last interface**
- Suppliers who come after the last conversion plant and supply other suppliers or the end consumer with sustainable biomass => **Suppliers after the last interface**

Both can handle sustainable biomass (storage, mixing) without converting the biomass and biofuels/bioliquids. This definition also includes intermediate suppliers/phases that do not “physically” handle the biomass.

Suppliers receive a “certificate” as proof that they satisfy the scheme requirements on the basis of an annual inspection.

Conversion facilities

Biomass is converted in, e.g. oil mills, sugar factories, refineries, biodiesel and bioethanol plants as well as other plants for biofuel and bioliquid processing. They have to set up a mass balancing system in which all consignments with sustainable biomass are documented before and after the conversion. They calculate their specific GHG emissions or use partial default values. If they are what is known as the “last interface” (the last conversion plant or the end producer in the production and supply chain that processes biofuels and bioliquids to reach a quality level that allows them to be used as a “fuel”), they also have to calculate the GHG emission saving for the entire production and supply chain and issue a sustainability certificate for the relevant batch of biofuel the form and content of which meets official specifications (e.g. nabisy application of the Federal Office for Agriculture and Food (Bundesanstalt für Landwirtschaft und Ernährung – BLE).

Every conversion plant (regardless of its legal status, e.g. as a subsidiary of a group) is required to be certified annually (max. 12-month period).

Conversion plants (= interfaces) are issued a certificate as proof that they satisfy the scheme requirements.

Transport companies

Pure transport services are not subject to certification. Transport companies, however, are required to present information about the transport routes upon request if an economic operator decides to calculate his actual GHG emissions (they must be documented in the transport order).

5.7 Registration and certification

Economic operators who intend to use the REDcert scheme must register on REDcert's website (<http://www.redcert.org>).

REDcert checks the data submitted by the economic operator to ensure that it is accurate and complete and checks for the existence of previous or simultaneous certifications in other certification schemes and any non-conformities (see also section 6.5). REDcert only concludes a scheme contract with the economic operator if the information provided is complete and true. At the same time, he has to contract with a certification body approved by REDcert. The selected certification body must confirm to REDcert that it was contracted with certification by the company in question.

Once these steps are completed and REDcert and the economic operator have signed a scheme contract, the contracted certification body conducts an inspection to check conformity with the requirements defined in the scheme principles for neutral inspections in the REDcert scheme.

Once the inspection report has been entered in the REDcert database, the certification body issues a certificate to the economic operator in accordance with the REDcert standard and uploads it immediately to the REDcert certificate platform (www.redcert.org).

Every certificate saved in the REDcert database contains the following information at a minimum:

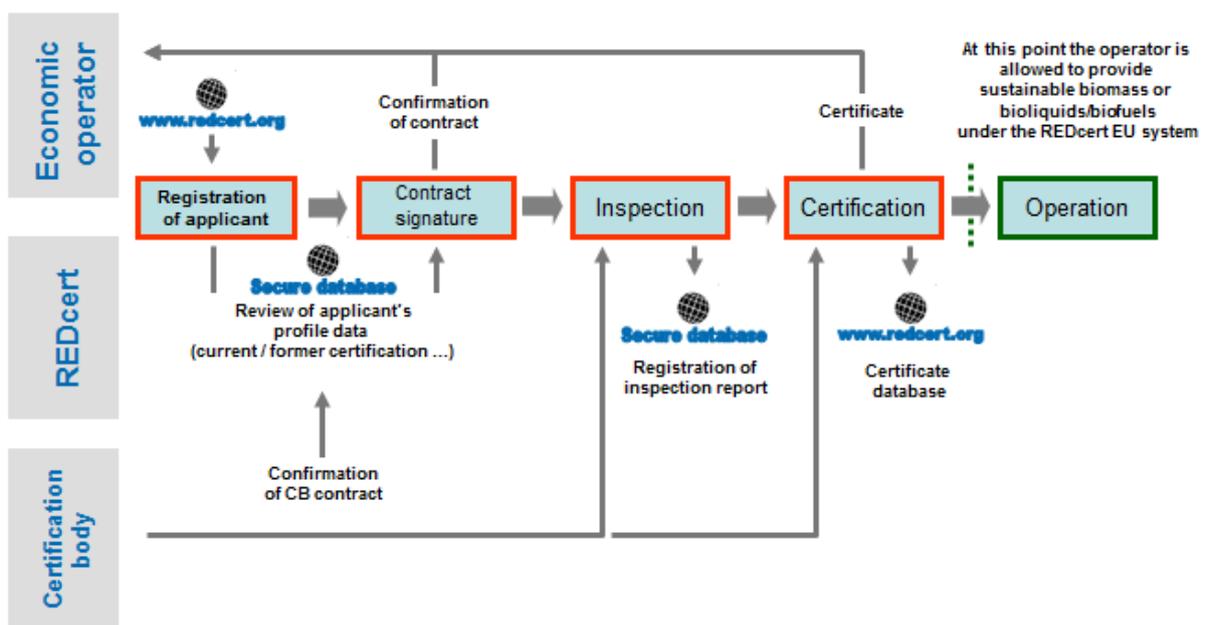
- Status of the certificate [valid/expired/suspended]
- Unique identifier
- Name of the holder
- City

