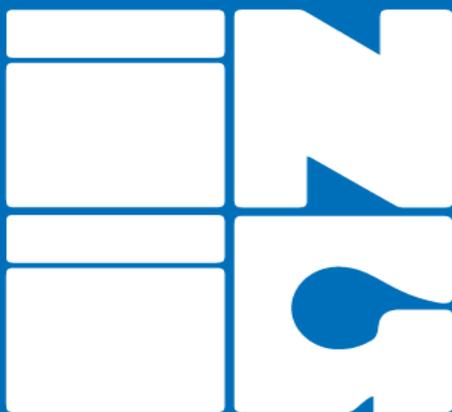


System Certyfikacji



KZR INiG

System KZR INiG/1

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**Description of the INiG System of Sustainability Criteria –
general rules**

By the Oil and Gas Institute – National Research Institute

The KZR INiG System/1

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1. Introduction

This document describes a system of certification of biofuels and bioliquids (hereafter referred to as the **KZR INiG System or System**) relating to the sustainability criteria and developed in the Oil and Gas Institute - National Research Institute of Poland (hereafter referred to as the System Administrator). The rules of the KZR INiG System are based on requirements stated in Directive 2009/28/EC of the European Parliament and of the Council of April 23, 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 (hereafter referred to as the RED or Renewable Energy Directive). The requirements of the KZR INiG System are in line with the aims defined in the Directive, and they also take into account local conditions.

In all documents describing the system, the abbreviation **KZR** is used for sustainability criteria defined in Directive 2009/28/EC.

Implementation of the KZR INiG System provides economic operators, particularly local ones, operating in the supply chain of biofuels and bioliquids, with the possibility to prove that they meet sustainability criteria, according to the requirements of RED.

The KZR INiG System recognises the **same version and scope** of the voluntary schemes that are recognised by the EC in the context of the Directive 2009/28 /EC. KZR INiG System recognises the scope of the voluntary scheme that the EC recognises in this context.

The Commission may recognise national schemes for compliance with the conditions set out in Directive 2009/28/EC. The KZR INiG System shall not refuse mutual recognition with those schemes as regards the verification of compliance with the sustainability criteria set out in Article 17(2) to (5).

2. Normative references

The normative references, covering all aspects of the KZR INiG System, are the following linked documents, which should be read in conjunction.

KZR INiG System /1/ Description of the INiG System of Sustainability Criteria – general rules

KZR INiG System /2/ Definitions

KZR INiG System /3/ Reference with national legislation

KZR INiG System /4/ Land use for raw materials production – lands with high carbon stock

KZR INiG System /5/ Land use for raw materials production - biodiversity

KZR INiG System /6/ Land use for raw materials production – agricultural and environmental requirements and standards

KZR INiG System /1	Cracow, June 2017	Issue No 3
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KZR INiG System /7/ Guidance for proper functioning of mass balance system
KZR INiG System /8/ Guidelines for the determination of the life cycle per unit values of GHG emissions for biofuels and bioliquids
KZR INiG System /9/ Requirements for certification bodies
KZR INiG System /10/ Guidelines for auditor and conduct of audit

The Scope of these KZR INiG System documents is based on the following articles:

EN 16214-1 Sustainably produced biomass for energy applications – Principles, criteria, indicators and verifies for biofuels and bioliquids – Part 1: Terminology.

PrEN 16214-2 Sustainably produced biomass for energy applications – Principles, criteria, indicators and verifies for biofuels and bioliquids – Part 2: Conformity assessment including chain of custody and mass balance.

EN 16214-3 Sustainably produced biomass for energy applications – Principles, criteria, indicators and verifies for biofuels and bioliquids – Part 3: Biodiversity and environmental aspects.

EN 16214-4 Sustainably produced biomass for energy applications – Principles, criteria, indicators and verifies for biofuels and bioliquids – Part 4: Calculation methods of the greenhouse gas emission balance using a life cycle analysis.

FprCEN/TR 16214-5 Sustainably produced biomass for energy applications – Principles, criteria, indicators and verifies for biofuels and bioliquids – Part 5: Guidance towards definition of residue and waste via positive list.

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.

3. Definitions

System KZR INiG/2/Definitions

4. The scope of the KZR INiG System

The KZR INiG System was developed in Poland, taking into account the European Union regulations on the assessment of biomass cultivation from the point of view of land use and good agricultural practice, and recognising international labour conventions (listed in article 17(7) of the RED).

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References to national legislations are given in document *KZR INiG System/3/Reference to national legislation*. Notably the **territorial range of the KZR INiG System's validity encompasses all countries of the world, with special emphasis on the European Union and Polish territory**

Within the framework of the KZR INiG System, **raw materials cultivated and harvested worldwide, as well as wastes and residues collected worldwide, and also feedstock, biofuels and bioliquids produced all over the world**, will be assessed for conformity with sustainability criteria.

The whole life cycle of biofuels and bioliquids will be assessed, starting from the stage of raw material cultivation or waste/residues collection point, to the stage of final usage, waste and residue formation, considering all the inter-linkages in the supply chain.

The KZR INiG System includes all entities which are legal owners of biomass or biofuel.

Double counting (of biofuels towards Member States' national targets) is the decision of the Member States and not the KZR INiG System. The responsibility of the KZR INiG System is to ensure that information on the feedstock is passed down the chain.

5. The criteria of the KZR INiG System

According to the KZR INiG System, the following criteria are to be met regarding corresponding stages of the biofuels and bioliquids life cycle:

1. The greenhouse gas emission saving from the use of biofuels shall be at least 60 % for biofuels produced in installations starting operation after 5 October 2015. An installation shall be considered to be in operation if the physical production of biofuels has taken place. In the case of installations that were in operation on or before 5 October 2015, for the purposes referred to in paragraph 1, biofuels shall achieve a greenhouse gas emission saving of at least 35 % until 31 December 2017 and at least 50 % from 1 January 2018.

