



**Working Paper on:**  
Verification rules under the CRCF Regulation

**CRCF VERification Technical Assistance  
(VERTA project)**

Service request 2023/07

Framework reference: CLIMA.A4/FRA/2019/0011

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*European Commission  
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## List of Abbreviations

AAU	Assigned Amount Units	MRR	Monitoring and Reporting Regulation
ACR	American Carbon Registry	MRV	Monitoring Reporting & Verification
AIB	Association of Issuing Bodies	MS	Member State
API	Application Programming Interfaces	MSR	Market Stability Reserve
AVR	(EU ETS) Accreditation and Verification Regulation	MST	Mitigation and Support Team
BECCS	Bioenergy with carbon capture and storage	OPR	Offset Project Registries
CAD	Climate Action Data (Trust)	PDD	Project Design Document
CAR	Climate Action Reserve	PoA	Program of Activities
CAR	Corrective Action Request	PoS	Proof of Sustainability
CARB	California Air Resources Board	REDII	Renewable Energy Directive 2018/2001
CCP	Core Carbon Principles	RSB	Roundtable for Sustainable Biomaterials
CCS	Carbon Capture and Storage	UDB	Union Database for liquid and gaseous biomass fuels
CCU	Carbon Capture and Utilisation	VCM	Voluntary carbon market
CDM	Clean Development Mechanism	VVB	Validation/Verification Body
CL	Clarification Request		
CO <sub>2</sub>	Carbon dioxide		
CRCF	Carbon removal certification framework		
DACCS	Direct Air Capture and CO <sub>2</sub> Storage		
DNA	Designated National Authority		
DOE	Designated Operational Entities		
EB	Executive Board		
EC	European Commission		
EU ETS	European Union Emissions Trading System		
EUA	European Union Allowances		
EUTL	EU Transaction Log		
FAR	Forward Action Request		
GDPR	General Data Protection Regulation		
GS4GG	Gold Standard for Global Goals		
GHG	Greenhouse gas		
IAF	International Accreditation Forum		
IC	Integrity Council		
ICVCM	Integrity Council for Voluntary Carbon Market		
IR	Implementing Regulation		
ISCC	International Sustainability and Carbon Certification		
ITL	International Transaction Log		

## Key definitions for the CRCF certification process

**Table 1: Key definitions for the CRCF certification process**

Term	CRCF Article	CRCF Definition
Activity	2(bb)	One or more practices or processes carried out by an operator, or a group of operators, resulting in a permanent carbon removal, temporary carbon removal from carbon farming or from carbon storage in products, or soil emission reductions from carbon farming where the latter overall reduces the emissions of carbon from soil carbon pools or increase carbon removals in biogenic carbon pools.
Activity period	2(ea)	A period over which the activity generates a net carbon removal benefit or a net soil emission reduction benefit, and which is determined in the applicable certification methodology;
Monitoring period	2(f)	A period over which the soil emission reduction or storage of carbon is monitored by an operator or a group of operators and which covers at least the activity period as determined in the applicable certification methodology;
Operator	2(d)	Any legal or natural person or public entity who operates or controls an activity, or to whom decisive economic power over the technical functioning of the activity has been delegated; in the case of a carbon farming activity, 'operator' means a farmer as defined in Article 3(1) of Regulation (EU) 2021/2115 or any other manager of an activity in land or coastal environment, or a forest owner or manager as defined by national law, or a competent public entity;
Group of operators	2(e)	A legal entity that represents at least two operators and is responsible for ensuring that those operators comply with this Regulation
Certification body	2(j)	An independent, accredited or recognised conformity assessment body that has concluded an agreement with a certification scheme to carry out certification audits and issue certificates of compliance
Certification schemes	2(k)	An organisation that certifies the compliance of activities and operators with the quality criteria and certification rules set out in this Regulation;



# 1. Introduction

Through the European Climate Law, the EU is committed to being **climate neutral by 2050**, a target that underpins the European Green Deal Strategy <sup>(1)</sup> and associated policies and measures. All sectors will need to play their part to reduce their greenhouse gas (GHG) emissions as quickly as possible to an absolute minimum. However, it will not be possible to reduce emissions from all sectors to zero. To achieve this goal, rapid emissions reductions will therefore need to be combined with a robust approach to remove carbon dioxide (CO<sub>2</sub>) from the atmosphere.

In April 2024, the European Parliament approved the political agreement on the **Regulation establishing a voluntary EU-wide certification framework for carbon removals, referred to as the Carbon Removals and Carbon Farming (CRCF) Regulation.**<sup>(2)</sup>

The Regulation's aim is to **accelerate the development and uptake of carbon removal activities** by providing a consistent framework to recognise carbon removal and soil emission reduction claims that are high quality, regardless of the type of carbon removal activity the claim originates from. The Regulation distinguishes three groups of carbon removal activities: permanent carbon removals (such as direct air capture with carbon capture and storage (DACCS), bioenergy with carbon capture and storage (bioCCS) and biochar); carbon farming such as peatland rewetting and soil carbon accumulating agriculture practices; and carbon storage in products such as wood-based construction materials. The Regulation provides 'QUALITY' criteria for **high-quality carbon removals and soil emission reductions** (QUantification, Additionality, Long-term storage and sustainabillTY), and rules for third party verification of the authenticity of those removals or soil emission reductions, including the setup of a CRCF registry (within 4 years from entry into force of the Regulation).

The objective of this project is to **provide support to the Commission to develop an implementing act** on the rules for the verification of carbon removals and the operation of recognised carbon removal certification schemes that will implement the CRCF Regulation. Furthermore, this project is supporting the Commission to **start scoping the CRCF Registry**, and to identify **options for interoperability** of the existing registries for EC-recognised carbon certification schemes in the interim period before the CRCF registry is launched.

This working paper builds on the review of different reference systems presented in the first interim report, as well as feedback received during the Fourth Carbon Removals Expert Group Meeting in April 2024 <sup>(3)</sup>. The reference systems which can provide inspiration and lessons learned for the detailed rules for the CRCF Regulation include: the rules for the certification of sustainable biofuels and biomass in the EU; the EU Emissions Trading System (ETS); certification of organic agriculture in the EU; and existing emission reduction (and carbon removal) certification schemes that operate in the voluntary carbon market (VCM).

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<sup>1</sup> [https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal\\_en](https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en)

<sup>2</sup> [https://www.europarl.europa.eu/meetdocs/2014\\_2019/plmrep/COMMITTEES/ENVI/DV/2024/03-11/Item9-Provisionalagreement-CFCR\\_2022-0394COD\\_EN.pdf](https://www.europarl.europa.eu/meetdocs/2014_2019/plmrep/COMMITTEES/ENVI/DV/2024/03-11/Item9-Provisionalagreement-CFCR_2022-0394COD_EN.pdf)

<sup>3</sup> [https://climate.ec.europa.eu/news-your-voice/events/4th-eu-carbon-removals-expert-group-meeting-2024-04-15\\_en](https://climate.ec.europa.eu/news-your-voice/events/4th-eu-carbon-removals-expert-group-meeting-2024-04-15_en)

The following chapters are included in this paper:

- Chapter 2: Roles and verification process in the CRCF
- Chapter 3: Rules for operators and certification bodies
- Chapter 4: Rules on the operation of certification schemes
- Chapter 5: Assessment process to recognise certification schemes

The aim of the CRCF Implementing Regulation is to set minimum requirements that need to be met by certification schemes that are recognised by the European Commission in the context of the CRCF Regulation. This working paper presents the options and recommendations for **third-party verification rules** and the **operation of certification schemes** that are recognised by the European Commission under the CRCF Regulation, and the **assessment process** to recognise certification schemes.

The working paper will be presented at a stakeholder workshop in September 2024 and be published for public consultation thereafter. The stakeholder inputs will feed into the final recommendations to the European Commission, due by the end of 2024.

## 2. Roles and verification process in the CRCF

This chapter introduces the main roles of different types of organisation and key steps in the overall verification process under the CRCF Regulation. This is designed to provide an introduction and relevant context to understand the more detailed recommendations for implementing rules set out in chapters 3 and 4.

### 2.1. Roles in the CRCF verification process

This section introduces the **roles** of the different parties involved in the **verification and compliance process** under the CRCF and describes Figure 1 the main parties involved in the process of certifying emission reduction or carbon removal units in the context of the CRCF. Definitions of key terms relevant to the CRCF verification process that will be used throughout this report are included at the start of this paper.

For comparison, Appendix C shows the corresponding parties and roles under the analogous verification processes in the certification of sustainable bioenergy under the RED, EU organic agriculture, the EU ETS and the existing VCM. The main roles in the reference certification systems are similar to those in the CRCF verification process, but the terminology used can differ slightly. The main roles envisaged in the CRCF verification process, using the terminology in the CRCF Regulation, are as follows:

The **European Commission (EC)** is developing the EU certification methodologies and will set them out in Delegated Regulations <sup>(4)</sup>. The methodologies operationalise the QUALITY criteria set out in the CRCF by describing the technical rules for Monitoring, Reporting and Verification (MRV) of specific carbon removal activities, including how to quantify the carbon removals and soil emission reductions and what needs to be monitored by operators. In addition, to ensure robust and harmonised implementation of the CRCF requirements, the EC will set, by means of Implementing Regulations, the technical rules for third-party verification of carbon removals. This implementing act will set out minimum requirements on third party verification, including certification and re-certification audits, certification bodies, certification schemes and their registries. Following a thorough assessment, the EC can recognise certification schemes that cover all the CRCF requirements and relevant EU certification methodologies (see chapter 55 for the envisaged recognition process). In the existing VCM, the methodologies and verification rules are typically set by the certification schemes themselves.

**Certification schemes** are market-based or governmental organisations that will implement the CRCF Regulation on the ground, by verifying that operators and their activities comply with the requirements of the CRCF. They will be required to appoint and supervise certification bodies and oversee the certification of operators. They control certification and re-certification audits and certificates of compliance, issued by certification bodies. Certification schemes can also issue certified units and manage their own registries (see the parallel working paper on Scoping of the CRCF registry and minimum requirements for certification scheme registries). Certification schemes might be expected to have different scopes, such as certifying different types of carbon

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<sup>(4)</sup> [Implementing and delegated acts - European Commission \(europa.eu\)](https://european-council.europa.eu/media/en/press-communications/infographic/infographic_implementation-delegated-acts-2021-01-14.pdf)

removal activity and therefore also different types of certified unit. In the existing VCM, certification schemes are typically called crediting programmes.

**Certification bodies** employ independent third-party auditors who conduct the certification and re-certification audits of operators, on behalf of the certification schemes. Certification bodies employ and appoint auditors who check that operators comply with the CRCF requirements and relevant certification methodologies. Certification bodies need to be accredited by national accreditation bodies or recognised by a Member State competent authority (see section 3.4). In the existing VCM, certification bodies are typically called Validation and Verification Bodies (VVB).

**Member States or National Accreditation Bodies** will be responsible for accrediting certification bodies that can operate under the CRCF. This role provides an additional layer of oversight of the operation of certification bodies. National Accreditation Bodies can accredit certification bodies in compliance with the EU accreditation regulation <sup>(5)</sup>. Alternatively, the CRCF (Article 10) allows for certification bodies to be recognised by **Member State competent authorities** (e.g. a relevant Ministry or department) to cover the scope of this Regulation or the specific scope of the certification scheme.

**Operators** are natural or legal persons (e.g. companies, public authorities etc) who undertake the carbon removal activities and get certified by a certification scheme. They undertake a certification audit, after which they are awarded certification of compliance and can implement and monitor a carbon removal activity. Certified units are then issued to operators by certification schemes on the basis of a successful re-certification audit by a certification body. Certified units are property of the operator (or group of operators) and can be exchanged with other companies or organisations and then retired to make a carbon removal claim.

**CRCF Registry.** Currently, individual certification schemes own and operate their own registries to track, trade and retire certified units. The CRCF Regulation mandates the EC to develop a Union wide registry (CRCF registry), maximum four years after entry into force of the regulation (see working paper on scoping of the CRCF registry and minimum requirements for certification scheme registries).



**Figure 1. Main roles in the CRCF verification process**

<sup>5</sup> Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation. Available from: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02008R0765-20210716>

## 2.2. Verification process, steps and audit modalities

This section describes the overall **verification process** for operators to become certified under the CRCF and how certified units are issued.

### What does the CRCF require?

The relevant extract from the CRCF Regulation is shown below. Note that whilst the CRCF Regulation describes the key building blocks of the overall verification process, certain details will differ depending on the type of carbon removal activity being certified, such as the duration of the activity and monitoring period and the type of certified units that can be issued. An overview of the types of carbon removal activities that will be certified under the CRCF and their key characteristics from a certification and verification perspective, is shown in Table 2. Following that, Figure 2 shows an overview of the CRCF verification process.

Article 9 of the CRCF Regulation sets out the process to apply for and become certified to a certification scheme under the CRCF.

#### **CRCF Article 9: Certification of compliance**

*[Based on the political agreement reached by the European Parliament in April 2024, pending updates of the final agreed text once available.]*

1. To apply for a certification of compliance with this Regulation, an operator or a group of operators shall submit an application to a certification scheme. Upon acceptance of that application, the operator or group of operators shall submit to a certification body an activity plan that includes evidence of compliance with Articles 4 to 7, the expected net carbon removal benefit or the net soil emission reduction benefit generated by the activity, and a monitoring plan. Groups of operators shall also specify how advisory services are provided, in particular to small-scale carbon farming operators. For carbon farming activities, Member States may provide advice to farmers in the framework of the advisory services referred to in Article 15 of Regulation (EU) 2021/2115. In order to promote the interoperability of relevant databases on carbon farming, where applicable, Member States may include in the Identification system for agricultural parcel, referred to in Article 68 of Regulation (EU) 2021/2116, key information listed in Annex 1, including management practices related to the carbon farming activity, start date and end date of the activity, unique certificate number or code, name of certification body and name of the certification scheme.

2. The certification scheme shall appoint a certification body which shall conduct a certification audit to verify that the information submitted in accordance with paragraph 1 of this Article is accurate and reliable, and to confirm compliance of activity with Articles 4 to 7. When, as a result of that certification audit, the compliance of the information submitted in accordance with paragraph 1 of this Article has been verified, the certification body shall issue a certification audit report that includes a summary and a certificate of compliance containing, as a minimum, the information set out in Annex II.

The certification scheme shall review the certification audit report and the certificate of compliance, and make the certification audit report, in full or, where necessary to preserve the confidentiality of commercially sensitive information, in an summarized

form, and the certificate of compliance publicly available in the certification registry of the certification scheme or, by [OJ: 4 years after the entry into force of this Regulation], in the Union registry referred to in Article 12.

3. The certification body shall carry out regular re-certification audits to reconfirm compliance of the activity with Articles 4 to 7 and verify the net carbon benefit or the net soil emission reduction benefit generated by the activity. The re-certification audits shall be carried out at least every five years, or more frequently as otherwise specified in the applicable certification methodology, depending on the characteristics of the relevant activity. As a result of that re-certification audit, the certification body shall issue a re-certification audit report that includes a summary, and an updated certificate of compliance. The certification scheme shall review the re-certification audit report and the updated certificate of compliance, and make the re-certification audit report, in full or, where necessary to preserve the confidentiality of commercially sensitive information, in an summarised form, the updated certificate of compliance publicly available in the certification registry of the certification scheme or, by [OJ: 4 years after the entry into force of this Regulation], in the Union registry referred to in Article 12. The certification registry or, by [OJ: 4 years after the entry into force of this Regulation], the Union registry referred to in Article 12 shall issue units based on the updated certificate of compliance resulting from the re-certification audit.