- Postcode
- Country
- Valid from [date]
- Valid to [date]
- Certified as [scope of validity according to the code table]
- Name of the issuing certification body
- Type [inspection certificate or certificate]

Important: Merely registering, signing a contract or completing the inspection successfully does not authorise an economic operator to supply sustainable biomass under the REDcert scheme. Sustainable biomass or biofuels/bioliquids may only start being supplied once a valid certificate has been issued.

Certification is valid for 12 months. Renewed certification requires another complete inspection in which, among other things, the transactions involving biomass or biofuels and bioliquids in the last 12 months are reviewed.

The figure below provides an overview of the registration and certification process:



The exact order of the certification process is outlined in the “Scheme principles for neutral inspections”.

5.8 Other certification schemes

If an economic operator wants to “import” biomass or biofuels and bioliquids from other certification schemes to further process or supply it under the REDcert scheme, he first has to prove that the biomass or biofuels and bioliquids was certified under the scope of application (with respect to the criteria that is recognised for this scheme) and the version of a voluntary certification scheme approved by the European Commission in accordance with Directive 2009/28/EC. This also includes national schemes that have been found suitable and have been approved by the EU Commission to fulfil the criteria of Directive 2009/28/EC.

In addition, the economic operator must ensure that the same information about the sustainability properties along with the proof of these properties exist for these consignments with biomass or biofuels and bioliquids as under the scope of the REDcert scheme.

To import waste and residual materials or biofuels/bioliquids produced from them, REDcert expressly reserves the right to explicitly approve other individual certification schemes to the extent that they at least fulfil the same additional requirements defined by REDcert (see section 5.2). The certification schemes explicitly approved this way by REDcert are published on the website at www.redcert.org.

6 Measures to ensure transparency and scheme integrity as well as prevent misuse and fraud

To meet the transparency requirements of legislators, but even more importantly, our own standards for an integral certification scheme, REDcert follows different guidelines.

6.1 Transparency in scheme representation

REDcert informs the interested public (potential scheme users, media, associations and special interest groups) extensively about the content and requirements of the certification scheme. All approved scheme documents required for implementation and monitoring the scheme are available at www.redcert.org. In addition, REDcert provides tools and informational materials to scheme participants and the certification bodies who work for them. Interested parties and authorities thus have the opportunity to view these documents at any time and keep up to date on the current status of the scheme by receiving a free newsletter.

6.2 Transparency in scheme membership

REDcert concludes written contracts with the scheme participants (economic operators) and with the certification bodies active in the scheme. These contracts clearly stipulate the rights and obligations of the respective parties.

These contracts ensure that the requirements of the certification scheme:

- a) are binding in their application
- b) can be verified and are transparent
- c) can, when necessary, be enforced with legal means

The contracts are carefully structured standard documents. Individual agreements relating to the scheme requirements are not made.