The greenhouse gas emission saving from the use of biofuels and bioliquids shall be calculated in accordance with *RED methodology* or the document *KZR INiG System/ 8/ Guidelines for determination of life cycle per unit values of GHG emissions for biofuels and bioliquids*.

2. Biofuels and bioliquids shall not be made from raw material obtained from land with high biodiversity value, namely land that had one of the following statuses in or after January 2008, whether or not the land continues to have that status:

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a) primary forest and other wooded land, namely forest and other wooded land of native species, where there is no clearly visible indication of human activity and the ecological processes are not significantly disturbed;

b) areas designated:

- by law or by the relevant competent authority for nature protection purposes; or

- for the protection of rare, threatened or endangered ecosystems or species recognised by international agreements or included in lists drawn up by intergovernmental organisations or the International Union for the Conservation of Nature, subject to their recognition in accordance with the second subparagraph of Article 18(4) of the RED; unless evidence is provided that the production of that raw material did not interfere with those nature protection purposes;

c) highly biodiverse grassland

Grassland means terrestrial ecosystems dominated by herbaceous or shrub vegetation for at least 5 years continuously. It includes meadows or pasture that is cropped for hay but excludes land cultivated for other crop production and cropland lying temporarily fallow. It further excludes continuously forested areas as defined in Article 17(4)(b) of Directive 2009/28/EC unless these are agroforestry systems which include land-use systems where trees are managed together with crops or animal production systems in agricultural settings. The dominance of herbaceous or shrub vegetation means that their combined ground cover is larger than the canopy cover of trees;

Human intervention means managed grazing, mowing, cutting, harvesting or burning;

Natural highly biodiverse grassland means grassland that:

(a) would remain grassland in the absence of human intervention; and

(b) maintains the natural species composition and ecological characteristics and processes.

Non-natural highly biodiverse grassland means grassland that:

(a) would cease to be grassland in the absence of human intervention; and

(b) is not degraded, that is to say it is not characterised by long-term loss of biodiversity due to for instance overgrazing, mechanical damage to the vegetation, soil erosion or loss of soil quality; and

(c) is species-rich, that is to say it is:

(i) a habitat of significant importance to critically endangered, endangered or vulnerable species as classified by the International Union for the Conservation of Nature Red List of Threatened Species or other lists with a similar purpose for species or habitats laid down in national legislation or recognised by a competent national authority in the country of origin of the raw material; or

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- (ii) a habitat of significant importance to endemic or restricted-range species; or
- (iii) a habitat of significant importance to intra-species genetic diversity; or
- (iv) a habitat of significant importance to globally significant concentrations of migratory species or congregatory species; or
- (v) a regionally or nationally significant or highly threatened or unique ecosystem.

3. Biofuels and bioliquids shall not be made from raw material obtained from land with high carbon stock, namely land that had one of the following statuses in January 2008 and no longer has that status:

- a) wetlands, namely land that is covered with or saturated by water permanently or for a significant part of the year
- b) continuously forested areas, namely land spanning more than one hectare with trees higher than five meters and a canopy cover of more than 30 %, or trees able to reach those thresholds in situ
- c) land spanning more than one hectare with trees higher than five metres and a canopy cover of between 10 % and 30 %, or trees able to reach those thresholds in situ, unless evidence is provided that the carbon stock of the area before and after conversion is such that, when the methodology laid down in RED, part C of Annex V is applied, the conditions laid down in paragraph 2 of this Article would be fulfilled

The provisions of this paragraph shall not apply if, at the time the raw material was obtained, the land had the same status as it had in January 2008.

4. Biofuels and bioliquids shall not be made from raw material obtained from land that was peatland in January 2008, unless evidence is provided that the cultivation and harvesting of that raw material does not involve drainage of previously undrained soil.

5. Agricultural raw materials cultivated in the Community and used for the production of biofuels and bioliquids shall be obtained in accordance with the requirements and standards under the provisions referred to under the heading ‘Environment’ in part A and in point 9 of Annex II to Council Regulation (EC) No 73/2009 of 19 January 2009 establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers (OJ L 30, 31.1.2009, p. 16.) and in accordance with the minimum requirements for good agricultural and environmental condition defined pursuant to Article 6(1) of that Regulation.

6. Biofuels and bioliquids produced from waste and processing residues need only fulfill the sustainability criteria set out in point 1 of paragraph 5 (above) i.e. are excluded from demonstrating compliance with the land use criteria. Agricultural, aquaculture, fisheries and forestry residues are required to comply with the land use criteria.

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The aforementioned criteria, summarized below, are described in the following system documents:

1. Biofuels and bioliquids have not been manufactured from raw materials obtained from lands with high carbon stock or from peatlands. These requirements are described in detail in document ***KZR INiG System/ 4/Land use for raw materials production – lands with high carbon stock.***
2. Biofuels and bioliquids have not been manufactured from raw materials obtained from areas with high biodiversity. These requirements are described in detail in document ***KZR INiG System/ 5/Land use for raw materials production – biodiversity.***
3. Agricultural raw materials for production of biofuels and bioliquids have been obtained according to the requirements and standards establishing common rules for direct support systems for farmers within the framework of common agricultural policy, and also according to the minimum requirements on good agricultural practice consistent with nature protection. These requirements are described in detail in document ***KZR INiG System/ 6/Land use for raw materials production – agricultural and environmental requirements and standards.***
4. In order to ensure traceability of a biomass (processed biomass) batch meeting the sustainability criteria and one which does not meet them, an economic operator who uses biomass (processed biomass) is obliged to implement a mass balance system. These requirements are described in detail in document ***KZR INiG System/ 7/ Guidance for proper functioning of mass balance system.***
5. The reduction potential of greenhouse gases emissions for biofuels and bioliquids and also of intensity of greenhouse gases emissions for biomass (processed biomass) at the individual stages of its processing has been defined according to the methodology stated in Annex V to RED. These requirements are described in detail in document ***KZR INiG System/ 8/ Guidelines for the determination of the life cycle per unit values of GHG emissions for biofuels and bioliquids.***
6. References in the KZR INiG System to national legislation are shown in document ***KZR INiG System/ 3/Reference with national legislation.***

The certificate issued by the certification body, authorized by the KZR INiG System Administrator, is a document confirming compliance with the above-mentioned criteria. Issuing such a certificate is preceded by an audit, during which evidence of meeting of the above criteria by the economic operator being subject to the certification process is assessed. Certification bodies, as well as auditors carrying out the audit, shall be characterized by high professionalism, required knowledge, and competency. Requirements and guidelines for such bodies operating

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within the framework of the KZR INiG System are presented in the documents: *KZR INiG System/9/Requirements for certification bodies* and *KZR INiG System/10/ Guidelines for auditor and conduct of audit*.