Table 2. Overview of the CRCF quality criteria per type of activity (further details will be elaborated in EU certification methodologies)

Activity	Activity period	Sustainability	Biomass criteria	Long term storage	Quantification criteria	Unit	Generation and issuance of units
<b>Carbon farming</b>	> 5 years	Do No Significant Harm principle (DNSH) & mandatory of biodiversity co-benefits	REDIII sustainability requirements for operators	> 5 years unit expiry at the end of monitoring period (to be set in the methodology)	Use of Tier 3 methodologies of 2006 IPCC guidelines for National Greenhouse Gas Inventories	t/CO <sub>2</sub> of certified <b>temporary</b> net carbon removal benefit <i>and/or</i> t/CO <sub>2</sub> of certified net soil emission benefit from carbon farming	Generation of units during activity period. Issuance of units only ex-post, based on valid certificate of compliance.
<b>Storage in products</b>	To be set in methodology	Do No Significant Harm principle (DNSH) & voluntary reporting of sustainability co-benefits	Application of cascading principle as per REDIII implementation	> 35 years for storage in products unit expiry at the end of monitoring period (to be set in the methodology)	On-site measurements with remote sensing or modelling according to certification methodologies	t/CO <sub>2</sub> of certified <b>temporary</b> net carbon removal benefit	
<b>Permanent removals</b>	To be set in methodology			> 200 years for permanent removals		t/CO <sub>2</sub> of certified <b>permanent</b> net carbon removal benefit	

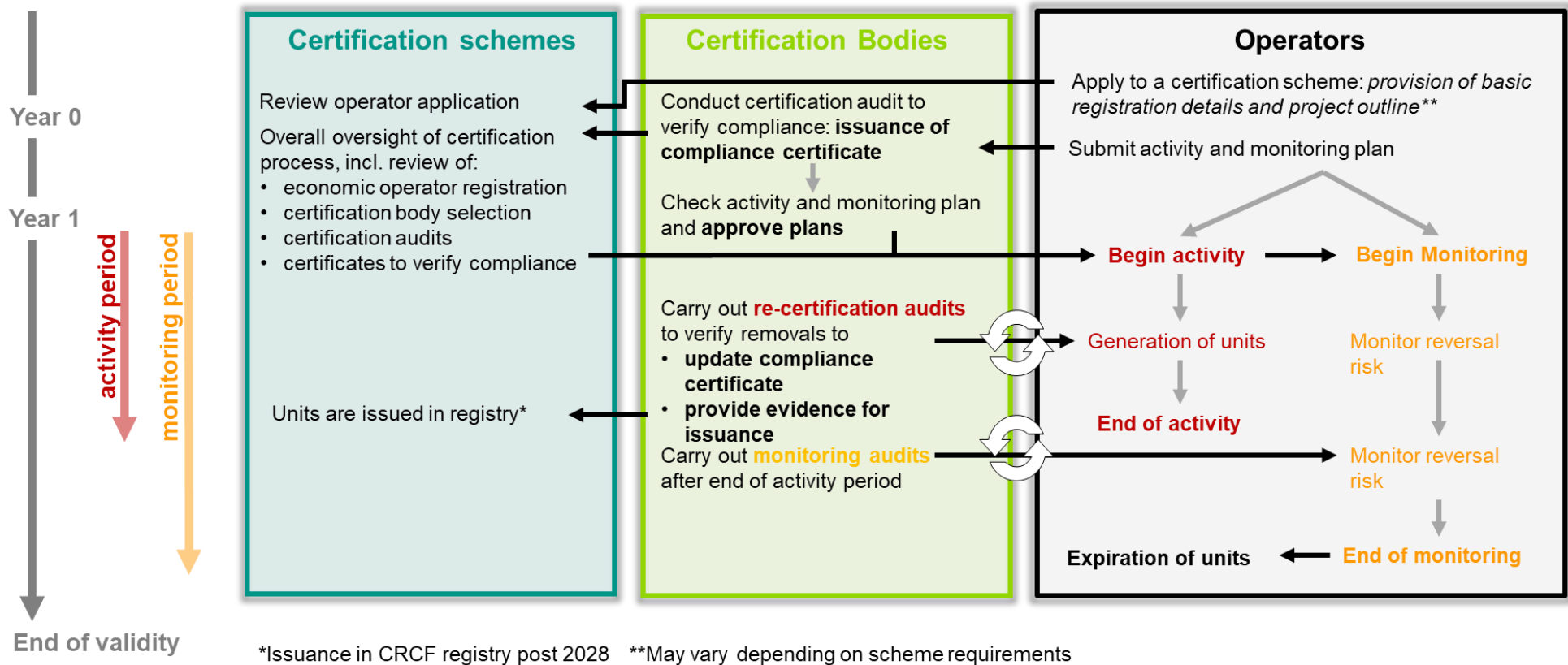


Figure 2. Overview of CRCF verification process



The process to become certified and generate certified units under a CRCF recognised certification scheme will require the following steps (as illustrated in Figure 2Figure 2).

**Application by operator:** An operator (or a group of operators) submits an application directly to an EC-recognised certification scheme to become certified. The first step in the application is typically an online initial application providing basic information about the planned project activity, upon which the certification scheme can check basic eligibility to become certified. When the operator wishes to make a formal application, they will need to submit an **activity plan** that includes evidence of compliance with Articles 4 to 7, and a **monitoring plan** which sets out how the activity (permanent carbon removal, carbon farming or carbon storage in products) will be monitored. The details to be included in the activity and monitoring plan will be set out in the relevant **methodology**.

**Certification audit:** The certification scheme shall appoint a (accredited or recognised – see section 3.4) **certification body** to conduct a **certification audit** to check that the activity plan and monitoring plan are accurate and reliable, and to confirm that both plans comply with the CRCF requirements, including the relevant certification methodology. If the audit is successful, the certification body sends a **certification audit report** to the **certification scheme** who review the report and issue a **certificate of compliance** to the operator. Note that in the existing VCM process, this step is typically referred to as validation.

**Operator begins activity and monitoring:** The operator starts the carbon removal activity (permanent carbon removal, carbon farming or carbon storage in products) and relevant monitoring activities, in accordance with the activity plan and monitoring plan. The activity period and monitoring period are defined in the applicable EU methodology. Note that the monitoring period may be longer than the activity period.

**Re-certification audits:** The certification body carries out regular re-certification audits to confirm that the activity and monitoring are being conducted as described in the plans, and to verify the actual net carbon removal benefit or the net soil emission reduction benefit, effectively generated by the activity. Re-certification audits need to be carried out at a minimum every five years, or more frequently if defined in the applicable certification methodology. A successful re-certification audit is linked to the issuance of certified units. As such, the operator can also request a re-certification audit more frequently if they wish to generate certified units more frequently. The certification body produces a re-certification audit report, upon the basis of which the certification scheme issues an updated certificate of compliance for the operator. The certification scheme reviews the re-certification audit report and may issue the corresponding certified units. Note that in the existing VCM process, this step is often referred to as verification.

The timing of the two types of audits – both the time of year for certification and re-certification audits, and the frequency of re-certification audits – should be flexible. Certification schemes issue certificates of compliance following a certification audit and issue certified units following a re-certification audit. The operator should be able to choose when they want to apply for a re-certification audit to issue certified units. They will make this decision based on the expected volume of certified units they can be issued and most likely also the market price of certified units at that time.

The time that an audit takes may vary, depending on the audit type, the type of carbon removal unit and the scale of the activity.

### **Recommendation for CRCF technical rules**

We recommend that the Commission sets technical rules for when audits need to be undertaken on-site or whether a sufficient level of robustness can be ensured, in some situations, via a combination of on-site and remote audits (e.g. through the application of remote sensing, satellite imaging or other lower-cost monitoring and verification tools), as permitted by CRCF Article 4, paragraph 4.

These rules may need to be high level as it will not be possible to set out technical rules for all eventualities. Ultimately the certification body needs to judge if the audit can be conducted sufficiently robustly if done remotely.

The VCM typically has some flexibility. Audits are usually on-site, especially for large activities or industrial activities such as BECCS or DACCS, but they can be remote 'if justified', for example if satellite imagery or remote sensing are available and sufficiently robust in the context of carbon farming. Allowing remote auditing where technologies are available to check the criteria sufficiently robustly reduces costs and carbon emissions associated with auditing. In EU organic agriculture cost savings can be achieved by reducing the frequency of official controls. Official controls of low-risk operators may occur in longer cycles if a lower risk status is determined, for instance every two years. Low risk status can be achieved after three consecutive years of absence of non-compliance. In sustainable bioenergy under REDII, group audits can be desk based (except for the audit of the group manager <sup>(6)</sup>, which shall always be conducted on-site). Desk-based audits may be undertaken if they can provide the same level of assurance as an on-site audit. As part of the EC-recognition process for sustainable bioenergy voluntary schemes, the schemes must provide practical guidance to auditors under which conditions desk audits may be undertaken (e.g. availability of high quality satellite images, data on protected areas and peatland that provide information on the relevant time horizon).

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<sup>(6)</sup> The group manager has overall responsibility of compliance of the individual group members participating in the group.

### 3. Rules for operators and certification bodies

This chapter presents recommendations for **technical rules on verification of operators by certification bodies**. The recommendations (or options for recommendations) draw from lessons learned from reference systems that are in operation today, and that were reviewed for the first interim report.

For each of the aspects relevant to the verification of operators by certification bodies, this chapter presents the text from the CRCF Regulation and recommendations for how that aspect could be detailed further in an Implementing Regulation, including the rationale.

This paper builds on the initial review of different reference systems which can provide inspiration and lessons learned for the CRCF implementing rules. These systems included: the rules for the certification of sustainable biofuels and biomass in the EU; the EU ETS; certification of organic agriculture in the EU; and existing VCM schemes. In general, the implementing rules for sustainable bioenergy – in which the EC has an analogous system to recognise certification schemes – and the existing rules for the VCM which are, of course, verifying the same elements that the CRCF will seek to verify, were found to be most suited to provide lessons for the CRCF. Therefore many of the recommendations focus on these reference systems. However, the EU ETS does provide several useful insights, including on documentation and accreditation aspects, whilst the EU approach to certifying organic agriculture provides lessons learned especially for group auditing.

Note that the reference systems sometimes use different terminology to refer to the same or similar things. For example, the terms ‘audit’, ‘verification’ or ‘inspection’ may be used to describe independent checks that are conducted as part of the system. The recommendations and options for the CRCF Regulation use the **terminology specific to the CRCF Regulation**. In many cases, the recommendation refers to legal text from an existing reference system that could be directly adapted into the CRCF implementing regulation. The recommendation refers to the article number in the existing EU legislation and Appendices A and B include the full article text for reference. **Grey highlighting** indicates terminology that would need to be updated for the CRCF Regulation.

The CRCF Implementing Regulation will set minimum requirements for verification of operators under the CRCF and rules for certification bodies that are appointed by certification schemes. Certification schemes that are recognised by the European Commission in the context of the CRCF Regulation will need to set out scheme documentation that meets at least these minimum requirements.

## 3.1. Documentation management

### What does the CRCF require?

Article 9 of the CRCF covers documentation management in the context of the **certified operator(s)** as follows.

#### **CRCF Article 9: Certification of compliance**

*[Based on the political agreement reached by the European Parliament in April 2024, pending updates of the final agreed text once available.]*

4. The operator or group of operators shall support the certification body during certification, and re-certification audits, notably by giving access to the activity premises and **providing any data and documentation** required

### What is the best practice?

Article 5(5) and 10(5) of IR 2022/996 set out the requirements on documentation management in the context of the REDII, respectively for **certification bodies** and voluntary schemes (Article 5(5)) and for **certified operators** (Article 10(5)). A common requirement for each party is that a documentation management system is in place and that documentation (or evidence) is kept for a minimum of five years, or longer if required by the relevant national authority.

The documentation management requirements for **certification bodies** (and voluntary schemes) mentioned above are based on the **ISO 17065 standard**. As such, these requirements are automatically met if the certification body is accredited to ISO 17065.

All parties engaged in the certification activity (operators, certification bodies and certification schemes) need to have a documentation management system in place. The requirements for each type of party will differ, reflecting their specific role within the certification process.

**Operators** will need to gather data and evidence relevant to the certification activity and manage it in a structured way. The focus of their documentation management system is on ensuring that an auditable system is in place for safekeeping and reviewing all evidence related to the claims they make or are relied on and that the evidence is available for audits. For **carbon farming**, the data collected could include data on soil carbon stocks, either undertaken via measurement or modeling. For **permanent carbon removals**, data on the CO<sub>2</sub> captured and permanently stored is relevant for those type of project activities. Such data are subject to audit and after this can then be relied on for any claims made under the certification scheme. Rules governing how data should be collected (including the frequency) need to be set out by the relevant certification methodology and complemented by the certification scheme, if needed.

**Certification bodies and certification schemes** need to ensure that they have in place a documentation management system. However, this should address different aspects compared to certified operators, and instead focus on ensuring that all relevant

operational documentation is stored. This could include, for example, manuals, policies, procedures, definition of responsibilities and all relevant records. Additionally, aspects such as outcomes of management reviews (of the documentation management system) and all documentation relating to internal monitoring or complaints handling also need to be retained (see sections 4.2 and 4.3).

For **EU organic agriculture**, requirements for documentation management are included in (EU) 2018/848 and (EU) 2021/2119. Article 39 of (EU) 2018/848 defines that operators and groups of operators must keep records to show compliance with the regulation and provide declarations and communications required for official controls. Article 2 of (EU) 2021/2119 sets out some additional documentation requirements for record-keeping for operators and groups of operators so competent authorities, control authorities or control bodies can carry out checks such as traceability checks. Article 3 defines some additional information operators and groups of operators must include in declarations to the competent authority, control authority or control body conducting official controls.

In addition, competent authorities are required to have written records of every performed control which includes the methods and techniques used during inspections. The content of official control records is set out in Article 14 of (EU) 2017/625. This applies to control authorities and control bodies as well.

In the **VCM**, all five certification schemes assessed use web-based registries as the central documentation management tool. Whilst there are no stipulated documentation management procedures required from the project developers, they are responsible for maintaining audit trail and providing the correct documentation to facilitate the validation/verification process by the validation and verification bodies (VVBs). Likewise, VVBs must have a document management system in place to collect, retain, store and retrieve documents developed in completing and used to complete the validation/verification.

The certification schemes typically provide templates to ensure uniformity of the required documents and the server/platform (known as a registry) that will host the publicly available documents.

A key component of a documentation management system is that the **minimum data retention time is defined**. For REDII bioenergy voluntary schemes, all parties need to retain documentation for a minimum of five years, or longer where it is required by the relevant national authority. In EU Organic, operators are also required to keep records relevant to the certification for at least five years, the period may be extended by competent authorities, or where appropriate by control authorities and bodies (article 38(2) of regulation 2018/848). Under the EU ETS, operators must keep records of all relevant data for at least 10 years (details are set out in Article 67 in the Monitoring and Reporting Regulation 2018/2066).

### **Recommendation for CRCF technical rules:**

On the basis of the analysis of best certification practices and reference system, we recommend the following implementing rules:

Certified operators and certification bodies should be required to have a documentation management system in place. As such, **we recommend that the scope of the CRCF**

**IR should include also requirements for having a data management system with minimum data retention time.**

For certification bodies, we recommend that the **requirement on documentation management is automatically met if a certification body is accredited to ISO 17065** (as is the case in the REDII, which also bases its requirements on ISO 17065<sup>7</sup>).