6.3 Transparency in scheme management

REDcert uses a database to manage the certification scheme that documents all

- scheme participants including all of the dependent operational sites of each member registered
- all of the inspections conducted regardless of result
- all sanction measures

The scheme management is always able to give authorised groups information about the status of the participants, inspections and sanctions.⁶

REDcert also fulfils the officially specified information and reporting obligations stipulated in the iLUC Directive (EC) 2015/1513 and creates and submits the information required here to the responsible offices of the European commission within the specified period (by 30 April of the year after the reporting year).⁷

These involve

- (a) the independence, modality and frequency of inspections, 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 inspector 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 inspections 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 inspectors and relevant scheme bodies

⁶ European Commission DG ENER: Letter to the voluntary schemes concerning transparency measures (12.03.2015) at: <https://ec.europa.eu/energy/sites/ener/files/documents/PAM%20to%20vs%20on%20transparency%20ARES%202015%201094930.pdf> (accessed on 10.10.2016)

⁷ European Commission DG ENER: Letter on reporting requirements for voluntary schemes (01.09.2015) at: <https://ec.europa.eu/energy/sites/ener/files/documents/PAM%20to%20vs%20annual%20reporting.pdf> (accessed on 10.10.2016)

- (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

For the criteria listed, REDcert refers to the applicable sections of its scheme principles and will describe their implementation in the reporting year.

For the criteria listed under (f), the template required by the EU Commission that is published on the transparency platform is used. The data required here is systematically collected by REDcert from all scheme participants as part of an annual survey using the REDcert database. To validate the plausibility of the data reported, the inspection reports of the certification bodies can be used because these also include a survey and on-site inspection of the biomass and biofuel quantities collected/sold as sustainable.

6.4 Transparency in certification

A valid certificate is an essential prerequisite for trade with certified sustainable biomass or biofuels and bioliquids. To make it possible for all economic operators to have a transparent and tamper-proof overview of all certificates issued in the REDcert scheme – valid, expired and suspended – the REDcert database publicly makes these certificates available online together with detailed information on the validity and the scope of application (www.redcert.org). The certification bodies responsible for issuing and monitoring the certificates guarantee that the overview is always up-to-date on a daily basis.

6.5 Assuring scheme integrity and preventing misuse and fraud

The REDcert scheme cannot accept responsibility for ensuring that the scheme participants and the involved certification bodies act in compliance with laws. When a scheme contract is signed, it is assumed that the positive intention is to satisfy the scheme requirements.

At the same time, REDcert has effective processes to reduce the potential risks of scheme violations, misuse and fraud and effectively combat these kinds of tendencies. These processes of “Integrity Management” which are based in the area of responsibility of “Scheme Management (see section 4) include:

- **The registration process for new, potential scheme participants**

Every potential scheme participant must disclose upon registration whether and to what extent he was already or is still a participant of another certification scheme. In addition, the reason for the scheme change must be indicated and, in the event of a scheme expulsion due to violations, REDcert shall be granted the right to obtain detailed information about the violations in question from the previous and current certification scheme. This makes it possible to ensure that a REDcert certificate is only issued when all of the violations found have been verifiably eliminated. These prerequisites are intended to prevent “scheme hopping”.

- **Awareness and reporting responsibilities of inspectors**

Inspectors shall inform REDcert immediately if an economic operator that is REDcert certified and seeking recertification was previously found to be in major nonconformity with this requirement, or any other aspect of the mandatory sustainability criteria. This allows REDcert to refuse recertification, or to impose additional means of inspection necessary to verify corrective action against the reported major nonconformity.

- **Systematic monitoring of all certification processes**

The REDcert database is used to view and analyse all certifications that have been carried out. Statistics are created for the following criteria for every certification body on an annual basis and when requested:

- compliance with the deadlines prescribed by the scheme for reporting and issuing certificates

- duration of “on-site” inspections taking into account the respective scope of application

In the event of deviating or conspicuous values, the certification body in question is contacted directly and asked to undertake corrective measures. If the deviations continue, REDcert can exclude the respective certification body from the scheme.