6. The structure of the KZR INiG System

The KZR INiG System is owned and administered by the Oil and Gas Institute - National Research Institute located in Cracow, represented by the Director of the Institute. “The Oil and Gas Institute – National Research Institute” and “the System Administrator” are equivalent terms assigned to the same entity. The System Administrator is the operator having the right to administer the certification system, and is obliged to ensure **independence, transparency, and avoidance of conflicts of interests** between the system participants and certification bodies. The System Administrator signs agreements with:

- economic operators who intend to participate in the KZR INiG System,
- certification bodies that, after positive results of assessment (see *KZR INiG System /9/ Requirements for certification bodies*), are named as authorized certification bodies.

The Biomass Certification Systems Office (the BCSO)

is a division of the Oil and Gas Institute – National Research Institute (System Administrator), responsible for supervision and development of the System. The main task of this division is to supervise records and documents of the KZR INiG System and to apply the System’s resolutions. Moreover, the BCSO is responsible for improving and developing the scheme’s documents as well as prepares and organizes trainings.

The BCSO collects biomass quantity reports from the system’s participant, supervises data, prepares and sends an annual report for the EC, according to the ILUC Directive.

The Management of the Biomass Certification Systems Office, which is set up by System Administrator, manages the KZR INiG System Office according to the Institute’s internal rules (the Management means the Manager of the Office and/or deputy Manager in case of absence of Manager). The Management has decisive powers in relation to the System; The Management is responsible for assessment and authorizing the certification body, concerned with implementing the KZR INiG System to their structures. They supervise certifying bodies within the framework of the System. The Management is responsible for planning and preparing time schedules for supervision over authorized certification bodies (see point 5.3 of KZR INiG/9). The Management assigns KZR INiG auditors to carrying out audits (according to point 5.2 and 5.3 of KZR INiG System/9) at certification bodies.

The Management of the Biomass Certification Systems Office is also entitled to appoint the audit team to carry out an “internal monitoring audit” ().

The Manager is responsible for setting directions for the development of the KZR INiG System and communication and cooperation with the System Administrator, system participants, certification bodies, System Council and interested parties.

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The KZR INiG System Council, called "the Council" in all System documents, comprises 5 to 10 members (external experts, e.g. industry representatives, associations, NGOs, representatives of government, representatives of certification bodies). Members of the Council must:

- be external (staff of the Oil and Gas Institute - National Research Institute cannot be a member of the Council);
- not be representatives of institutions supervising the KZR INIG;
- have appropriate skills and experience connected with the fuel and biofuel industry, agriculture, land-use, sustainability criteria.

Candidates for membership are proposed by the Management of the Biomass Certification Office. Candidates can be either invited by the KZR INiG or proposed by external entities. Candidates are evaluated for compliance with the requirements and finally appointed by the Director of the Oil and Gas Institute National Research Institute. Members are selected such that each party will have representatives and no party predominates.

The term of Council membership is two and a half years.

The Council meets at least twice a year. In cases of urgency the Council communicates electronically. Additionally, meetings of the Council can be organized at the request of any member.

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. Activity of the Council has also an advisory character. The Council proposes directions for the development of the KZR INiG System.

Supervision over independence, transparency, avoiding conflict of interests is performed according to the following scheme:

- at least once a year, the Manager of the BCSO presents a report covering existing BCSO procedures and mechanisms proving independency, transparency of the scheme. Implemented procedures and good practices are assessed by the members of the Council. The report covers also activities of the BCSO's staff that may have an impact on independence and conflicts of interest, indicated complaints about the Scheme. Events (both, organized by the KZR INiG and external entities) in which the staff of the BCSO participated are also covered by the report. The council assesses if activities of the KZR INiG do not impact the impartiality of the scheme, not only on the basis of the report, but also based on their own remarks.

Findings from the Council meetings are always included in minutes. The minutes shall be accepted by each member of the Council and signed by the chairman of the Council.