We propose that the retention time for certification bodies is aligned with the requirement for certified operators. For the CRCF, it is **important to link the retention time for certified operators to the (re)certification timeline and activity and monitoring periods**, which could be significantly longer than five years in the case of carbon farming. A requirement could be, for example, **to keep documentation for at least five years after the monitoring period stops**.

## 3.2. Certification body (auditor) competency

### What does the CRCF require?

The CRCF Regulation sets out requirements for certification body competency in Article 10, as follows:

#### **CRCF Article 10: Certification bodies**

*[Based on the political agreement reached by the European Parliament in April 2024, pending updates of the final agreed text once available.]*

2. Certification bodies shall:

- (a) be competent to carry out the certification and re-certification audits referred to in Article 9;
- (b) legally and financially independent from the operators or from a group of operators, and carry out the activities required under this Regulation in the public interest.
- (c) carry out the activities required under this Regulation in the public interest.

### What is the best practice?

Defining the requirements for the certification bodies (who appoint the auditors or verifiers) is a fundamental aspect of a credible and robust certification system. At a

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<sup>7</sup> The requirements are covered in chapter 8 (Management system requirements) of ISO 17065. See section 8.1.2 Option A which requires: The management system of the certification body shall address the following: - general management system documentation (e.g. manual, policies, definition of responsibilities, see 8.2); - control of documents (see 8.3), - control of records (see 8.4); - management review (see 8.5); - internal audit (see 8.6); - corrective actions (see 8.7); - preventive actions (see 8.8).

basic level, auditors should be *independent* from the operators participating in the scheme, *competent* and free from *conflict of interest*. Certification bodies need to remain independent from the scheme and their auditors need to be independent of the party that they are auditing.

Minimum requirements are set out in several ISO standards, such as **ISO 14065**, **ISO 17029**, **ISO 17065** and **ISO 19011**, and are commonly applied in certification systems and should serve as a basic requirement under the CRCF.

**ISO 14065** <sup>(8)</sup> provides general principles and requirements for bodies validating and verifying environmental information. This standard specifically covers requirements for checking greenhouse gas calculations, although it is not specific to a particular methodology (such as the REDII or CRCF greenhouse gas calculation methodologies).

**ISO 17029** <sup>(9)</sup> provides general principles and requirements for the competence, consistent operation and impartiality of bodies performing validation/verification as conformity assessment activities. Bodies operating according to this document can provide validation/verification as a first-party, second-party or third-party activity. Bodies can be validation bodies only, verification bodies only, or provide both activities.

**ISO 17065** <sup>(10)</sup> specifies requirements for certification bodies certifying products, processes and services. The standard aims to ensure that certification bodies operate in a competent, consistent and impartial manner. The standard covers general requirements (including management of impartiality and confidentiality) structural requirements (including safeguarding impartiality), resource requirements (for the certification body and audits), process requirements (which set out the detailed functional requirements for the operation of the audit) and management system requirements (including documentation management and internal audit). The ISO 17065 standard is widely used by certification schemes globally.

**ISO 19011** <sup>(11)</sup> provides guidance on auditing management systems, including the principles of auditing, managing an audit programme and conducting management system audits, as well as guidance on evaluation of the competence of individuals involved in the audit process. This includes the individual(s) managing the audit programme, auditors and audit teams. It is applicable to all organisations that need to plan and conduct internal or external audits of management systems or manage an audit programme.

These ISO standards are fundamental to the operation of the certification process. However, as these standards are generic in nature, the requirements for certification bodies will need to be further defined in the implementing regulation to be more specific to the context of the CRCF.

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<sup>8</sup> ISO 14065:2020. General principles and requirements for bodies validating and verifying environmental information. Available at: <https://www.iso.org/standard/74257.html>

<sup>9</sup> ISO/IEC 17029:2019. Conformity assessment. General principles and requirements for validation and verification bodies. Available at: <https://www.iso.org/standard/29352.html>

<sup>10</sup> ISO/IEC: 17065:2012. Conformity assessment. Requirements for bodies certifying products, processes and services. Available at: <https://www.iso.org/standard/46568.html>

<sup>11</sup> ISO 19011:2018. Guidelines for auditing management systems. Available at: <https://www.iso.org/standard/70017.html>

With respect to competence, a fundamental minimum requirement is that the audit team will (collectively) need to have appropriate specific skills necessary for conducting the audit related to the scheme's criteria, and in accordance with the audit scope (as is required under the REDII and EU ETS). In the CRCF, specific skills and expertise requirements should be specific to the type of activity being audited.

In addition, in the assessment of voluntary schemes under the REDII additional requirements concerning **auditor independence and impartiality and potential conflict of interest** were included, building on IR 2022/996 paragraph 5 of Article 3 and paragraphs 3 (a) and (b) of Article 11. Specifically, that it is considered best practice for certification bodies to develop a **conflict of interest policy/procedures** that require the auditors and technical experts to notify the certification body of any potential conflict of interest prior to any engagement. Furthermore, voluntary schemes were required to provide guidance to certification bodies on what may constitute a conflict of interest. For example, providing **consultancy or audit services** for the operator, or having a **financial or business relationship** with the operator. The principle of auditor rotation is also applied and in practice 3 years is the period chosen for rotation.

In EU Organic agriculture, certifying bodies must work and be accredited in accordance with ISO 17065/2012 (Article 46 (2) of (EU) Regulation 2018/848 mandates control bodies must be accredited under the relevant harmonised standard for “Conformity assessment – Requirements for bodies certifying products, processes and services” which refers to ISO 17065/2012 as standard). In addition, control bodies must submit a set of items to competent authorities for approval of the delegation of official controls (see Article 40 of (EU) 2018/848), including for instance their risk assessment and standard protocol procedures.

The EU ETS has a dedicated chapter on this topic, included below. In some cases, the requirements are covered in more specification compared to the REDII. For example, the requirements on the use of technical experts and impartiality and independence (note that the term verifier would need to be aligned with the appropriate term for the CRCF):

Article 10 of IR 2022/996 sets out the requirements on auditor competency under the REDII. In addition, clause 5 of Article 3 is relevant (see Appendix A, p. 6060).

### **Recommendation for CRCF technical rules:**

On the basis of the analysis of best certification practices and reference systems, we recommend the following implementing rules:

Certification schemes and their auditors should be independent from project operators. To ensure impartiality, certification bodies should **develop a conflict of interest policy/procedures** that require the auditors and technical experts to notify the certification body of any potential conflict of interest prior to any engagement.

Not being **involved simultaneously in consultancy and audit with the same economic operator** over the past 3 years should be a minimum requirement, although irrespective of this, all previous relationships should be assessed on a case-by-case basis and the person may not be assigned to these tasks if the potential still exists for any conflicts of interest. Article 43 of IR 2018/2067 of the EU ETS provides detailed technical requirements that address this topic which could serve as relevant input for the CRCF Implementing Regulation.



Certification bodies should meet **the minimum requirements set out in ISO 14065, and either ISO 17029 or ISO 17065.**

Auditors should have **experience in GHG auditing** to ensure that any claims relating to certified units are robust. It is also recommended that **the use of technical experts is allowed as part of the audit team**, to ensure that the audit team as a whole has sufficient competence to be able to robustly conduct the audit (as is the case in both the REDII and EU ETS).

The audit team should also **have appropriate specific skills and expertise, consistent with the type of activity being audited**, necessary for conducting the audit related to the scheme's criteria, and in accordance with the audit scope. For example, for **carbon farming** audit experience related to agriculture (e.g. soil science in agricultural production systems to enable measurement of soil carbon stock accumulation) or forestry is relevant. Experience in group auditing may also be relevant. For, **permanent storage** audit experience related to CCS will clearly be relevant if BECCS is applied

Auditors will also **need to receive appropriate training specific to the scope of the certification scheme** (i.e. types of carbon removal unit and specific methodologies) prior to conducting any audits. The training should be updated regularly, as required.

It is also recommended that under the CRCF there is a **formal separation of roles with respect to the auditor that undertakes the on-site audit and a technical reviewer** who checks the audit results and makes the audit decision, to ensure that audit decisions are taken in a consistent manner across the certification body. Furthermore, the **principle of auditor rotation** should be applied. We recommend rotating auditors after 3 years working with a specific project activity or after a specific number of consecutive audits.

### 3.3. Assurance level

#### What does the CRCF require?

The CRCF Regulation does not specify whether auditing needs to be to a limited or reasonable assurance level.

#### What is the best practice?

The International Standard on Assurance Engagements (ISAE 3000) defines two levels of assurance, which relate to the level of engagement risk: **limited** and **reasonable**. Limited assurance involves limited evidence gathering activities, and therefore the assurance opinion is expressed in the negative form, for example "... based on our assessment, nothing has come to our attention to cause us to believe there are errors in the data." Reasonable assurance requires a higher level of evidence gathering and as such the assurance opinion is expressed in a positive form, for example: "[...] based on our assessment, the data are free from material misstatement." By expressing the conclusion in one of these ways, the auditor is indicating the level of confidence users of the assurance statement can place on the conclusion, by highlighting the nature and

extent of evidence gathering that the auditor has undertaken and described in the report. Reasonable assurance has a higher associated cost of auditing.

Under the **EU ETS**, verifiers are obligated to audit data using a risk-based approach to the extent of being able to achieve **reasonable assurance** on the disclosure of emissions data by operators (Articles 6 and 7 of IR 2018/2067). Reasonable assurance is defined as “a high but not absolute level of assurance, expressed positively in the verification opinion, as to whether the operator's or aircraft operator's report subject to verification is free from material misstatement”.

In all three international **VCM certification schemes**, it is required that the VVBs verify GHG emission reductions and removals to a **reasonable level of assurance**, i.e. to provide a positive assertion that the VVB is reasonably certain that the reported emission reductions/removals are free from material errors, omissions, or misstatements in accordance with the requirements.

Both **limited and reasonable assurance are applied in the context of the REDII depending on the context** (as set out in Article 10(1) of IR 2022/996). The initial audit of a new scheme participant or a re-certification of existing scheme participant under a revised regulatory framework shall as a minimum provide reasonable assurance on the effectiveness of its internal processes. Depending on the risk profile of the economic operator, a limited assurance level can be applied on the claims that are made. This effectively means that a higher degree of auditing is required initially before operators can start to make any sustainable bioenergy claims, and then a more limited sample of the claims made need to be checked on an ongoing basis. The assurance level requirements under the REDII are described in Article 10(1) of IR 2022/996 (see Appendix A, p. 6565).

### **Recommendation for CRCF technical rules:**

It is recommended that **reasonable assurance is applied under the CRCF for all audits**. This is in line with the EU ETS, and also commonly applied in the VCM.

Applications for certification of compliance should be thoroughly checked on a reasonable assurance basis before the project activity is certified and goes ahead.

Re-certification audits (audits upon issuance of certified units) should also be conducted on a reasonable assurance basis as correcting the volume of certified units retrospectively after issuance would be very difficult.

## **3.4. Accreditation/ recognition of certification bodies**

### **What does the CRCF require?**

Article 10 of the CRCF covers accreditation **or** recognition of certification bodies. Accreditation of certification bodies can be provided by National Accreditation Bodies, or alternatively Member State national competent authorities can provide recognition of certification bodies.

## **CRCF Article 10: Certification bodies**

*[Based on the political agreement reached by the European Parliament in April 2024, pending updates of the final agreed text once available.]*

1. Certification bodies appointed by certification schemes shall be accredited by a national accreditation authority body pursuant to Regulation (EC) No 765/2008 or recognised by a national competent authority to cover the scope of this Regulation or the specific scope of the certification scheme.

### **What is the best practice?**

Accreditation of certification bodies is a further layer of assurance to ensure the quality of the certification and audit process. Accreditation provides continued assessment of the certification body and ensures that the certification body and its auditors are operating according to recognised quality standards. In the context of the EU, accreditation must be performed by a national accreditation body and following Regulation (EC) No 765/2008.

Accreditation in the voluntary carbon market is generally linked to the **sectoral scope** which a specific methodology covers. Existing sectoral scopes that are directly relevant for the CRCF are AFOLU (Agriculture, Forestry and Other Land Use) and CCS (Carbon Capture and Storage). This is important, as accreditation to an ISO standard is in itself not sufficient, as these standards are too broad (so-called 'proxy accreditation').

The CRCF Regulation offers an alternative option, for certification bodies to be **recognised** by a Member State national competent authority for a specific scope.

A lesson from the REDII framework is that the implementation of requirements on accreditation has proved to be very challenging for the voluntary schemes to implement as part of the EC-recognition process. The accreditation process takes time and resources and, to date, accreditation bodies have typically not accredited certification bodies to the specific scope of the (bioenergy) voluntary scheme or the REDII. A further issue is that Regulation (EC) No 765/2008 applies only to accreditation bodies in the EU and not in third countries, which is a major issue for bioenergy supply chains which are international (although currently less relevant for the CRCF at the onset since it will only apply to carbon removal activities within the EU). In this light, the implementation of this article for the REDII has been postponed until 2025 to enable discussions between the European Commission and Member States, which aim to agree a practical way forward. We therefore recommend that any lessons learned from this process are factored into the further development of the accreditation requirements under the CRCF.

Article 11 of **IR 2022/996** sets out requirements for accreditation under the REDII. This article forms the basis of the CRCF requirement, with a third option that "where no use of such accreditation or recognition is made, Member States may allow voluntary schemes to use a system of *independent oversight*" (see Appendix A, p. 66).

## Recommendation for CRCF technical rules:

A key overarching recommendation is that the CRCF Implementing Regulation should build on the requirements set out in Article 10 by **requiring certification bodies to be accredited and making explicit reference to which specific ISO standards they must be accredited to**. The most relevant standards in this respect are either ISO 17029 or ISO 17065, together with ISO 14065 (see section 3.2 for further details).

As an alternative, certification bodies are allowed to be **recognised by national competent authorities**. This can take time to implement. Given the similar nature of the subject matter being audited, we therefore recommend that **certification bodies that have been recognised by national competent authorities in the context of the EU ETS are also recognised under the CRCF** <sup>(12)</sup>. These are typically, national climate, energy or environment ministries/departments.

Furthermore, accreditation or recognition should, in time, aim to cover the specific scope of the CRCF or the specific scope of the certification scheme. However, as this process can take time the Commission should allow a transition period.

## 3.5. Procedures for non-conformities

### What does the CRCF require?

Article 11 of the CRCF Regulation covers “addressing non-conformities” of operators at a very high level.

#### **CRCF Article 11: Operation of certification schemes**

*[Based on the political agreement reached by the European Parliament in April 2024, pending updates of the final agreed text once available.]*

2. Certification schemes shall operate in an independent manner on the basis of reliable and transparent rules and procedures, in particular with regard to internal management and monitoring, handling of complaints and appeals, stakeholder consultation, transparency and publication of information, appointment and training of certification bodies, **addressing non-conformity issues**, development and management of certification registries. [...]