Moreover, REDcert regularly performs spot checks (min. 5%) of the inspection reports submitted to the database to ensure that:

- processing is complete
- the reports are comprehensible (informative and clearly legible)
- the reports are consistent (consistency between evaluation and description of the facts)
- the results have been correctly portrayed

The selected sample accounts for risk factors, e.g. inspectors or certification bodies under observance, scheme participants who are suspected of a non-conformity or pending complaint processes.

Unacceptable reports are sent back to the certification body responsible for clarification and corrected if necessary by a specific deadline.

– **Systematic monitoring of the certification bodies**

All of the certification bodies active in the REDcert scheme are at least officially recognised or have an equivalent accreditation. In addition to the measures embedded in this recognition and accreditation process for “monitoring the monitor”, REDcert has established an independent monitoring process for certification bodies. This process involves, among others:

- subject-specific registration and approval as well as deployment monitoring of inspectors
- the obligation to train the deployed inspectors regularly by the certification body
- the qualification of respective trainers in every certification body by REDcert
- the optional inspection supervision or audit of the certification body by one of REDcert's own auditors

- **Systematic monitoring of GHG balances and the GHG savings declared in the sustainability certificates**

Most of the companies in the REDcert scheme that issue sustainability certificates for biofuels and bioliquids as what are called “last interfaces” use the “nabisy” application provided by the Federal Office for Agriculture and Food (Bundesanstalt für Landwirtschaft und Ernährung – BLE). The BLE sends REDcert (and other certification schemes) all of the sustainability certificates issued in the scheme on a regular basis. REDcert has developed a complex evaluation process to analyse the sustainability certificates identified here as “suspicious” (certificate whose GHG emissions lie below the “typical” emissions of the relevant type of biofuel). Certificates identified as such are presented to the respective companies and the certification bodies for review and confirmation.

- **Complaint management system in the REDcert scheme**

In addition to the scheme non-conformities identified during regular inspections carried out as part of the certification process, complaints of all types can trigger additional inspection measures. To this end REDcert has set up a complaint management system. Every complaint is recorded, analysed and tracked. REDcert has extensive, contractually based rights that allow it to carry out additional inspections (special inspections in accordance with the scheme contract) to clarify a case.

The complaint initiator as well as any other affected groups (e.g. authorities responsible or the EU Commission) are informed of the results of the investigations. Any major scheme non-conformities that are confirmed are tracked under the sanction system. This is specified in more detail in the respective scheme document.

- **The protected “REDcert” brand**

REDcert has a service mark of the same name registered with the European Trade-mark Office. It may be used exclusively by the scheme participants and recognised certification bodies. This trademark right gives rise to extensive options to take action against misuse or fraudulent use of the REDcert brand without any other proof of non-compliant scheme behaviour being necessary.

The REDcert “sanction system” ultimately aims to effectively punish verified violations. The escalation of sanction measures includes warnings, formal warnings, possibly in conjunction with a contractual penalty, and termination of the REDcert scheme contract without notice. This is specified in more detail in the respective scheme document.

7 Costs for participating companies

The scheme sponsor of the REDcert certification scheme represents the main economic groups affected by the sustainability certification through its shareholders. It is absolutely in the basic interest of these shareholders not to initiate any unreasonable or unnecessary burdens for the member companies arising from the certification scheme.

Accordingly, the fees charged for using the REDcert scheme are calculated on the basis of self-sustaining operation of the scheme. Generating profit is not the primary business objective of the scheme operator. Fees are set by the executive management in consultation with the Technical Committee and the Shareholders Assembly.

The participant fees are shown transparently in a fee schedule that every interested company has acknowledged before joining the scheme.

The costs for the neutral inspection conducted by approved certification bodies are not defined by the REDcert scheme but are based on the principle of supply and demand in the competition between the certification bodies. To prevent competition driven solely by price at the expense of certification quality, REDcert systematically evaluates the time spent for an inspection and scrutinises or disputes inspection times that are consistently short (see section 6.5).