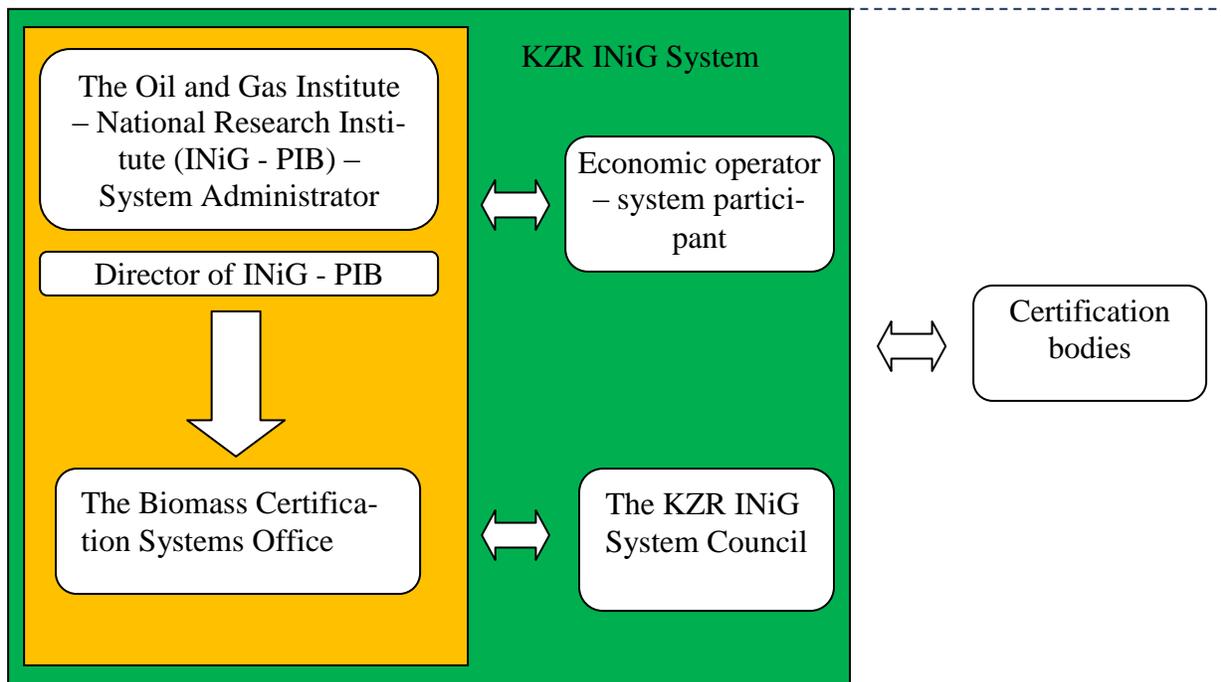
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"**Economic operators**" means everyone who provides economic activity, exists in the supply chain, operates with sustainable raw material (biomass), feedstock (processed biomass), biofuels, bioliquids, wastes and residues (first waste/residue collection points, trading and processing) and is interested in obtaining KZR INiG certification.

Certification bodies are not participants of the KZR INiG System, and their task is to evaluate data submitted by economic operators and verify compliance with the requirements of the KZR INiG System. Certification bodies are impartial, independent organizations with freedom of economic activities, operating within the framework adopted by that body, and recognised by the certification system, and are authorized to issue KZR INiG certificates and carry out control and management of processes, and to ensure conformity with the KZR INiG System requirements by system participants. All relevant requirements for certification bodies and audits are described in the following System documents: *KZR INiG System /9/ Requirements for certification bodies* and *KZR INiG System /10/ Guidelines for auditor and conduct of audit*.

The structure of the KZR INiG System is shown diagrammatically in the figure below:

Fig.1 Structure of KZR INiG System



7. Participants of the KZR INiG System

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In order for biofuels and bioliquids to be accepted as achieving the goals set out by the KZR INiG System towards fulfilling the duty to use energy from renewable sources, and also to qualify for financial support, they must meet the sustainability criteria. Considering the fact that the sustainability criteria relate to the whole life cycle of biofuels and bioliquids, it is required that all participants of the supply chain, in the scope of their activity, will show proof of meeting these requirements. The economic operators are obliged to:

- submit credible information verified by an independent audit,
- have an appropriate documentation management system,
- have written procedure(s), incorporated into the firm, describing rules of mass balance and applied GHG methodology,
- keep all evidence for a minimum of 5 years,
- accept responsibility for preparing any information related to the auditing of such evidence.

The economic operator agrees that the persons representing the KZR INiG System may have unrestricted permission to enter the area of the plant(s) which conducts business related to the KZR INiG System, and unlimited access to documentation referring to participation in the KZR INiG System. The KZR INiG reserves the right to inspect all of the economic operator`s documents connected with the products covered by the KZR INiG System. The economic operator agrees that the KZR INiG, as part of its inspection activities, shall have the right to verify the information made available to it by its contractors (cross-check). Refusal to grant access to the documents and devices to be inspected by the KZR INiG`s representative will result in exclusion from the scheme.

System participants having any of the following certifications:

- Individual agricultural production and sale (including storage/excluding storage)¹;
- First gathering point, storage, including group audit of farmers;
- First gathering point, no storage, but with a group audit of framers;
- Waste/residue collection point;
- Waste/residue collection and processing/utilization point;
- Oil pressing;
- Sugar mill;
- Distillery;

¹ delete as appropriate

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- Biocomponent production: ethanol/ ETBE/FAME/ other
- hydrogenation/co-hydrogenation;
- biohydrocarbon production;
- other (specified);

are obliged to report quarterly, to the KZR INiG, amounts of sold biomass/biofuels. The report is to be sent within 10 days after the end of the quarter. The KZR INiG provides the template of the report, containing type of product, country of origin, feedstock, and amounts expressed in tonnes. The country of origin is the place of origin of the feedstock. The KZR INiG treats all information received from system participants as confidential.

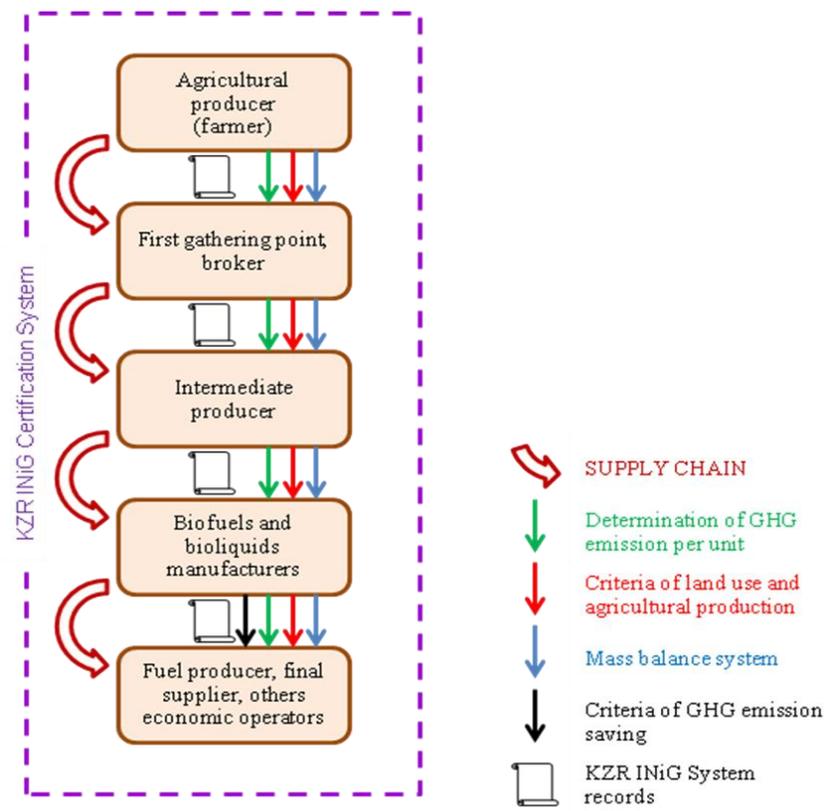
The reports are subject to regular audit carried out by certification bodies.