### What is the best practice?

A fundamental component of a certification process is that certification schemes set out procedures for how to deal with **non-conformities by certified operators**. Following standard auditing convention, the procedures should cover several elements, including

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<sup>12</sup> [https://climate.ec.europa.eu/document/download/6631a2bd-36a8-47c9-a48d-c0a1df2b91c5\\_en?filename=ca\\_contacts\\_en.pdf](https://climate.ec.europa.eu/document/download/6631a2bd-36a8-47c9-a48d-c0a1df2b91c5_en?filename=ca_contacts_en.pdf)

*categorisation* of the severity (materiality<sup>13</sup>) of the non-conformity, *guidance* on what would constitute a non-conformity for each category and *implications* if a non-conformity is identified (e.g. immediate suspension or exclusion from the scheme, or possibility to remedy within a specific period).

The requirements for non-conformity under the REDII are covered in three separate articles. **Article 4** addresses the high-level framework for non-conformities of economic operators, **Article 10** provides specific guidance on the types of non-conformity (i.e. critical, major and minor) and their respective implications (e.g. suspension or withdrawal of certificates) and finally **Article 12** covers non-conformities in group auditing (see Appendix A, p. 67).

In addition, for EU organic agriculture, official controls are conducted based on the likelihood of non-compliance. In the case of non-conformities, a common set of measures is applied, as set out in Article 8 of (EU) 2021/279.

Lastly, to avoid operators changing certification schemes in the case of identified non-conformities, the IR 2022/996 requires that operators with suspended certificates due to detected non-conformities are not able to make sustainability claims until the suspension has been lifted and may not join another voluntary scheme during that period. A similar requirement is recommended for the CRCF Regulation.

#### **Recommendation for CRCF technical rules:**

We recommend that the CRCF implementing regulation sets out requirements and definitions for different types of non-conformity by operators to ensure that those definitions are aligned across certification schemes. This helps to ensure consistency and also to minimise the risk of scheme hopping.

The requirements can draw inspiration from the framework provided in the sustainable bioenergy of the REDII, which sets out in detail the relevant aspects (i.e. *categorisation, guidance and implications*). The requirements set out in the EU organic agriculture system can also be referred to for additional context. It should be noted that although the classification framework for addressing non-conformity in the CRCF Regulation can be defined in the implementing regulation, the judgement of materiality and specific corrective actions may need to depend on the individual certification methodology. A guiding principle should be the extent to which a non-conformity is reversible, or not. For example, issues that are irreversible should be treated as a critical non-conformity (e.g. if the land that was designated for carbon farming is later developed for another purpose). Issues in CRCF methodology calculations could

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<sup>13</sup> ISO 14065 defined materiality as “concept that individual or the aggregation of errors, omissions, and misrepresentations could affect the GHG assertion and could influence the intended users’ decisions“. Note 1 to entry: The concept of materiality is used when designing the validation or verification and sampling plans to determine the type of substantive processes used to minimize risk that the validator or verifier will not detect a material discrepancy (detection risk). Note 2 to entry: The concept of materiality is used to identify information that, if omitted or misstated, would significantly misrepresent a GHG assertion to intended users, thereby influencing their conclusions. Acceptable materiality is determined by the validator, verifier, or GHG programme based on the agreed level of assurance.

potentially be treated as a critical non-conformity if judged to be systemic or fraudulent in nature. They could otherwise be assessed to be either a major or minor non-conformity, depending on the materiality of their overall impact and to the extent to which they can be readily corrected.

Setting out separate requirements specific to group auditing is also recommended to describe requirements for auditing groups of operators, which will be relevant for carbon farming. This includes non-conformities by individual operators within a group and non-conformities in the context of internal control or management systems undertaken by the group manager.

## 3.6. Group auditing

### What does the CRCF require?

Group auditing will be permitted within the CRCF for carbon farming operators. A group of operators in the context of group auditing is defined in Article 2 of the CRCF.

#### **CRCF Article 2: Definitions**

*[Based on the political agreement reached by the European Parliament in April 2024, pending updates of the final agreed text once available.]*

(e) **'group of operators'** means a legal entity that represents at least two operators more than one operator and is responsible for ensuring that those operators comply with this Regulation;

### What is the best practice?

Group auditing describes an approach to reduce the administrative burden of certification. All group members need to comply with the criteria of a given certification scheme, but the approach to auditing can be defined at a group level. The Commission is given a strong mandate to simplify the administrative burden of the CRCF, particularly for small-scale carbon farming operators. Group auditing is an approach commonly applied in other certification contexts to reduce the administrative burden of certification, notably for small-scale farmers or operators. It is commonly applied in agricultural (and forestry) certification, for smallholders, producer organisations or cooperatives that are producing a common agricultural commodity (e.g. dairy, sugarcane, coffee) in the same geographic area.

In a group auditing approach, whilst all group members need to comply with the criteria (and quantify their carbon removals in the case of the CRCF), audits are conducted only for a sample of the group members (operating under the responsibility of a group manager). This contrasts with a conventional auditing approach where each operator would be audited. A key benefit of a group auditing approach is that it lowers the cost of certification overall for the group, enabling a far broader participation in the certification process.

Article 12 of the IR 2022/996 includes the group auditing requirements for sustainable bioenergy under the REDII. The requirements relating to group auditing in EU organic

agriculture are set out in several implementing regulation. See relevant excerpts in Appendix A, p. 67)69.

### **Recommendation for CRCF technical rules:**

We recommend that group auditing in the CRCF should only be permitted for **carbon farming operators**, with the aim of minimising their administrative burden. Permanent carbon removal installations will be relatively large-scale point sources of carbon removals and should be audited individually.

Both sustainable bioenergy under REDII as well as EU organic agriculture describe rules for operators that wish to form groups, which can be built on. Operators should be allowed to form a group for the purpose of group auditing if they are conducting similar carbon removal activities (using the same carbon removal methodologies), are based in proximity to each other and share similar (homogenous) characteristics.

In addition, in both systems an internal control or management system with internal inspections needs to be established. As part of internal control mechanisms, a group manager or body must be defined who is responsible to manage the verification of compliance of each group member with regulation or scheme requirements. An internal control system can (potentially) allow for reduced auditing or monitoring frequency of individual operators, and hence, reduce cost.

A key aspect to establish for group auditing under the CRCF is the sample basis for external auditing. In the REDII the number of group members audited on-site is determined by the the square root of the total number of members, but sample size can be increased if the auditor determines higher risk. In EU organic agriculture, a minimum of 2% of members (not less than 10), are subject to sampling and a minimum 5% of members (not less than 10), must be inspected on-site. Here too audits can be conducted in higher frequency based on the likelihood of non-compliance which is defined by the auditor. It is also recommended that the group members selected for the audit vary from year to year and that the selection is based on a risk and random basis. In addition, the group manager should be subject to an annual on-site audit to check the internal control system and internal group inspection procedures. Article 5 of IR 2021/279 for EU organic agriculture provides detailed requirements relating to documents and records that operators are required to keep for the purpose of the internal monitoring. The requirements of either the REDII or EU organic agriculture can serve as useful input for the CRCF as they both relate to auditing of operators similar in nature to carbon farming operators.

There also need to be specific processes and rules set out governing non-conformities identified as part of the group audits and how risk is mitigated in such a system. These should apply to both individual operators within the group and to the group manager in case of identified issues with the internal control system (see also section 3.5).

## 3.7. Minimum content of (publishable) audit reports

### What does the CRCF require?

Article 9 of the CRCF covers the topic of audit reports and permits the Commission to provide more information on the minimum content of those audit reports. Article 9(3) permits a summarised version of the audit report to be published “where necessary to preserve the confidentiality of commercially sensitive information”.

Note that this is very closely linked to the minimum content for the certificate of compliance, detailed in Annex II of the CRCF Regulation.

#### **CRCF**

*[Based on the political agreement reached by the European Parliament in April 2024, pending updates of the final agreed text once available.]*

#### **Article 9: Certification of compliance**

3. The certification body shall carry out regular re-certification audits to reconfirm compliance of the activity with Articles 4 to 7 and verify the net carbon benefit or the net soil emission reduction benefit generated by the activity. The re-certification audits shall be carried out at least every five years, or more frequently as otherwise specified in the applicable certification methodology, depending on the characteristics of the relevant activity. As a result of that re-certification audit, the certification body shall issue a re-certification audit report that includes a summary, and an updated certificate of compliance. The certification scheme shall review the re-certification audit report and the updated certificate of compliance, and make the re-certification audit report, in full or, where necessary to preserve the confidentiality of commercially sensitive information, in a summarised form, the updated certificate of compliance publicly available in the certification registry of the certification scheme or, by [OJ: 4 years after the entry into force of this Regulation], in the Union registry referred to in Article 12. The certification registry or, by [OJ: 4 years after the entry into force of this Regulation], the Union registry referred to in Article 12 shall issue units based on the updated certificate of compliance resulting from the re-certification audit.

5. The Commission shall adopt implementing acts to set out the structure, format, technical details of the activity plan and the monitoring plan referred to in paragraph 1, and of the certification and re-certification audit reports referred to in paragraphs 2 and 3. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 17.

#### **Annex II: Minimum information included in the certificate referred to in Article 9**

The certificate of compliance shall include the following minimum information:

(a) name and type of the activity, including practices and processed, and the name and contact details of the operator or group of operators;



- (b) the location of the activity, including geographically explicit location of the activity boundaries, respecting 1:5000 mapping scale requirements for the Member State;
- (c) duration of the activity period, including start date and end date;
- (d) name of the certification scheme;
- (e) name, address and logo of the certification body;
- (f) unique certificate number or code of the certificate of compliance;
- (g) place and date of issuance and validity period of the certificate of compliance;
- (h) reference to the applicable certification methodology referred to in Article 8;
- (i) permanent net carbon removal benefit referred to in Article 4(1), or the temporary net carbon removal benefit referred to in Article 4(2.1) or the net soil emission reduction benefit referred to in Article 4(2.2) or the temporary net carbon removal benefit referred to Article 4(2a);
- (j) carbon removals under the baseline referred to in Article 4(1), point (a), or in Article 4(2.1), point (a), or in Article 4(2a) point (a); or soil emission under the baseline referred to in Article 4(2.2), points (a) and (c);
- (k) total carbon removals referred to in Article 4(1), point (b), or in Article 4(2.1), point (b), or in Article 4(2a) point (b); or total soil emissions referred to in Article 4(2.2), point (b) and (d);
- (l) increase in direct and indirect GHG associated emissions referred to in Article 4(1), point (c), in Article 4(2.1), point (c), in Article 4(2.2), point (g), and in Article 4(2a), point (c)
- (m) breakdown by gases, sources, carbon sinks and stocks with regard to the information referred to in points (j), (k) and (l);
- (n) duration of the monitoring period of the carbon removal activity;
- (na) amount of biomass used and proof of compliance with the minimum sustainability requirements referred to in Article 7(2);
- (o) any sustainability co-benefits referred to in Article 7(3);
- (oa) for carbon farming, co-benefits referred to in Article 7(1a);
- (p) reference to any other carbon removal certification;
- (q) type of liability mechanism, contribution of the activity to the mechanism and the liable legal or natural person;
- (r) quantity and validity of certified units;
- (s) uncertainties in the quantification of carbon removals and soil emission reductions in accordance with Article 4(8).

## What is the best practice?

The aim of setting minimum requirements for the content of an audit report is to ensure the quality and consistency of auditing across certification schemes, certification bodies, operators and across different carbon removal methodologies. The aim of establishing the minimum content of what is published in an audit report is to improve transparency.

VVBs under the **Gold Standard and Verra** are required to both **validate** and **verify** emissions reduction and carbon removal projects. As such, across these two standards VVBs are required to produce separate validation and verification reports for each of the respective stages of the process. **Puro.earth** requires only a single report in which verification and validation are both covered. However, the content of these reports is largely the same across the three international certification schemes. Verra provides a template for the audit report. Typically, verification reports will cover the following areas:

- Introduction: Covers objectives, scope, criteria, level of assurance and project description.
- Process: Addresses methods, objectives, and criteria used to undertake the validation or verification, including the sampling plan, audit/verification techniques, site-visits/remote inspections, documents reviewed, a list of interviewees, appointment certificates or curricula vitae of the VVB's verification team members, materiality applied (if applicable), risks and risk assessment (if applicable).
- Findings: Identifies, discusses, and justifies findings in specific areas, including assessment and resolution of any identified non-conformities,
- Conclusions: Provides a clear statement of conclusions, noting the verified amount of emission reductions.

Under **Label bas-carbone** the verification report indicates whether the emissions reductions indicated have been carried out and whether the monitoring report complies with the project, the method, and the provisions of the Label bas-carbone decree.

If applicable, the verification report identifies the elements of non-compliance and accordingly indicates the corrections to be made to the monitoring report and the quantity of emission reductions that the auditor proposes to allocate to the project. In the event of non-compliance, this may be less than the quantity requested by the project leader or the agent, or even be zero.

Across Verra, Gold Standard, Puro.earth and Label bas-carbone, the audit reports (validation and verification reports) are made publicly available alongside the activities' listings on the registry. As such, the minimum content for the publishable audit summary is the same as that provided in the audit report. There are provisions to allow for project developers to protect commercially sensitive information by uploading a public and private project description. However, principally these 4 schemes aim to have the projects and validation or verification process to be as transparent and accessible as possible.

Annex II, part A of the IR 2022/996 for sustainable bioenergy under the **REDII** sets out the minimum content of the audit report and part B sets out the minimum content of the certificate of conformity and summary audit report. The requirements cover four areas:

relating to the economic operator, certification body, audit process and audit results. Some aspects are only applicable to some parts of the value chain, for example, the inclusion of longitude and latitude coordinates and the area of certification is only applicable for first gathering points, or individually certified farms and plantations. The content of the publishable summary report removes information that is commercially sensitive or could identify individuals.

Minimum contents of inspection reports for **EU organic agriculture certification** are covered in Article 38(6) of Regulation 2018/848 and Articles 13 and 14 of Regulation 2017/625. A written record must be drawn up of each official control and signed by the operator. The minimum content of controls is defined depending on multiple factors including the type of operators, defined risk level and produced commodity. All written records of official controls must contain a description of purpose for the official control, applied control methods, outcome of the control and where applicable action that the competent authority may require the operator to take.

The minimum content of verification report under the **EU ETS** is set out under Article 27 of the AVR Directive and includes (non-exhaustive):

- Name of the operator
- Objectives of verification
- Scope of the verification
- Criteria used to verify the report, incl. a monitoring methodology plan
- Aggregated emissions per Annex I of Directive 2003/87/EC per installation or aircraft operator
- Dates of site visits
- Verification opinion statement
- Issues of non-compliance and recommendation for improvements

Member States can add additional criteria. Final emission reports include a verification report and a report by the competent authority, including the acceptance of the report and allocation of EUAs. Operators' emission reports are by default made publicly available by the competent authority. However, operators can indicate emissions reports to be commercially sensitive and, in this case, they will not be made publicly available. This is covered under Article 71 IR 2018/2066 (MRR) in the context of the EU ETS.

### **Recommendation for CRCF technical rules:**

Transparency is crucial to the integrity of the carbon removal market. Our review found that audit reports (validation and verification reports) are in general always published in the voluntary carbon market. We therefore recommend that the **CRCF implementing regulation sets out the information on the audit process and timing that should be published and information is only redacted where it is commercially sensitive or can be used to identify individuals**. The latter will be particularly relevant in the case of carbon farming, where farms can be small, privately owned enterprises. For this, the CRCF can draw from the EU ETS where operators can request that audit reports containing commercially sensitive information are not made public (this is set

out in Article 71 IR 2018/2066), and that further if the project operator is an individual or groups of individuals (e.g. farms), then their private details should by default not be published to protect the privacy of farmers.