REDcert satisfies the requirement contained in Directive 2009/28/EC to prevent disproportionate costs for small farmers, producer organisations and agricultural cooperatives. In the REDcert scheme, small farms are operations whose productive land is more than 75% below the area farmed on average in the country and/or secondary farms that generate more than 50% of their operating/family income outside of agriculture. The costs of verification and, most importantly, inspection of the sustainability criteria in these kinds of farms should not exceed the expected loss in revenue when the biomass produced by the farm as non-sustainable will likely have to be sold at lower revenues within the framework of the REDcert scheme.

8 Relevant documents

The documentation structure of the REDcert EU scheme includes the following:

No.	Document	Published/revised
1	Scope and basic scheme requirements	The current version of the REDcert-EU scheme principles is published on the website at www.redcert.org .
2	Scheme principles for the production of biomass, biofuels and bioliquids	
3	Scheme principles for GHG calculation	
4	Scheme principles for mass balancing	
5	Scheme principles for neutral inspections	
6	Sanction system	
7	Complaint management system	
8	Phase-specific checklists	

REDcert reserves the right to create and publish additional supplementary scheme principles if necessary.

The legal EU regulations and provisions for sustainable biomass as well as biofuels and bioliquids including other relevant references that represent the basis of the REDcert-EU documentation are published separately on REDcert's website at www.redcert.org. When legal regulations are referenced, the most current version is always assumed.

9 Annex

Biomass

The biodegradable fraction of products, waste and residues from biological origin from agriculture (including vegetal and animal substances), forestry and related industries including fisheries and aquaculture, as well as the biodegradable fraction of industrial and municipal waste.

Bioliquids

Bioliquids are liquid fuel for energy purposes other than for transport, including electricity and heating and cooling, produced from biomass.

Biofuels

Liquid or gaseous fuel for transport produced from biomass.

Waste

Waste shall be defined as in Article 3 (1) of the Waste Framework Directive 2008/98/EC (WFD). Raw materials or substances that have been intentionally modified or contaminated to meet this definition are not covered by this definition.

Processing residue

A processing residue is a substance that is not the end product(s) that a production process directly seeks to produce. It is not a primary aim of the production process and the process has not been deliberately modified to produce it.

Residues from agricultural, aquaculture, fisheries and forestry residues

“Agricultural, aquaculture, fisheries and forestry residues” means residues that are directly generated by agriculture, aquaculture, fisheries and forestry; they do not include residues from related industries or processing

Ligno-cellulosic material

“Ligno-cellulosic material” means material composed of lignin, cellulose and hemicellulose such as biomass sourced from forests, woody energy crops and forest-based industries’ residues and waste.

Non-food cellulosic material

“Non-food cellulosic material” means feedstocks mainly composed of cellulose and hemicellulose, and having a lower lignin content than ligno-cellulosic material; it includes food and feed crop residues (such as straw, stover, husks and shells), grassy energy crops with low starch content (such as ryegrass, switchgrass, miscanthus, giant cane and cover crops before and after main crops), industrial residues (including from food and feed crops after vegetal oils, sugars, starches and protein have been extracted) and material from biowaste.

Actual value

The greenhouse gas emission saving for some or all of the steps of a specific biofuel/bioliquid production process calculated in accordance with the methodology according to RED 2009/28, Annex V, part C.

Typical value

An estimate of the representative greenhouse gas emission saving for a particular biofuel/bioliquid production pathway.

Default value

A value derived from a typical value by the application of pre-determined factors and that may, in circumstances specified in this Directive, be used in place of an actual value

Life cycle greenhouse gas emissions

All net emissions of CO₂, CH₄ and N₂O that can be assigned to the fuel (including any blended components) or energy supplied. This includes all relevant stages from extraction or cultivation, including land-use changes, transport and distribution, processing and combustion, irrespective of where those emissions occur.

Greenhouse gas emissions per unit of energy

The total mass of CO₂ equivalent greenhouse gas emissions associated with the fuel or energy supplied, divided by the total energy content of the fuel or energy supplied (for fuel, expressed as its low heating value).