Within the framework of the KZR INiG System, these requirements shall apply whether the biofuels or bioliquids are produced within the European Community or imported, and is monitored by certification bodies that verify the submitted information. Economic operators are audited before being allowed to participate in the KZR INiG System. After a positive result of the audit, the certification body issues the KZR INiG certificate that conformity with requirement of sustainable criteria. Transport is not audited (it is not a certification subject).

A diagram of the supply chain is shown below.

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Fig.2. A diagram of the supply chain



As denoted in the figure above, each of the economic operators in the supply chain is obliged to implement the requirements of the KZR INiG System, within their operational area.

Agricultural producer (farmer)

The agricultural producer is the first link of the supply chain, hence the need for the producer to participate in the KZR INiG System. For biofuels and bioliquids to be considered as complying with the sustainability criteria, it is necessary to prove that raw materials from which bioliquids and biofuels have been produced meet the sustainability criteria within the scope of arable land use, as defined in the RED and discussed in detail in the following KZR INiG System documents:

1. *KZR INiG System/4/Land use for raw materials production – lands with high carbon stock.*
2. *KZR INiG System/5/Land use for raw materials production – biodiversity.*
3. *KZR INiG System/6/Land use for raw materials production – agricultural and environmental requirements and standards.*

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In order to assess compliance with the criterion of greenhouse gases (GHG) emission saving by a product included in the certification system, it is necessary to know GHG emissions generated at earlier stages of production, including plant cultivation. For that reason, the agricultural producer is obliged, besides running a mass balance, to define the intensity of GHG emissions at the cultivation stage. Details of the methodology for determining these values are provided in document: *KZR INiG System/8/ Guidelines for the determination of the life cycle per unit values of GHG emissions for biofuels and bioliquids*.

According to the rules of the KZR INiG System, agricultural producers are audited. If requirements described in the KZR INIG System documents (no. 4-6) are met, a group audit is permitted (see *KZR INiG System/9* document). In the case of biofuels and bioliquids production, the agricultural producer attaches the declaration to a batch of raw materials (annex 2 for producers in areas of the EU and annex 3 for non-EU producers). The declaration is valid no longer than 12 months from the date of signature. The reported data must identify sufficiently the agricultural producer, scale and type of their production, character of the land on which raw materials have been cultivated, and land-use-change information. The information shall be verified by audit. Apart from complying with land-use criteria, the agricultural producer is obliged to introduce a mass balance system and report the GHG emissions. When either a default value according to Annex V to the RED or a regional default value is reported, it is necessary to verify the values indicated. In the case when the agricultural producer reported actual values of GHG emissions, it is necessary to verify the correctness of the employed methodology and the calculations.

First gathering point, broker

The "First gathering point" (the entity that buys raw materials such as grain or sugar beet from agricultural producers) and the broker (economic operator that trades and stores biomass) are the next link in the supply chain. Their responsibilities include collection of proofs confirming that raw materials cultivation and harvesting meet the sustainability criteria. Aspects related to the assessment of land use for raw materials cultivation are discussed in the following documents:

1. *KZR INiG System/4/Land use for raw materials production – lands with high carbon stock.*
2. *KZR INiG System/5/Land use for raw materials production – biodiversity.*
3. *KZR INiG System/6/Land use for raw materials production – agricultural and environmental requirements and standards.*

The First gathering point and broker have a documentation management system and are obliged to implement a mass balance system and a methodology for determining GHG emis-

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sions. This responsibility is subject to audit. These aspects are discussed in detail in the following documents:

1. *KZR INiG System/ 7/ Guidance for proper functioning of mass balance system*
2. *KZR INiG System/8/Guidelines for the determination of the life cycle per unit values of GHG emissions for biofuels and bioliquids*
3. *KZR INiG System/9/ Requirements for Certification Bodies*
4. *KZR INiG System/10/ Guidelines for auditors and conduct of audits*

If the broker is only selling on or trading the material without legal ownership (and not actually receiving or storing any physical product), they would normally not need to undergo certification.

Intermediate producer

The Intermediate producer, including wastes and residue processors (e.g. oil extraction plant, distillery) is the next participant in the supply chain, and thereby a participant of the System. According to the rules of the KZR INiG System, similarly to the first gathering point of raw materials, the intermediate producer is obliged to obtain a certificate confirming that the production meets sustainability criteria. The biofuel and bioliquids production plant must have a management system and implement a mass balance system. It must also adopt a methodology for calculating GHG emissions, based on a mass balance system, and taking into account emissions generated at earlier stages of the life cycle. These aspects are discussed in detail in the following documents:

1. *KZR INiG System/ 7/Guidance for proper functioning of mass balance system.*
2. *KZR INiG System/8/Guidelines for the determination of the life cycle per unit values of GHG emissions for biofuels and bioliquids.*

Manufacturer of a biofuel and bioliquid

The biofuel and bioliquids manufacturer is the next link in the supply chain and is therefore a participant of the KZR INiG System. The manufacturer, apart from having to implement a mass balance system, ensure traceability of the raw material, verify that feedstock meets the sustainability criteria, and determine GHG emissions at the stage of biofuel and bioliquids production, is also obliged to have a documentation management system.