## 3.8. Standard template for certificates of compliance

### What does the CRCF require?

Annex II of the CRCF provides a list of the minimum information included in the certificate of compliance (text included in section 3.6 above).

### What is the best practice?

Setting out the minimum content for the certificate of compliance is important for consistency across carbon removal schemes. Together with the publishable audit summary, the certificate of compliance increases transparency and trust in the validity of removal units generated and minimises the risk of reputational damage related to non-compliance. In addition, by setting minimum content requirements consistency and standardization across removal types and methodologies is warranted.

Both **Verra** and the **Gold Standard** provide templates for Project Description/Design Documents (PDDs) <sup>(14)</sup>, <sup>(15)</sup> and Monitoring Reports (MP) <sup>(16)</sup>, <sup>(17)</sup>. The information required by these templates covers the minimum content as requested in the CRCF (items as listed above).

The use of registries as the key documentation management tool for the international VCM, functions to ensure that this information and details of the audit process and conclusions are all made publicly available. In voluntary carbon markets there is no issued “certificate” per se, the certificate of compliance is linked to and retained on the registry. As such, the registry listing acts in place of a certificate. Therefore, in the case of **Verra** and the **Gold Standard**, the details that are required under the CRCF to accompany the certificate of compliance, will be made publicly available through the registration process.

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<sup>14</sup> Verra Project Description Document Template. Available at: <https://verra.org/wp-content/uploads/2022/12/vcs-project-description-template-v4.2-final.docx>

<sup>15</sup> Gold Standard Project Description Document Template. Available at: [https://globalgoals.goldstandard.org/standards/TGuide-PreReview\\_V1.4-Project-Design-Document.pdf](https://globalgoals.goldstandard.org/standards/TGuide-PreReview_V1.4-Project-Design-Document.pdf)

<sup>16</sup> Verra Project Monitoring Report Template. Available at: <https://verra.org/wp-content/uploads/2021/11/VCS-Monitoring-Report-Template-4.1-DRAFT.pdf>

<sup>17</sup> Gold Standard Project Monitoring Report Template. Available at: [https://globalgoals.goldstandard.org/standards/TGuide-PerfCert\\_V1.1-Monitoring-Report.pdf](https://globalgoals.goldstandard.org/standards/TGuide-PerfCert_V1.1-Monitoring-Report.pdf)

In the context of the REDII, the requirements for the information to be included on a certificate are aligned with the publishable summary of the audit reports. As indicated in the previous section, Annex II, part B of the IR 2022/996 sets out a list of the minimum content of the **certificate of conformity** and summary audit report in the context of bioenergy in the REDII. All this information needs to be entered into the Union database. However, there is not a standard template defined for what a certificate needs to look like.

For EU organic agriculture, written records of official controls (or inspections) are not required to be publicly disclosed. However, operator certificates are publicly available in the [TRACES database](#) and a model certificate is published in Annex VI of Regulation 2018/848. The model certificate consists of a minimum mandatory part and a voluntary part.

### **Recommendation for CRCF technical rules:**

On the basis of the above analysis, it is recommended that:

- All the information set out in Annex II should be published on the certificate of compliance.
- Not to further specify a template that needs to be used by certification schemes, as they should be permitted to continue to use their existing systems, which may have additional information on the certificates.
- The Commission should, however, define the headings that need to be included in the certification and re-certification reports by recognised certification schemes under the CRCF.
- The requirements for the certification registries and the CRCF registry may define the format of the information that is to be included in the respective registry in addition to the information requirements laid out in Annex IIa of the CRCF.

## 4. Rules on the operation of certification schemes

This chapter presents recommendations for the **technical rules for the operation of certification schemes** that are recognised by the European Commission under the CRCF Regulation.

The recommendations draw from lessons learned from the Integrity Council for Voluntary Carbon Market (ICVCM) and the recognition of voluntary schemes for sustainable bioenergy in the EU, as reviewed in the first interim report. Note that the EU's organic agriculture certification system and the EU ETS do not “recognise” independent certification schemes as such, and therefore the inputs for this chapter focus on two other reference systems:

- **The Integrity Council for Voluntary Carbon Market's (ICVCM) Core Carbon Principles (CCPs)** <sup>(18)</sup> for high-integrity carbon credits operating in the VCM. Their Assessment Framework sets out criteria that they apply to assess whether carbon-crediting programmes and categories of carbon credits meet the CCPs. Carbon-crediting programmes assessed as “CCP-eligible” will be able to use the CCP label on carbon credits from approved categories. Schemes can apply for assessment by submitting evidence that they meet the CCPs through the Integrity Council's application portal. These principles will therefore represent (voluntary) international rules on the operation of VCM certification schemes.
- **EC rules for voluntary schemes certifying sustainable bioenergy under the EU REDII.** The EC recognises voluntary (certification) schemes, which are then used by economic operators as the main way to demonstrate that their biofuels/bioenergy complies with the REDII sustainability requirements. Article 30(4) of the REDII empowers the EC to recognise voluntary schemes for that purpose. Further detail on the requirements for voluntary schemes – including rules for the operation and governance of recognised voluntary schemes – are set out in Implementing Regulation (IR) 2022/996 <sup>(19)</sup>.

For each of the aspects relevant to the operation of certification schemes, this chapter presents the text from the CRCF Regulation, a description of best practices from other systems and a recommendation for the CRCF technical rules. In many cases, the recommendation refers to legal text from an existing reference system that could be directly adapted into the CRCF implementing regulation. The recommendation refers to the article number in the existing reference system and Appendix B includes the full article text for reference. Grey highlighting indicates terminology that would need to be updated for the CRCF Regulation implementing rules.

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<sup>18</sup> <https://icvcm.org/assessment-framework/>

<sup>19</sup> Commission Implementing Regulation (EU) 2022/996 on rules to verify sustainability and greenhouse gas emissions saving criteria and low indirect land-use change-risk criteria <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R0996>

The CRCF Implementing Regulation will set minimum requirements for certification schemes that are recognised by the European Commission in the context of the CRCF Regulation. Certification schemes will need to set out scheme documentation that shows they meet at least these minimum requirements.

The review of the ICVCM and sustainable bioenergy approach in the first interim report found that both have a good coverage of the elements the EC aims to detail further on the operation of certification schemes.

As a general point, many certification schemes in the VCM have already taken steps to align their certification approaches with the ICVCM CCP. As such, an approach under the CRCF that aligns where possible with the ICVCM CCP will minimise additional changes and costs for *existing* VCM schemes and avoid misalignment with the international carbon markets. That is not to say that all the ICVCM rules have to be implemented within the CRCF framework, but there are considerable elements that the CRCF implementing rules can draw from and could seek to align with. Furthermore, the review found that the ICVCM rules on the operation of credible certification schemes also align relatively well with the approach to recognise voluntary schemes for sustainable bioenergy under the REDII. The REDII can provide lessons learned from directly analogous experience of the EC recognising privately owned schemes to facilitate operators demonstrating compliance with EU legislation. Legal text from the REDII Implementing Regulations, and specifically IR 2022/996 on voluntary scheme certification provides references that could be directly adapted and built upon for the CRCF Implementing Regulations. This is detailed further, per topic, in this chapter.

## 4.1. Internal scheme governance

### What does the CRCF require?

The CRCF requires certification schemes to be independent and operate on the basis of reliable and transparent rules and procedures, described as follows (other elements of this paragraph of Article 11 are covered in more detail throughout this chapter):

#### **CRCF Article 11: Operation of certification schemes**

*[Based on the political agreement reached by the European Parliament in April 2024, pending updates of the final agreed text once available.]*

2. Certification schemes shall **operate in an independent manner on the basis of reliable and transparent rules and procedures**, in particular with regard to internal management and monitoring, handling of complaints and appeals, stakeholder consultation, transparency and publication of information, appointment and training of certification bodies, addressing non-conformity issues, development and management of certification registries.

## What is the best practice?

A certification scheme needs to have a credible **internal governance** structure, to ensure that it has the necessary legal and technical capacity, impartiality and independence to perform its duties.

Based on the way existing schemes operate, key components of credible governance structure include an independent board of directors that oversees the scheme, a secretariat that manages the day-to-day operation of the scheme, both of which are supported by technical committees or working groups (either on an ad hoc or more structural basis) to provide an advisory function on technical matters. As already mentioned in section 3.2, certification bodies need to remain independent from the scheme to ensure they can audit an economic operator's compliance with the scheme's standards without external interference, and their auditors need to be independent of the party that they are auditing. Ensuring that conflict of interest is avoided in decision making is a critical component of a credible and independent governance structure.

Procedures addressing conflict of interest are typically set out in scheme Articles of Association or Statutes (e.g. requiring members to declare any specific interests which may constitute a conflict of interest, rules setting out how members are selected and on decision making) and in certification body procedures with auditors.

Both the IR 2022/996 and ICVCM provide text that could be adapted for the CRCF Implementing Regulation. Requirements for the internal governance of voluntary schemes for sustainable bioenergy are set out in Article 3 of **IR 2022/996** (see Appendix B, p. 6072). Criterion 1.1 of the **ICVCM CCP** requires that carbon crediting programs have governance-related measures in place (see Appendix B, p. 6072).

The Integrity Council (IC), the governing body of the ICVCM, also has measures in place to help improve stakeholder representation. Since its establishment the IC has reserved three dedicated seats on its Board for Indigenous Peoples (IPs) and Local Communities (LCs) voices, has a manager position for IPs & LCs and multiple advisory panels that promote inclusion during stakeholder engagement. <sup>(20)</sup>

## Recommendation for CRCF technical rules

It is recommended that the EC adopts the approach on the governance of certification schemes in line with Article 3 of IR 2022/996. This addresses the fundamental aspects of scheme governance as set out above, including establishing a credible internal governance structure with inclusion of a broad range of stakeholder representation (see also section 4.4), avoiding conflict of interest in decision making and establishing rules for the independence of certification bodies.

The ICVCM requirement to have an independent board would be covered by this text. The text could be strengthened by adding explicit mention of complying with **anti-bribery and anti-corruption regulations** (as included in the ICVCM requirement), however legal compliance should already be a part of any basic scheme governance set-up.

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<sup>20</sup> <https://icvcm.org/about-us/>



## 4.2. Internal monitoring

### What does the CRCF require?

Internal management and monitoring are mentioned in Article 11 of the CRCF Regulation, as follows:

#### **CRCF Article 11: Operation of certification schemes**

*[Based on the political agreement reached by the European Parliament in April 2024, pending updates of the final agreed text once available.]*

2. Certification schemes shall operate in an independent manner on the basis of reliable and transparent rules and procedures, in particular with regard to **internal management and monitoring**, handling of complaints and appeals, stakeholder consultation, transparency and publication of information, appointment and training of certification bodies, addressing non-conformity issues, development and management of certification registries.

### What is the best practice?

**Internal monitoring** of the certification scheme by the certification scheme owner is an integral component of ensuring that the certification scheme is operating in an effective way and able to identify any issues and take action to address them. The scope of such monitoring should assess the performance of operators certified under the scheme, as well as certification bodies performing audits on behalf of the scheme. The monitoring should be representative of the activities of the certification scheme and its geographical scope and conducted regularly (at least annually). Importantly, any learnings from the internal monitoring need to be reflected in the ongoing operation of the certification scheme. For example, by developing technical guidance or training material for operators and certification bodies, organising harmonisation meetings with certification bodies to ensure that they are implementing scheme requirements in a consistent manner, and imposing sanctions for certification bodies that are not in compliance with the certification scheme's requirements.

The requirements for internal monitoring in the context of sustainable bioenergy are laid out in IR 2022/996, Articles 3 and 5 (see Appendix B, p. 7373).

Requirements on internal monitoring are further defined in the Assessment Protocol template:

- Internal monitoring should be undertaken in case relevant information on potential non-conformities has been brought to the attention of the scheme by third parties.
- Background evidence on the application of the GHG emission calculation should also be provided from the operators to the scheme, upon request and where applicable. The time spent on audits shall also be provided.

There is no explicit requirement from the ICVCM to require the schemes to conduct their own internal monitoring. However, the ICVCM does include extensive requirements for the IC to undertake internal monitoring of carbon crediting programs (see Section 6, requirement 5 - Ongoing Assurance and Enforcement). A potential outcome of the monitoring process is the suspension or termination the eligibility of a carbon crediting program.

### Recommendation for CRCF technical rules:

It is recommended that the EC adopts text on internal monitoring in line with Article 5, paragraphs 1 and 2 and Article 3, paragraph 6 of IR 2022/996. These cover requirements on the scope of the internal monitoring system, rules and procedures to ensure effective follow up of the results of the internal monitoring (i.e. with project operators and certification bodies), as well as procedures concerning conflict of interest in decision-making. We would further recommend the inclusion of the additional text that is included in the voluntary scheme assessment protocol (as detailed above),

## 4.3. Handling of complaints and appeals

### What does the CRCF require?

Handling of complaints and appeals is mentioned in Article 11 of the CRCF Regulation, as follows:

#### **CRCF Article 11: Operation of certification schemes**

*[Based on the political agreement reached by the European Parliament in April 2024, pending updates of the final agreed text once available.]*

2. Certification schemes shall operate in an independent manner on the basis of reliable and transparent rules and procedures, in particular with regard to internal management and monitoring, **handling of complaints and appeals**, stakeholder consultation, transparency and publication of information, appointment and training of certification bodies, addressing non-conformity issues, development and management of certification registries.

### What is the best practice?

Establishing a robust **complaints process** is an important component of the governance of a certification scheme. Such procedures provide transparency to scheme users and external stakeholders and provide an avenue for appeal. They also improve the reliability of schemes and support their continuous improvement. Specifically, schemes should set out a clear process for dealing with complaints made by third parties against operators and certification bodies (or against the certification scheme). This should include **transparent and publicly available guidelines** on the complaints process and timeframe for dealing with complaints, together with measures

to avoid conflict of interest in decision making. It is also important that complaints can be raised in confidence and that 'whistleblowers' are protected.

The ICVCM CCP requirements go slightly further in defining the actual timeframe for acknowledging receipt of complaints and completing the investigation, whereas for sustainable bioenergy, the scheme is responsible to determine its own timeframe.

The ICVCM CCP approach to Grievance Handling and Accessibility of the Grievance Process would add value to the carbon removal project development stage, to ensure impacted stakeholders have a chance to be heard before the project is developed.

Both the IR 2022/996 and ICVCM CCP provide text that could be adapted for the CRCF Implementing Regulation. Article 5 (3-4) of **IR 2022/996** sets out requirements for the complaints procedure in the context of sustainable bioenergy (see Appendix B, p. 7474). In addition, Article 5 refers to the protection of persons who report infringements or lodge complainants in good faith in accordance with the EU 'Whistleblowing Directive' (EU) 2019/1937. As part of the EC-recognition process for bioenergy, schemes have been requested to include the following aspects (as applicable):

- Establishing secure, accessible, and user-friendly internal and external reporting channels.
- Restricting access to authorised personnel for whistleblowers/ confidential complaints. A special reporting form on the webpage with a confidentiality option could be created to facilitate this.
- Allocating dedicated resources for providing timely feedback to whistleblowers.
- Implementing a clear policy against retaliation.
- Conducting awareness campaigns for employees and relevant personnel.

The ICVCM has in place governance mechanisms to ensure that complaints regarding CCP-eligible programs or the operation of the ICVCM itself can be handled appropriately (see Appendix B, p. 7474). This includes the following:

- **Complaint Submission Procedure:** Stakeholders and carbon-crediting programs can submit complaints related to the Integrity Council or any CCP-Eligible program to a designated email address. The word "complaint" must be included in the subject line of the email, and all received information is treated as confidential.
- **Acknowledgment and Investigation:** The Secretariat aims to acknowledge the receipt of a complaint within five working days and aims to complete the investigation within two months. It then proceeds to investigate the matter, with a goal to complete the investigation within two months.
- **Communication of Outcome:** While the Secretariat may inform the complainant of the investigation's outcome, it is not obligated to do so. The Secretariat maintains a confidential record of complaints and how they have been processed by the ICVCM.

## Recommendation for CRCF technical rules:

On the basis of the above analysis, it is recommended to adopt text on handling of complaints and appeals in line with Article 5, paragraphs 3 and 4 of IR 2022/996. As a minimum, this should include requirements on the complaints procedures that schemes must have in place, and mandatory compliance with the EU Whistleblowing Directive (EU 2019/1937), along with the additional aspects detailed above. Accessibility of the complaints procedures on the scheme's website is also considered relevant to include. We furthermore recommend that the complaints system covers project operators and certification schemes (as formally required under the IR 2022/996), and additionally complaints against the certification scheme itself (as required under the ICVCM).

## 4.4. Stakeholder participation and consultation

### What does the CRCF require?

Stakeholder consultation is mentioned in Article 11 of the CRCF Regulation, as follows:

#### **CRCF Article 11: Operation of certification schemes**

*[Based on the political agreement reached by the European Parliament in April 2024, pending updates of the final agreed text once available.]*

2. Certification schemes shall operate in an independent manner on the basis of reliable and transparent rules and procedures, in particular with regard to internal management and monitoring, handling of complaints and appeals, **stakeholder consultation**, transparency and publication of information, appointment and training of certification bodies, addressing non-conformity issues, development and management of certification registries.

### What is the best practice?

Including a broad range of representatives from relevant **stakeholder groups in the governance system of a certification scheme** (e.g. Board of directors) helps to ensure that a wide range of views are reflected in the scheme's set up and operation. For example, schemes that certify carbon farming should include stakeholders from agriculture, forestry, civil society and any indigenous and local communities potentially that may be affected by the scheme's activities. Furthermore, measures should be established to ensure that decision making is taken in a balanced way, and that no stakeholder group dominates. **Stakeholder consultation prior to project approval** is also often a part of the project cycle in the VCM.

Both the IR 2022/996 and ICVCM provide text that could be adapted for the CRCF Implementing Regulation.

Article 3 paragraph 2 of **IR 2022/996** (see Appendix B, p. 7375) requires voluntary schemes to include a broad range of relevant stakeholder groups in the governance

structure and decision-making and to ensure that no individual stakeholder or stakeholder group shall have a dominant position. Decisions shall only be taken where a quorum of the majority of stakeholders is reached.

Under the **ICVCM CCP**, specific requirements are outlined to improve **stakeholder participation and consultation** (see Appendix B, p. 7575). Criterion 5.1 of the ICVCM also requires that carbon-crediting programs conduct reviews by independent experts and a public stakeholder consultation of new methodologies and major revisions of existing methodologies, prior to their approval. However, this requirement is not considered to be directly necessary under the CRCF, since the methodologies will be developed by the EC (supported by the Carbon Removals Expert Group).

### Recommendation for CRCF technical rules:

It is recommended that the EC adopts the approach on stakeholder participation and consultation in line with Article 3 (paragraph 2) of IR 2022/996. The text could be strengthened by explicitly mentioning **robust and transparent consultation** and **public comment and issue resolution** from ICVCM (although the content of those aspects is already covered).

## 4.5. Transparency

### What does the CRCF require?

Article 11 of the CRCF proposal requires schemes to have rules on transparency and publication of information and to publish, at least annually, a list of the appointed certification bodies.

#### **CRCF Article 11: Operation of certification schemes**

*[Based on the political agreement reached by the European Parliament in April 2024, pending updates of the final agreed text once available.]*

2. Certification schemes shall operate in an independent manner on the basis of reliable and transparent rules and procedures, in particular with regard to internal management and monitoring, handling of complaints and appeals, stakeholder consultation, **transparency and publication of information**, appointment and training of certification bodies, addressing non-conformity issues, development and management of certification registries.

Certification schemes shall make their fees transparent and easily accessible to operators, including by publishing them on their websites. For the purpose of handling complaints and appeals, certification schemes shall put in place easily accessible complaint and appeal procedures. Those procedures shall be made publicly available in the certification registry and, by [OJ: 4 years after the entry into force of this Regulation], in the Union registry referred to in Article 12.

4. Certification schemes shall publish, in their certification registries or, by [OJ: 4 years after the entry into force of this Regulation] in the Union registry referred to in Article 12, at least annually, a list of the appointed certification bodies, stating for each certification body by which national accreditation body it was accredited or by which national competent authority it was recognised and which entity or national competent authority is monitoring it.

## What is the best practice?

A broad range of stakeholders have an interest in being able to contact schemes and access up to date information on the operation of the scheme, including policy makers and regulators, scheme participants, certification and accreditation bodies, and civil society. **Transparency** is therefore crucial to enable the certification scheme system to be externally credible. Three aspects are fundamental to providing transparency:

- **General information to be published by schemes:** Information on the governance structure of the scheme and describing the roles of all relevant bodies, scheme contact details, scheme rules/procedures/standards, lists of economic operators participating in the scheme (including both active and inactive), certification bodies that are approved to under audits under the scheme and the complaints procedure.
- **Results of audits:** Transparency of the audit process including the publication of audit summary reports (see section 3.7) and an aggregated list of the non-conformities raised.
- **Operation of schemes in practice:** Publication of annual reporting on the operation of the scheme, including market data (see section 4.8). Additionally, the provision of information to regulators to support the supervision of schemes, including for example audit reports and any relevant background data, as well as details of complaints and how they were handled.

Both the IR 2022/996 and ICVCM provide text that could be adapted for the CRCF Implementing Regulation (see Appendix B, p. 7676). For sustainable bioenergy, Article 6 of **IR 2022/996** sets out requirements on the publication of information in the context of the REDII. Criterion 3.1 of the **ICVCM CCP** Assessment Framework requires CCP-eligible carbon crediting programs to adhere to specified guidelines.

## Recommendation for CRCF technical rules:

It is recommended that the EC bases the transparency requirement on Article 6 of IR 2022/996, covering general information to be published by schemes, results of audits and the practical operation of schemes. Explicit reference to the reporting requirements set out Article 9 and Annex II of the CRCF regulation (see section 2.2), as well as Article 14 (see section 4.84.6), should be made. Additional aspects could be taken from the ICVCM requirements, such as a requirement to make available spreadsheets used for GHG emission reduction or removal calculations.

## 4.6. Selection, training and monitoring of certification bodies

### What does the CRCF require?

Article 11 of the CRCF covers, at a high level, the requirement for certification schemes to implement rules on the appointment and training of certification bodies.

#### **CRCF Article 11: Operation of certification schemes**

*[Based on the political agreement reached by the European Parliament in April 2024, pending updates of the final agreed text once available.]*

2. Certification schemes shall operate in an independent manner on the basis of reliable and transparent rules and procedures, in particular with regard to internal management and monitoring, handling of complaints and appeals, stakeholder consultation, transparency and publication of information, **appointment and training of certification bodies**, addressing non-conformity issues, development and management of certification registries.

### What is the best practice?

Certification bodies – and the auditors that they employ – clearly play a pivotal role in the effective and robust operation of a certification scheme. In this light, certification schemes need to establish robust procedures for the selection, training and monitoring of certification bodies. A fundamental requirement is that certification bodies are accredited to relevant **ISO standards** (see section 3.4).

As well as specific technical competence relevant to what they are auditing (e.g. GHG quantification methodologies), auditors need to be **trained** to the scope of the certification scheme to ensure that their experience is not just generic, but specific to the certification scheme criteria and requirements being audited. Typically, this training would be performed by the certification scheme itself, although it could also be outsourced to the certification bodies under specific conditions (applying the ‘train the trainer’ concept). Training needs to be updated as and when required and only auditors that have passed **exams** should be allowed to undertake audits. In addition, there should be a mechanism in place for certification schemes to **monitor (supervise)** the ongoing performance of certification bodies, including checking a sample of audit reports and undertaking audits of the certification body and shadow audits of scheme participants (operators).

The requirements set out in Article 11 of IR 2022/996 relating to selection, training and monitoring of certification bodies are set out in Appendix B (p. 7878) (requirements on auditor competence more broadly are described in section 3.2). There are no formal requirements relating to the selection, training and monitoring of certification bodies in the ICVCM currently. However, the ICVCM considers that there are opportunities to improve market standards around how carbon-crediting programs oversee VVBs and MRV systems (see Appendix B, p. 7878).

## Recommendation for CRCF technical rules:

It is recommended that the EC bases the requirements for selection, training and monitoring of certification bodies on Article 11 of IR 2022/996 (specifically paragraphs 4 and 5). This should also make reference to the requirements on internal monitoring, which require schemes to assess the operational performance of certification bodies annually (see section 4.2).

## 4.7. Measures to address certification scheme non-compliance

### What does the CRCF require?

Article 13 of the CRCF Regulation sets the basis for the EC to recognise certification schemes. Paragraph 3 states:

#### **CRCF Article 13: Recognition of certification schemes**

*[Based on the political agreement reached by the European Parliament in April 2024, pending updates of the final agreed text once available.]*

3. The Commission may, after appropriate consultation with the certification scheme, repeal a decision recognising a certification scheme pursuant to paragraph 1 where the certification scheme fails to implement the standards and rules set out in the implementing acts referred to in Article 11(5). Where a Member State or any other interested party raises duly substantiated concerns that a certification scheme does not operate in accordance with the standards and rules set out in the implementing acts referred to in Article 11(5) that constitute the basis for decisions under paragraph 1, the Commission shall investigate the matter and take appropriate action, including repealing the relevant decision.

### What is the best practice?

If a certification scheme is found to be not complying with the rules set out by the CRCF Regulation and implementing rules that are the basis of their recognition, the EC can repeal a recognition decision. This requirement describes the measures that certification schemes would have to take in case issues are found with the operation of the **certification schemes**. (Non-conformities by operators with the criteria or methodologies under the CRCF – as described in Article 11 of the CRCF Regulation – are described in section 3.5).

The ICVCM CCP guidance on procedures for handling non-conformities in the ICVCM's CCP Assessment Framework is covered in clauses 5.9 to 5.33 of Section 5, and involves several key steps:

- **Investigation (5.9-5.10):** The Integrity Council may initiate an investigation into a CCP-Eligible program to resolve issues identified during performance monitoring, or if it suspects misuse of the Integrity Council brand or CCP trademark.



- **Interim Review (5.11-5.12):** When the Integrity Council identifies potential non-conformities, such as material failures to cooperate, failure to rectify identified issues, or instances of fraud or gross negligence, it considers initiating an Interim Review. This process starts with the Integrity Council analysing the case and preparing a proposal on the scope and modalities of the Interim Review. This proposal includes re-performing certain sections of the Assessment Procedure as needed. The proposal for an Interim Review is then presented to the Governing Board, which decides whether or not to initiate the Interim Review.
- **Communication and Information Gathering (5.12-5.15):** If the Governing Board decides to proceed with the Interim Review, the Integrity Council communicates with the CCP-Eligible program to gather necessary information. This step is crucial to ensure that all relevant details and contexts are considered before any final decisions are made (namely to close the Interim Review, Suspend or Terminate CCP-Eligible program) .
- **Suspension (5.16-5.26):** The Integrity Council reserves the right to suspend the eligibility of a CCP-Eligible program or approval of CCP-Approved Categories following an Interim Review where, in the view of the Governing Board, suspension is necessary and proportionate in order to protect the functioning of the VCM and reputation of the Integrity Council. Once suspended, the carbon-crediting program is not permitted to tag any carbon credits as CCP-Approved or tag any carbon credits with CCP Attributes or identify any new mitigation activities as CCP-Approved.
- **Termination (5.27-5.33):** As a next step, the Integrity Council reserves the right to terminate the CCP-Eligibility of a carbon-crediting program or CCP-Approval of a Category in-conjunction with the Governing Board. Once terminated, no further carbon credits may be tagged as CCP-Approved or tagged with CCP Attributes and no new mitigation activities may be identified as CCP-Approved. Any decision to terminate or suspend a carbon-crediting program is made available on the ICVCM website.

In the context of the sustainable bioenergy, Article 30, paragraph 8 of the REDII (Directive 2018/2001) states “The Commission may repeal decisions recognising voluntary schemes pursuant to paragraph 4 in the event that those schemes fail to implement such standards in the time frame provided for. Where a Member State raises concerns that a voluntary scheme does not operate in accordance with the standards of reliability, transparency and independent auditing that constitute the basis for decisions under paragraph 4, the Commission shall investigate the matter and take appropriate action.” However, the process underlying this is not further detailed.

Individual scheme recognition Decisions also include the following text (Article 3): “The Commission may repeal this Decision, inter alia, under the following circumstances: (a) if it has been clearly demonstrated that the scheme has not implemented elements considered to be important for this Decision or if a severe and structural breach of those elements has occurred; (b) if the scheme fails to submit annual reports to the Commission pursuant to Article 30(5) of Directive (EU) 2018/2001; (c) if the scheme fails to implement standards of independent auditing and other requirements specified in implementing acts referred to in Article 30(8) of Directive (EU) 2018/2001 or improvements to other elements of the scheme considered to be important for a continued recognition.”

IR 2022/996 Article 17 includes requirements on **supervision** of voluntary schemes by Member States. The focus is on economic operators and certification bodies, but de

facto this may lead to broader issues with a voluntary scheme being identified. Member States are currently working together to further detail how this will be implemented in practice in the context of the REDII.

In EU Organic non-compliance of certification bodies (referring to control bodies in EU Organic) is monitored through yearly audits by competent authorities. In case a competent authority identifies non-compliance of certification bodies, the competent authority may revoke “the delegation of official tasks” and may revoke operators' certifications provided by the certification body.

#### **Recommendation for CRCF technical rules:**

The ICVCM CCPs include guidance for handling non-conformities with their assessment framework that could be useful to draw on here. The Commission does not set out further details on how this process would work under the REDII for bioenergy voluntary schemes. In the context of the CRCF, it is recommended to include requirements that define the role that the Commission would take in potential cases of scheme non-compliance cases, including the review process and option to (temporarily) suspend or terminate the recognition status of a scheme. Additionally, we recommend that the CRCF includes requirements for schemes to cooperate with any investigation, such as the provision of information and/or data, and the option for the Commission (or competent authorities) to undertake supervision audits of the schemes, certification bodies or project operators (as required).

## **4.8. Annual reporting by certification schemes**

### **What does the CRCF require?**

Article 14 of the CRCF includes the requirement for EC-recognised carbon removal certification schemes to submit an annual report to the EC concerning its operations, including a description of any cases of fraud and related remediation measures. The EC shall adopt implementing rules setting out the structure, format and technical details of these annual reports.

#### **CRCF**

*[Based on the political agreement reached by the European Parliament in April 2024, pending updates of the final agreed text once available.]*

#### **Annex 14: Reporting requirements**

1. Each certification scheme recognised by the Commission shall submit to the Commission an annual report about its operations, including a description of any cases of fraud and related remediation measures. The report shall be submitted annually by 30 April, covering the preceding calendar year. The requirement to submit a report shall apply only to certification schemes that have operated for at least 12 months.