Requirements for the implementation of a mass balance system are described in document *KZR INiG System/ 7/ Guidance for proper functioning of mass balance system.*

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Methodology for calculating GHG emissions in a biofuel and bioliquids life cycle are presented in the document *KZR INiG System/8/Guidelines for the determination of the life cycle per unit values of GHG emissions for biofuels and bioliquids*.

The biofuel producer is obliged to calculate GHG emission reduction in comparison to the fossil fuel comparator and also to meet the GHG emission reduction criterion, according to point 5.1.

Fuel producer, final supplier, other economic operators

This is a group of economic operators involved in: handling of wastes and residues, biofuel, bioliquid; blending with conventional fuel; and supplying the product to fuel stations and the final user. These entities are obliged to: implement a mass balance system; ensure traceability of biofuel; verify that bioliquids meet the sustainability criteria; determine GHG emissions generated during this stage, if applicable; and implement a documentation management system. The final supplier of biofuel meeting sustainability criteria is also obliged to fulfil the GHG emission savings criterion in relation to the fossil fuel comparator.

First waste/residues collection point/economic operator collecting and processing waste and residues

The First waste/residues collection point is an economic operator which collects waste or residues from enterprises where it is generated or from households. These enterprises can also be engaged in utilization of the waste and residues.

First waste/residues collection points (waste/residues collected from processing, catering and household waste/residues) are excluded from the land use criteria requirements.

The economic operators are obliged to implement, manage and verify a mass balance system, according to the KZR INiG System requirements. The way the documentation is kept shall ensure traceability of waste/residues declarations to individual suppliers.

The entity supplying the waste/residues is obliged to complete a waste/residues declaration (see specimen included in Annex No.3). The declaration may be filled in for an individual supply or for all supplies within a given contract or within a year, starting from the date of signing the declaration of waste/residues. The declaration may have a different form from the one in the Annex, provided that all the information is included. The entrepreneurs collecting waste/residues are additionally (besides other KZR INiG System requirements) obliged to:

- keep a list of suppliers
- keep the declaration of waste/residues for 5 years
- ensure traceability of the declaration and other documents related to the supply.

No declaration is required for collecting household waste/residues. The First wastes/residues collection point must document the amount of collected wastes/residues.

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Both the waste/residue collection point and the entrepreneurs collecting and utilizing or processing the waste/residues are subject to certification.

The places of origin of the waste/residues

The places of origin of the waste/residues are the enterprises or households where the waste and residues occur. These entities deliver the waste/residue, along with the declaration of origin, to the waste collection points. They do not have to be certified, but are audited at waste collection point, according to the rules described in the KZR INiG System/10 document.

Moreover, entities operating in countries outside the EU are obliged to observe the following guidelines:

Agricultural producers

Agricultural producers operating outside the EU shall follow good agricultural practices modeled on the requirements and standards in force in the EU. Agricultural producers shall therefore implement the requirements and standards laid down in the provisions referred to in the section on "Environment" in part A and in point 9 of Annex II to Regulation (EC) No 73/2009 of 19 January 2009 establishing common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers (OJ L 30, 31.1.2009, p. 16), and in accordance with the minimum requirements for good agricultural and environmental condition within the meaning of art. 6 paragraph 1 of the Ordinance.

The agricultural producer shall implement internal procedures to monitor compliance with good agricultural practices. He shall also develop procedures for the correction of irregularities in the area of good agricultural practices.

In cases where the agricultural producer hires workers, he is obliged to implement procedures for checking compliance with good employment practices, health and safety, non-discrimination and good social practices. He should also develop procedures for the correction of irregularities in this regard. The benchmark to develop appropriate procedures in this regard should be Recommendations and Conventions of the International Labour Organisation (ILO). These are the rules relating to the maintenance of health and safety and the rules of employment according to the recommendations and the Convention of the International Labour Organisation (ILO), documents 29 and 105 (relating to the use of violence at work), 138 and 182 (relating to the employment of minors), 87 and 98 (concerning freedom of association and trade unions), 100, and 111 (of discrimination). The producer should also observe principles of mutual respect for the rights of co-existence of operators and local communities and other entities. Farms can be controlled individually or as part of a group, according to the document Requirements for Certification Bodies (KZR INiG 9), just as in the case of farms operating in the EU, certified by the KZR INiG system.

First gathering point, broker

They shall implement the same procedures as the agricultural producer in the areas of good practices in employment, health and safety, non-discrimination and good social practices.

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Biomass producers

Such operators shall implement the same procedure as the agricultural producer with regard to good practices in employment, health and safety, non-discrimination and good social practices.

Producers of biofuels and biofuel

Such operators shall implement the same procedure as the agricultural producer with regard to good practices in employment, health and safety, non-discrimination and good social practices.

Manufacturer of fuel, placing on the market, other traders

Such operators shall implement the same procedure as the agricultural producer with regard to good practices in employment, health and safety, non-discrimination and good social practices.

First waste/residues collection point/economic operator collecting and processing waste and residues

Such operators shall implement the same procedure as the agricultural producer with regard to good practices in employment, health and safety, non-discrimination and good social practices, as well as good agricultural practices, if the activity of the entity/entities is being carried out on a farm.

Certification bodies

Certification bodies **are not participants of the KZR INiG System**, and their task is to evaluate data submitted by economic operators, documenting compliance with the requirements of the KZR INiG System. For that reason, auditors are obliged to know the requirements of the System, and also to have the necessary knowledge and skills for performing audits. Detailed requirements for both certification bodies and auditors are presented in the documents: *KZR INiG System/9/Requirements for certification bodies* and *KZR INiG System/10/ Guidelines for auditor and conduct of audit*.