2. The Commission shall make those reports publicly available, in full or, where necessary to preserve the confidentiality of commercially sensitive information, in an aggregated form.

3. The Commission shall adopt implementing acts setting out the structure, format, and technical details of the reports referred to in paragraph 1 of this Article. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 17.

### What is the best practice?

Both the IR 2022/996 Annex III and ICVCM provide text that could be adapted for the CRCF Implementing Regulation.

IR 2022/996 Annex III sets out information to be provided by sustainable bioenergy voluntary schemes under the RED (see Appendix B, p. 7979). This includes both **qualitative** aspects, scheme governance, approach to auditing, scheme transparency, reliability, stakeholder engagement, continuous improvement/best practice, as well as the provision of **market data** (using a pre-defined template). Experience of voluntary scheme annual reporting suggests that if the Commission requires more qualitative information to be reported, it should be clearly set out which aspects to focus on and over which timeframe, to avoid repetition of information each year or repetition of information that is already included in scheme documents. For example, the approach to auditing is set out in the scheme documents and reporting that to the Commission adds little value, however experience, lessons learned and improvements to the auditing approach over the last year is useful to drive transparency and improvements in the market.

The reports need to additionally include the results of the annual monitoring process, a summary of complaints raised and (if applicable) information on certain details of the GHG calculation methodology implementation that are considered important for transparency. Reporting also includes penalties issued to economic operators and detailed statistical information and qualitative feedback on the implementation of the GHG methodology.

As indicated in section 4.54.5, voluntary schemes are required to publish the most recent annual report on their website (Article 6(f) of IR 2022/996). The EC also publishes the most recent annual reports from all recognised schemes on their website <sup>(21)</sup>. Confidential information can be redacted.

The most relevant **ICVCM CCP** requirements are set out in Appendix B, p.86 79.

### Recommendation for CRCF technical rules:

The reporting requirement under Article 14 of the CRCF is limited to information about a scheme's operations and a description of identified fraud cases and remediation

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<sup>21</sup> Available at: [https://energy.ec.europa.eu/topics/renewable-energy/bioenergy/voluntary-schemes\\_en](https://energy.ec.europa.eu/topics/renewable-energy/bioenergy/voluntary-schemes_en)

measures. We recommend that the Commission further specifies what is required in relation to a scheme's "operations". The provision of market data on the CRCF (e.g. units issued, types of project etc) is considered the most relevant for certification schemes to report on.

Additionally, aspects covered under the ICVCM, such as "the organisation's revenues, expenses, and net assets over the past year" and an "overview of the organisation's mission, major programs and activities" could also be included.

As set out under Article 14 of the CRCF, the reports should be published by both the certification schemes and Commission for market transparency.

## 4.9. Approaches to avoid scheme (or CB) hopping

### What does the CRCF require?

The CRCF Regulation does not include specific requirements covering certification scheme or certification body hopping.

### What is the best practice?

Potential risks in the operation of a certification scheme are so-called **certification scheme hopping** and **certification body hopping**. Certification scheme hopping refers to when an economic operator is suspended (or withdrawn) from one certification scheme and then applies to be certified under another. Certification body hopping refers to when an economic operator switches certification body, typically based on cost. Since audit prices are largely dictated by the time taken to conduct an audit, a cheaper audit can indicate a shorter, potentially less thorough audit. Therefore, it can be appropriate to set out minimum standards to ensure that there is a level playing field and sufficiently robust audits across all certification bodies working on behalf of all certification schemes.

The requirements for Article 7 of IR 2022/996 covering **certification scheme hopping** are detailed in Appendix B (p. 8181). Under the REDII, the risk of **certification body hopping** is addressed by requiring certification bodies to provide information to the voluntary schemes on the time taken for audits as part of their internal monitoring activities.

Under ICVCM, a project is not allowed to be registered with more than one certification scheme. However, the ICVCM CCP do not have any explicit requirements to mitigate the risk of certification scheme hopping/certification body hopping (beyond project documentation needing to be published to ensure transparency). Furthermore, none of the five VCM schemes assessed in the first stage of this project provided any guidance or reference to mitigating the issue of certification scheme hopping.

It is worth noting that certification scheme hopping has not really been considered a significant risk to date in the VCM, since certification schemes operate independently and often have developed their own methodologies (except where they use existing

methodologies from the Clean Development Mechanism). Projects have to register with a specific certification scheme, then develop and validate their plan according to the scheme's methodology and monitor according to that plan. This makes switching a project from one scheme to another administratively burdensome. Therefore, the review of existing VCM schemes found that they do not tend to have explicit rules to prevent certification scheme hopping. However, the CRCF framework will have common EU methodologies, developed by the EC, and as such this could increase the risk of operators switching between certification schemes. Therefore, it is recommended to include safeguards to prevent this under the CRCF.

#### **Recommendation for CRCF technical rules:**

Article 7 of IR 2022/996 serves as a useful reference point for developing requirements relating to **certification scheme hopping** by project operators. This includes requirements on the information that potential project operators need to disclose in their applications for certification, and rules for excluding project operators from the scheme.

The risk of **certification body hopping** is not formally covered in the IR 2022/996, but is otherwise addressed by requiring certification bodies to provide information to the voluntary schemes on the time taken for audits as part of their internal monitoring activities <sup>(22)</sup> (see section 4.2).

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<sup>22</sup> Note that this requirement is additional to Article 5 of the IR 2022/996.

## 5. Assessment process to recognise certification schemes

This section provides a recommendation for the assessment process for the Commission's recognition of certification schemes for carbon removal, drawing lessons learned from the analogous process for the recognition of voluntary schemes for sustainable bioenergy under the RED and the ICVCM assessment process for carbon-crediting programs.

### What does the CRCF require?

Article 13 of the final CRCF text requires the following:

#### **CRCF Article 13: Recognition of certification schemes**

*[Based on the political agreement reached by the European Parliament in April 2024, pending updates of the final agreed text once available.]*

1. Only a certification scheme recognised by the Commission by means of a decision may be used by operators or groups of operators to demonstrate compliance with this Regulation. Such decision shall be valid for a period of no more than 5 years and shall be made public in the Union registry referred to in Article 12.
2. A Member State shall notify to the Commission the application for recognition of the public certification scheme. The legal representative of a private certification scheme shall notify to the Commission the application for recognition of the private certification scheme.
3. The Commission may, after appropriate consultation with the certification scheme, repeal a decision recognising a certification scheme pursuant to paragraph 1 where the certification scheme fails to implement the standards and rules set out in the implementing acts referred to in Article 11(5). Where a Member State or any other interested party raises duly substantiated concerns that a certification scheme does not operate in accordance with the standards and rules set out in the implementing acts referred to in Article 11(5) that constitute the basis for decisions under paragraph 1, the Commission shall investigate the matter and take appropriate action, including repealing the relevant decision.
4. The Commission may adopt implementing acts setting out the structure, format, and technical details of the notification and recognition processes referred to in paragraphs 1 and 2.

## What is the best practice?

The EC-recognition process for sustainable bioenergy under the RED consists of the following main steps:

1. Voluntary schemes submit documents (standards) by email to DG ENER <sup>(23)</sup> for technical assessment.
2. Technical assessment is undertaken by an independent contractor (currently Guidehouse) on behalf of DG ENER and using a standard template (the so-called Assessment Protocol<sup>24</sup>).
  - The assessment process consists of several assessment rounds (typically at least five rounds for a new scheme). The independent contractor prepares a technical assessment report which identifies the aspects that are considered to be compliant, and conversely any aspects that still need to be further clarified in the scheme standards. Requirements are included in the report, specifying how compliance with these aspects can be met. The report is shared with the scheme within six weeks of submission, after which the scheme can resubmit updated documents to DG ENER and the independent contractor.
  - The assessment process is concluded once all relevant requirements have been technically closed. The process typically takes several months (possibly a year or more), depending on the necessary updates required and resulting time taken for the scheme to respond to each assessment round.
3. Consultation with other EC departments (Inter-service consultation), either in person or via email. The final technical assessment report and scheme standards are shared as part of this process.
4. Consultation with Member States (Committee on the Sustainability of Biofuels, Bioliquids and Biomass fuels), either in person or in writing via email. The final technical assessment report and scheme standards are shared as part of this process.
5. Approval by the Commission and publication of a Decision in the Official Journal of the EU that sets out the basis on which a scheme has been recognised (the scope of the scheme). After this, the EC website is updated <sup>(25)</sup> (which also includes a link to the Decision and recognised scheme standards). The Decision is valid for a period for up to five years, but importantly can be repealed by the Commission under certain conditions (see section 4.7). To date, no voluntary scheme has had its Decision repealed by the Commission. The previous three steps typically take a minimum of three months.

This recognition process has been running since the introduction of mandatory sustainability requirements for biofuels in the RED in 2010. The process from the initial

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<sup>23</sup> Specifically to the functional mailbox: [ENER-VOLUNTARY-SCHEMES@ec.europa.eu](mailto:ENER-VOLUNTARY-SCHEMES@ec.europa.eu)

<sup>24</sup> [https://energy.ec.europa.eu/document/download/ac93290e-769e-462d-b75b-6564925e113d\\_en?filename=Assessment%20Protocol%20template\\_REDII\\_Final%20version%20April%202022\\_v3.pdf](https://energy.ec.europa.eu/document/download/ac93290e-769e-462d-b75b-6564925e113d_en?filename=Assessment%20Protocol%20template_REDII_Final%20version%20April%202022_v3.pdf)

<sup>25</sup> [https://energy.ec.europa.eu/topics/renewable-energy/bioenergy/voluntary-schemes\\_en](https://energy.ec.europa.eu/topics/renewable-energy/bioenergy/voluntary-schemes_en)

application from a scheme through to final recognition can take many months. This is in part due to the thorough documentary review of the scheme standards, but also the time necessary for schemes to make updates after receiving feedback from the Commission to fully align their scheme with the Commission requirements. It is therefore hard to put a precise timeline on the process, as it depends on how many and which elements a scheme might need to update.

A key lesson is that it is vital for the Commission and the schemes to have a common understanding of the requirements and how they can be implemented in practice. This requires a continuing open and constructive communication from both sides to ensure a common understanding, to ensure that the Commission requirements are robustly and consistently implemented and in a practical way that works in the market. Lessons learned along the way should also be discussed with other schemes and with the market to ensure harmonisation and consistent strengthening of requirements (as necessary) over time. This could be facilitated, for example, through workshops with the relevant schemes to support better understanding and harmonisation, and publishing a questions and answers document on the Commission website. Working in this way would likely lead initially to a more efficient and timely assessment process, and in the longer term to more consistent and robust implementation of the requirements.

The **ICVCM** provides a detailed step-by-step overview of the carbon-crediting program assessment process in chapter 2 of section 6, a high-level summary of which is provided below:

- **Application process (2.2-2.11):** Applications are made to the Integrity Council via a dedicated mailbox ([applications@icvcm.org](mailto:applications@icvcm.org)), after which the Secretariat has up to ten days to provide log in details for the Assessment Platform. Carbon-crediting programs need to formally submit all relevant documentation and evidence using this platform.
- **Processing applications (2.12-2.14):** The Integrity Council first undertakes a 'completeness review' of documentation submitted. The Secretariat communicates any identified documentation gaps to the carbon-crediting programs via the Assessment Platform. The Integrity Council aims to arrive at an assessment 'Decision' for consideration by the Governing Board within four calendar months of receipt of the completed Application (two months if CORSIA-eligible), subject to workload. The Secretariat advises the carbon-crediting program if the assessment is expected to take longer. For transparency, all Applications are published on the ICVCM website.
- **Application assessment (2.15-2.18):** The Integrity Council then prepares a 'draft Assessment Report'. Any identified issues are communicated by the Integrity Council directly to the carbon-crediting program, after which the carbon-crediting program may provide additional information or evidence. Any identified substantive issues which required changes to the documentation are communicated by the Secretariat to the carbon-crediting program (classified as either 'minor changes' or requiring 'remedial action'). The draft Assessment Report is then shared with the carbon-crediting program.
- **Governing Board Decision (2.19-2.22):** The draft Assessment Report and the recommendation is submitted to the Governing Board to take a Decision to either to *approve*, *approve conditional on completion of remedial actions* or to *reject*. Carbon-crediting programs have the opportunity to review the final 'Assessment Report' in cases where the Governing Board considers expects not to directly approve. They may also request a 'hearing'.



- **Notification and publication (2.23-2.25):** Decisions are published by the Integrity Council on the ICVCM Website. Carbon-crediting programs that have been rejected may resubmit again no earlier than six months from the date of that Decision.
- **CCP-Eligibility of the Program (2.26-2.27):** Decisions are valid until a new or revised version of the Assessment Framework has been published or a new or updated Application by the carbon-crediting program has been processed and a Decision made. Decisions may otherwise be suspended or terminated at any time if a carbon-crediting program is non-compliant. For transparency, all decisions are published on the ICVCM website.

### Recommendation for CRCF process:

The envisaged process can largely be based on the technical approval process that is applied by the Commission under the REDII for voluntary schemes certifying sustainable bioenergy (steps 1-5 described above). Whilst the timeline for recognition and the number of scheme re-assessments varies depending on the number of schemes who apply at the same time, the scope of the schemes and the quality of the documentation submitted to the Commission, the Commission should nevertheless publish the process and the high level steps involved (i.e. technical assessment, Member State approval, legal steps required for the Decision) in the interests of transparency and enabling a better planning of the process.

To be a credible scheme for the Commission to recognise, certification schemes should as a minimum be assessed as having a robust operation, governance and verification approach and internal systems, **meeting all the requirements described in chapters 3 and 4 of this report.**

The Commission could decide to recognise certification schemes to apply **specific CRCF methodologies**, to apply **groups of CRCF methodologies** (e.g. all carbon farming related methodologies), or they could allow recognised certification schemes to apply **any EU developed CRCF methodology**. If the first or second options are chosen, certification schemes should be allowed to apply to the Commission to add additional methodologies (or groups of methodologies) to their scope over time. This would give the Commission better oversight of which certification schemes are covering which methodologies, but may require more legal administrative effort and cost of the process for the Commission to continually update the recognition Decisions as schemes add more methodologies to their scopes. Regardless of which option is chosen, we recommend that the Commission Decisions to recognise certification schemes clearly states the scope of recognition of the certification scheme to provide clarity to the market.

We would further also recommend that voluntary schemes that are recognised by the Commission under the REDII framework for sustainable bioenergy can be used as evidence to demonstrate compliance with the sustainability requirements for bioenergy under the CRCF (e.g. for BECCS). This does not require mutual recognition as such (of CRCF certification schemes and REDII voluntary schemes) but the Commission should state explicitly that a Proof of Sustainability issued under an EC-recognised REDII voluntary schemes can be used to demonstrate compliance with the sustainability requirements for biomass in the CRCF (as is the case under the EU ETS).

Finally, there are aspects of the ICVCM assessment process that should also be considered, to improve the process. These include setting up an **online platform** for

the submission of all documentation and assessment reports (instead of using email – possibly this could be integrated into the registry frontend) and providing the certification schemes with **more visibility of the expected timeline** for the assessment process.

# Appendix A: Reference text for the CRCF rules for operators and certification bodies

This appendix includes the full article texts that are referred to in the recommendations in chapter 3. Grey highlighting indicates terminology that would need to be updated for the CRCF Regulation.