Cooperation between Certification Bodies and the KZR INiG System includes:

- First audit of conformity of System implementation,
- Audit surveillance,
- Training,
- Access to database (actual system information and annual reports of system results and development, etc.).

8. Transparency and independence of the KZR INiG System, complaint procedures, internal monitoring

Transparency and independence

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The KZR INiG System is independent and free from external pressures. The KZR INiG does not employ external auditors (i.e. individuals not employed under an employment contract by the Oil and Gas Institute - National Research Institute) to supervise certification bodies or verify system participants. All training organized by the KZR INiG for certification bodies is open, and relevant information is always published on the KZR INiG website. The rule of transparency and independence is the primary principle of the System's operation. Monitoring of transparency and independence of operation of the System is the Council's duty. Correctness of the Council's operation is assured by the inclusion of external experts, free of any pressures and conflicts of interests.

Moreover, certification bodies that are not participants of the System but perform audits of a given participant of the System must be free from conflicts of interest. Audits are conducted according to principles of confidentiality. Implementation of the requirements of the KZR INiG System should be undertaken in a transparent and easily verifiable way.

Documents of the KZR INiG System are freely available and published in the following website: www.kzr.inig.eu. Moreover, the KZR INiG website provides information on the following aspects:

- issued certificates (current (green mark), withdrawn/out of date (red mark) and suspended (yellow mark)), with comments if needed. Comments may include periods in which a certificate was suspended;
- scheme documents;
- certification bodies;
- scheme contact details;
- the names of the voluntary schemes the scheme is recognizing.

Information on the withdrawal or suspension of certificates is published without delay.

The KZR INiG may suspend of publishing of certificates in the website in case of abusing an agreement between the KZR INiG and system participant. In this case, a company cannot deliver sustainable products.

NOTE

It is strongly recommended that customers check the validity of a supplier's certificate on the KZR INiG website during the acceptance of deliveries.

System participants and certification bodies sign interim contracts with the Oil and Gas Institute- National Research Institute as the owner of the KZR INiG System, defining the rights and obligations of both parties. Exceptions, and proceedings in cases when the contract is broken, are also regulated.

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Complaint procedures

Representatives of authorities or Member states, companies, certification bodies and natural persons have the right to express their dissatisfaction with the KZR INiG in any field of its activity. A complaint may also concern the activity of certification body authorized by the KZR INiG.

All complaints shall be in writing, either an official letter or an e-mail, with a detailed description and contact data. The complaint should be sent to the Biomass Certification Systems Office (contact data are published on the website www.kzr.inig.eu). If a claim concerns the Biomass Certification System Office’s activity and can be honored, the Office’s staff take appropriate action without delay. In other cases, the complaint is transferred to the chairman of the KZR INiG System Council. Complaints are analyzed and investigated by the Council and appropriate action is taken. The complainant is kept informed of progress of the appeal and has the right to anonymity. The KZR INiG is entitled to ask involved parties for additional information and documentation. Findings from the investigation of a complaint, in the form of a recommendation, are passed (in written form) to the Biomass Certification Systems Office in order to take appropriate actions, as well as to the complainant.

Internal monitoring

The KZR INiG endeavors to ensure a consistent, objective and reliable audit and certification process, carried out by authorized certification bodies. KZR INiG internal monitoring consists of assessments of **both system participants and certification bodies**. This assessment is called an “internal monitoring audit”.

Internal monitoring – system participants

The purpose of assessing a system participant is to verify compliance of economic operators with the provisions of the scheme as well as to cross-check the work conducted by certification bodies. Internal monitoring audit is carried out by the KZR INiG and reflects audit carried out by the certification body (based on KZR INiG procedures). Findings are compared with the certification body’s audit documents (report, checklist). The report from an internal monitoring audit is transferred to system participants and the certification body. Depending on the findings, the Management of the Biomass Certification Systems Office, in consultation with the KZR INiG auditors, decides about appropriate actions. The findings may be used as input data for a risk analysis for other similar audits carried out by certification body.

Such internal monitoring audits (carried out by the KZR INiG) should be undertaken in cases where relevant information on potential non-compliances has been brought to the attention of the scheme by external parties, and also as a result of the audit carried out by the KZR INiG at certification bodies (see KZR INiG/9 point 5.3.).

The certification body is always informed about planned internal monitoring audits and its representative may attend the assessments as an observer.

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Internal monitoring – supervision of certification bodies

Certification bodies are obliged to report semi-annually on audits carried out, including information about auditors, non-compliances, GHG values, amounts of certified biomass/biofuel, etc. Information from the Report are input data for internal monitoring.

Authorized certification bodies are subject to regular audits carried out by the KZR INiG. The audits are part of internal monitoring. Detailed rules are given in document KZR INiG/9 point 5.3.

9. Principles of use of KZR INiG System logo

The Logo of the KZR INiG System (hereafter referred to as "logo" and "logotype") is owned by the System Administrator and is protected by Certificate Registration No. 013442611 issued by the Office for Harmonization in the Internal Market (OHIM) in accordance with the provisions of industrial property rights.

The System Administrator is the only entity entitled to transfer The Logo and to grant permission to use it.

The System Administrator authorizes operators who are participating in the KZR INiG System, and who have a valid certificate issued by the System's certification body, to use The Logo, subject to the conditions set out in this document.

On the written request of a participant in the System, the System Administrator provides The Logo in the form of a file sent via e-mail.

Use of the Logotype by other entities, or on other terms than those set out in this document, requires the prior written (under pain of invalidity) consent of the System Administrator. In particular, entities still seeking to obtain a certificate are not authorized to use The Logo. In the event of termination, withdrawal or suspension of a certificate, a System participant previously using the Logotype must immediately discontinue use it and invoking System membership. The entity is especially obliged to immediately remove the Logotype from all materials and documents relating to its activities, during the period the certification has been suspended, revoked or expired.

Authorization to use the Logo of KZR INiG covers only its use for the purposes of information and marketing. The Logo may be used by the KZR INiG System participant to demonstrate its participation in the system.

A participant using the Logotype can place The Logo only in business documents (e.g. offers, bills, prints, company correspondences) and promotional materials or information (e.g. brochures, publications, technical literature, reports of activities); and in web pages, subject to the

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next sentence. The content of the materials in which The Logo of the KZR INiG System are used must always be related to the activities covered under the certification of the KZR INiG System, and declared by the KZR INiG System participant in agreement with the Oil and Gas Institute. For all materials and documents, the Logo must be accompanied by the certification number of the System participant, placed beneath the Logotype, in the form "Participant nr XX", font size 12.

The use of the Logotype on any other materials or in any other way requires the prior written (under pain of invalidity) consent of the System Administrator.

It is not permitted to place the KZR INiG Logo on cars, external walls of buildings, flags, billboards or labels of any products.

Protective field measures 1/3 of the side length of the Logotype. The protective field of the Logotype defines an area around the sign that cannot be overlapped – wholly or partially – by any graphic or text elements. The aim of the protective field is to preserve the visibility of the logo.

It is not permitted to:

- interfere with the lettering of the Logo,
- modify the position of the text in relation to the Logotype, or

place any text or graphic, e.g. other signs, in the protective field.

- use individual components of the Logotype, or distort or change any element,
- use the Logotype on another company or personal logo,
- imitate the Logotype, or use the Logotype in a misleading way, falsely suggesting that an entity or its operation is certified under the scheme,
- use the Logotype in a defamatory, disparaging, obscene or otherwise objectionable context, which may raise objections from the System Administrator.

It is also forbidden to:

- reposition the Logo symbol or typography in relation to each other,
- scan the Logo disproportionately,
- colour the logo differently from the basic version.

The basic version of the Logo should be used whenever technically possible. The colored version should be used whenever possible. In cases when using the basic version is not possible for technical or compositional reasons, monochromatic versions may be used.

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The Logotype should be placed on a white background. Where justifiable, the Logo may be placed on a uniform background other than white, but within the following ranges of the RGB system:

Hue: 28-100
Saturation: 0-255
Lightness: 200-255

In exceptional situations, the Logo may be placed on a different background if necessitated by the characteristics of the material used (e.g. black paper, cardboard). In such cases, consent from the Department of Marketing of the Oil and Gas Institute is needed.

An entity using the Logo must ensure it is not used in a manner contrary to this document; in particular, it must not be placed in publications and materials infringing, or threatening infringement, of personal rights.

The System Administrator has the right to control the use of the Logo. If the System Administrator considers the use of the Logo to be incompatible with this document, the entity benefiting from the Logo is obliged to immediately refrain from using it.

The use of the Logo by entities unauthorized or in contravention of this document will be considered a violation of the intellectual property rights of the System Administrator and will be liable to form the basis of claims by the System Administrator. The System Administrator will then take appropriate action against such an entity, such as: a request for corrective action; suspension or revocation of the certificate; and other measures provided by law, including recourse to the courts.

Any entity that becomes aware of any use of the Logo in a manner violating the terms of this document shall immediately inform the System Administrator.

10. Annual reports

According to the provision of Directive (EU) 2015/1513 (the ILUC Directive amending the RED), the KZR INiG is obliged to submit annually a report to the Commission that includes or verifies:

- (a) The independence, modality and frequency of audits, 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 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;

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- (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 with indigenous and local communities prior to the 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) a market update of the scheme, the amount of feedstocks and biofuel certified, by country of origin, and the type and 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 affords its member(s), such a system being aimed at preventing fraudulent activity, particularly at detecting, treating and following-up on suspected fraud and other irregularities. Where appropriate the number of cases of fraud or irregularities detected must be declared;
- (h) entities to be authorized to recognize and monitor certification bodies;
- (i) criteria for the recognition or accreditation of certification bodies;
- (j) rules on how the monitoring of certification bodies is to be conducted;
- (k) ways to facilitate or improve the promotion of best practices.

The report is be sent by 30th April every year.

In order to prepare reliable information for point (f), the KZR INiG extracts reports, in aggregated form, received from the First gathering point and from biofuel producers. Relevant data are then put on the Commission’s data-reporting template. If any company among the system participants does not comply with its reporting obligations, it is treated as non-conforming, and is liable to suspension of its certificate. Moreover, the KZR INiG is entitled to indicate the name of any such company to the European Commission.

Further guidelines concerning preparation of the report are included in the ILUC Directive (EU 2015/1513) and on DG Energy website <http://ec.europa.eu/energy/en/topics/renewable-energy/biofuels/voluntary-schemes> (“Letter on reporting requirements for voluntary schemes” and “Data reporting template”).

11. Costs of participation in KZR INiG System

The main purpose of the KZR INiG System is to prove conformity of raw materials, biofuels and bioliquids production with the sustainability criteria stipulated by RED. Fulfillment of the-

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se requirements is inevitably an additional administrative and financial burden for participants. In organizing the KZR INiG System, specific local conditions have been taken into account (including using data and information collected from government agencies) which should lessen the administrative burden, particularly for agricultural producers.

Costs for obtaining the KZR certificate include those connected with:

- obtaining the certificate (audit),
- participation in the KZR INiG System.

Costs connected with the process of obtaining the certificate (audit)

Payments for carrying out an audit are agreed upon in a separate contract between the certification body and the economic operator.

Costs connected with participation in the KZR INiG System

Fees for participation in the System are paid according to the pricelist and to a contract signed between the Oil and Gas Institute- National Research Institute and the participant being certified. Fees are determined by the Management of the KZR INiG Biomass Certification Office and approved by the Director of the Institute. A detailed pricelist is appended as Annex 1 to this document. The current price list is published on the System's website. Payments received for raw materials/feedstock are, after deducting prime costs, utilised for, inter alia, developing and improving the System.

12. Annex list:

1. Annex 1 – Price list
2. Annex 2 – Self-declaration for agricultural producer
3. Annex 3- Declaration of wastes/residues