## 1. Requirements on documentation management from reference systems

### Sustainable bioenergy REDII:

#### Implementing Regulation 2022/996

##### Article 5: Internal monitoring, complaints procedure and documentation management system

5. Voluntary schemes and certification bodies shall establish a documentation management system that addresses each of the following elements:

- (a) general management system documentation (e.g. manuals, policies, definition of responsibilities);
- (b) control of documents and records;
- (c) management review of management system;
- (d) internal auditing/internal monitoring;
- (e) procedures for identification and management of non-conformities; and
- (f) procedures for taking preventive actions to eliminate the causes of potential non-conformities.

Documentation shall be kept for a minimum of 5 years, or longer if required by the relevant national authority.

##### Article 10: Audit process and levels of assurance

5. Voluntary schemes shall only certify economic operators where they comply with all the following requirements:

- (a) have a documentation management system;
- (b) have an auditable system for safekeeping and reviewing all evidence related to the claims they make or rely on;
- (c) keep all evidence necessary to comply with this Regulation and Directive (EU) 2018/2001 for a minimum of 5 years, or longer where it is required by the relevant national authority;

(d) accept responsibility for preparing any information related to the auditing of such evidence and reviewing all evidence related to the claims they make or rely on;

## EU ETS:

### **Monitoring and Reporting Regulation 2018/2066**

#### **Article 67 Records and documentation**

1. The operator or aircraft operator shall keep records of all relevant data and information, including information as listed in Annex IX, for at least 10 years. The documented and archived monitoring data shall allow for the verification of the annual emissions reports or tonne-kilometre reports in accordance with Implementing Regulation (EU) 2018/2067. Data reported by the operator or aircraft operator contained in an electronic reporting and data management system set up by the competent authority may be considered to be retained by the operator or aircraft operator, if they can access those data.

2. The operator or aircraft operator shall ensure that relevant documents are available when and where they are needed to perform the data flow activities and control activities. The operator or aircraft operator shall, upon request, make those documents available to the competent authority and to the verifier verifying the emissions report or tonne-kilometre report in accordance with Implementing Regulation (EU) 2018/2067. make or rely on

## **2. Certification body (auditor) competency**

### **Sustainable bioenergy REDII:**

#### **Implementing Regulation 2022/996**

##### **Article 3: Governance structure of the voluntary scheme**

5. The governance system of the certification body shall aim at ensuring the highest possible level of independence of the auditors' judgement by applying principles of auditors' rotation or other existing best practices in the area.

##### **Article 11: Auditor competence**

1. A certification body performing audits on behalf of a voluntary scheme shall be accredited to ISO 17065, and to ISO 14065 where it performs audits on actual GHG audits on actual values. [...]

The certification body shall select and appoint the audit team in accordance with ISO 19011, taking into account the competence needed to achieve the objectives of the audit.

2. The audit team shall have the competence, experience and the generic and specific skills necessary for conducting the audit taking into account the scope of

the audit. Where there is only one auditor, the auditor shall also have the competence to perform the duties of an audit team leader applicable for that audit. The certification body shall ensure that the certification decision is taken by a technical reviewer that was not part of the audit team

3. Auditors shall:

(a) be independent of the activity being audited, except for audits concerning Article 29(6), point (a), and Article 29(7), point (a) of Directive (EU) 2018/2001, for which first or second party auditing may be carried out up to the first gathering point;

(b) be free from conflict of interest;

(c) have the specific skills necessary for conducting the audit related to the scheme's criteria, including:

(i) for land-use criteria [...];

(ii) for GHG emissions saving criteria [...];

(iii) for the chain of custody criteria [...];

(iv) for group auditing: experience in conducting group audits.

4. Voluntary schemes shall set up training courses for auditors, covering all aspects relevant to the scope of the scheme. The courses shall include an examination to demonstrate the participants' compliance with the training requirements in the technical area or areas in which they are active. Auditors shall participate in the training courses, before performing audits on behalf of the voluntary scheme.

5. Auditors shall undertake refresher training courses on a regular basis. Voluntary schemes shall implement a system to monitor the training status of active scheme auditors. Voluntary schemes shall also provide guidance to certification bodies, as required, on aspects that are relevant to the certification process. That guidance may include updates to the regulatory framework or relevant findings from the voluntary scheme's internal monitoring process

## EU ETS:

### Implementing Regulation 2018/2067

#### Chapter III: Requirements for verifiers

##### Article 36: Governance structure of the voluntary scheme

1. The verifier shall establish, document, implement and maintain a competence process to ensure that all personnel entrusted with verification activities are competent for the tasks that are allocated to them.

2. As part of the competence process referred to in paragraph 1, the verifier shall at least determine, document, implement and maintain the following:

(a) general competence criteria for all personnel undertaking verification activities;

- (b) specific competence criteria for each function within the verifier undertaking verification activities, in particular for the EU ETS auditor, EU ETS lead auditor, independent reviewer and technical expert;
  - (c) a method to ensure the continued competence and regular evaluation of the performance of all personnel that undertake verification activities;
  - (d) a process for ensuring ongoing training of the personnel undertaking verification activities;
  - (e) a process for assessing whether the verification engagement falls within the scope of the verifier's accreditation, and whether the verifier has the competence, personnel and resources required to select the verification team and successfully complete the verification activities within the timeframe required.
3. The verifier shall regularly monitor the performance of all personnel that undertake verification activities to confirm the continued competence of that personnel.

#### **Article 37: Verification teams**

1. For each particular verification engagement, the verifier shall assemble a verification team capable of performing the verification activities referred to in Chapter II.
2. The verification team shall at least consist of an EU ETS lead auditor, and, where the verifier's conclusions during the assessment referred to in Article 8(1)(e) and the strategic analysis so require, a suitable number of EU ETS auditors and technical experts.

[Clauses 3 – 6 not included.]

#### **Article 38: Competence requirements for EU ETS auditors and EU ETS lead auditors**

1. An EU ETS auditor shall have the competence to perform the verification. To this end, the EU ETS auditor shall have at least:
  - (a) knowledge of Directive 2003/87/EC, Implementing Regulation (EU) 2018/2066, Regulation (EU) .../... in the case of verification of the baseline data report or new entrant data report, this Regulation, relevant standards, and other relevant legislation, applicable guidelines, as well as relevant guidelines and legislation issued by the Member State in which the verifier is carrying out a verification;
  - (b) knowledge and experience of data and information auditing, including:
    - (i) data and information auditing methodologies, including the application of the materiality level and assessing the materiality of misstatements;
    - (ii) analysing inherent risks and control risks;
    - (iii) sampling techniques in relation to data sampling and checking the control activities;

(iv) assessing data and information systems, IT systems, data flow activities, control activities, control systems and procedures for control activities.

(c) the ability to perform the activities related to the verification of an operator's or aircraft operator's report as required by Chapter II;

(d) knowledge of and experience in the sector specific technical monitoring and reporting aspects that are relevant for the scope of activities referred to in Annex I in which the EU ETS auditor is carrying out verification.

2. An EU ETS lead auditor shall meet the competence requirements for an EU ETS auditor and shall have demonstrated competence to lead a verification team and to be responsible for carrying out the verification activities in accordance with this Regulation.

#### **Article 40: Use of technical experts**

1. When carrying out verification activities, a verifier may use technical experts to provide detailed knowledge and expertise on a specific subject matter needed to support the EU ETS auditor and EU ETS lead auditor in carrying out their verification activities.

2. Where the independent reviewer does not have the competence to assess a particular issue in the review process, the verifier shall request the support of a technical expert.

3. The technical expert shall have the competence and expertise required to support the EU ETS auditor and EU ETS lead auditor, or the independent reviewer, where necessary, effectively on the subject matter for which their knowledge and expertise is requested. In addition, the technical expert shall have a sufficient understanding of the issues described in points (a), (b) and (c) of Article 38(1).

4. The technical expert shall undertake specified tasks under the direction and full responsibility of the EU ETS lead auditor of the verification team in which the technical expert is operating or the independent reviewer.

#### **Article 43: Impartiality and independence**

1. A verifier shall be independent from an operator or aircraft operator and impartial in carrying out its verification activities.

To ensure independence and impartiality, the verifier and any part of the same legal entity shall not be an operator or aircraft operator, the owner of an operator or aircraft operator or owned by them, nor shall the verifier have relations with the operator or aircraft operator that could affect its independence and impartiality. The verifier shall also be independent from bodies that trade emission allowances under the greenhouse gas emission allowances trading system established pursuant to Article 19 of Directive 2003/87/EC.

2. A verifier shall be organised in a manner that safeguards its objectivity, independence and impartiality. For the purposes of this Regulation, the relevant requirements laid down in the harmonised standard referred to in Annex II shall apply.

3. A verifier shall not carry out verification activities for an operator or aircraft operator that poses an unacceptable risk to its impartiality or that creates a conflict of interest for it. The verifier shall not use personnel or contracted persons in the verification of an operator's or aircraft operator's report that involves an actual or potential conflict of interest. The verifier shall also ensure that the activities of personnel or organisations do not affect the confidentiality, objectivity, independence and impartiality of the verification.

An unacceptable risk to impartiality or a conflict of interest referred to in the first sentence of the first subparagraph shall be considered to have arisen in particular in either of the following cases:

(a) where a verifier or any part of the same legal entity provides consulting services to develop part of the monitoring and reporting process that is described in the monitoring plan approved by the competent authority or in the monitoring methodology plan, as applicable, including the development of the monitoring methodology, the drafting of the operator's or aircraft operator's report and the drafting of the monitoring plan or monitoring methodology plan;

(b) where a verifier or any part of the same legal entity provides technical assistance to develop or maintain the system implemented to monitor and report emissions, tonne-kilometre data or data relevant for free allocation.

4. A conflict of interest for a verifier in the relations between it and an operator or an aircraft operator shall be considered to have arisen in particular in either of the following cases:

(a) where the relationship between the verifier and the operator or aircraft operator is based on common ownership, common governance, common management or personnel, shared resources, common finances and common contracts or marketing;

(b) where the operator or aircraft operator has received consulting services referred to in point (a) of paragraph 3 or technical assistance referred to in point (b) of that paragraph from a consultancy body, technical assistance body or another organisation having relations with the verifier and threatening the impartiality of the verifier.

For the purposes of point (b) of the first subparagraph, the verifier's impartiality shall be considered compromised where the relations between the verifier and the consultancy body, technical assistance body or the other organisation is based on common ownership, common governance, common management or personnel, shared resources, common finances, common contracts or marketing and common payment of sales commission or other inducement for the referral of new clients.

5. A verifier shall not outsource the independent review or the issuance of the verification report. For the purposes of this Regulation, when outsourcing other verification activities, the verifier shall meet the relevant requirements laid down in the harmonised standard referred to in Annex II.

However, contracting individuals to carry out verification activities shall not constitute outsourcing for the purposes of the first subparagraph if the verifier, when contracting those persons, meets the relevant requirements in the harmonised standard referred to in Annex II.



6. A verifier shall establish, document, implement and maintain a process to ensure continuous impartiality and independence of the verifier, parts of the same legal entity as the verifier, other organisations referred to in paragraph 4, and of all personnel and contracted persons involved in the verification. That process shall include a mechanism to safeguard the impartiality and independence of the verifier and shall meet the relevant requirements laid down in the harmonised standard referred to in Annex II.

7. If the EU ETS lead auditor undertakes six annual verifications for a given aircraft operator, then the EU ETS lead auditor shall take a three consecutive year break from providing verification services to that same aircraft operator. The six years maximum period includes any greenhouse gas verifications performed for the aircraft operator starting after the entry into force of this regulation.

### **3. Assurance level**

#### **Sustainable bioenergy REDII:**

##### **Implementing Regulation 2018/2067**

##### **Article 6: Reliability of verification**

A verified emissions report, baseline data report or new entrant data report shall be reliable for users. It shall represent faithfully that, which it either purports to represent or may reasonably be expected to represent.

The process of verifying operator's or aircraft operator's report shall be an effective and reliable tool in support of quality assurance and quality control procedures, providing information upon which an operator or aircraft operator can act to improve performance in monitoring and reporting emissions or data relevant for free allocation.

##### **Article 7: General obligations of the verifier**

1. The verifier shall carry out the verification and the activities required by this Chapter with the aim of providing a verification report that concludes with reasonable assurance that the operator's or aircraft operator's report is free from material misstatements.

## EU ETS:

### Implementing Regulation 2018/2067

#### Article 6: Reliability of verification

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#### Article 7: General obligations of the verifier

1. The verifier shall carry out the verification and the activities required by this Chapter with the aim of providing a verification report that concludes with reasonable assurance that the operator's or aircraft operator's report is free from material misstatements.

## 4. Accreditation/ recognition of certification bodies

### Sustainable bioenergy REDII:

### Implementing Regulation 2022/996

#### Article 11: Auditor competence

1. A certification body performing audits on behalf of a **voluntary scheme** shall be accredited to ISO 17065, and to ISO 14065 where it performs audits on actual GHG values.

Certification bodies shall also be accredited by a national accreditation body and in accordance with Regulation (EC) No 765/2008 or recognised by a competent authority to cover the scope of Directive (EU) 2018/2001 or the specific scope of the voluntary scheme. Where no use of such accreditation or recognition is made, Member States may allow voluntary schemes to use a system of independent oversight that covers the scope of **Directive (EU) 2018/2001** or the specific scope of the **voluntary scheme**, for the territory of that Member State. The Commission shall review the effectiveness of the systems described in this paragraph with regard to their suitability to ensure adequate surveillance and issue guidance if appropriate.  
[...]

## EU ETS:

### Directive 2003/87/EC

#### Article 18: Competent authority

Member States shall make the appropriate administrative arrangements, including the designation of the appropriate competent authority or authorities, for the implementation of the rules of this Directive. Where more than one competent authority is designated, the work of these authorities undertaken pursuant to this Directive must be coordinated.

Member States shall in particular ensure coordination between their designated focal point for approving project activities pursuant to Article 6 (1)(a) of the Kyoto Protocol and their designated national authority for the implementation of Article 12 of the Kyoto Protocol respectively designated in accordance with subsequent decisions adopted under the UNFCCC or the Kyoto Protocol.

## 5. Procedures for non-conformities

### Sustainable bioenergy REDII:

#### Implementing Regulation 2022/996

##### Article 4: Non-conformities of economic operators under the scheme

1. Voluntary schemes shall set up a comprehensive system to deal with non-conformities by economic operators. As a minimum standard, that system shall include a clear classification of non-conformities, based on their degree of severity in accordance with the requirements of Article 10. For each type of non-conformity, there shall be a transparent set of rules and procedures to ensure timely enforcement of corrective measures and sanctions, including suspensions, where appropriate. Such enforcement procedures shall be triggered without delay, depending on the severity of the non-conformity and the urgency of the corrective measures.

2. Economic operators whose certificates are suspended, shall not be able to make sustainability claims until the suspension has been lifted. Suspended operators may not join another voluntary scheme during that period. Where the participation of an economic operator, or its legal predecessors, in a voluntary scheme is suspended or terminated by the withdrawal of its certificate following an audit which confirmed critical non-conformity, other voluntary schemes may refuse the participation of that operator for at least two years following the suspension or termination of participation.

3. Where an economic operator that was previously found to be in critical or major non-conformity applies for re-certification, the auditor shall bring that fact to the attention of all voluntary schemes in which the economic operator is

##### Article 10: Audit process and levels of assurance

3. Non-conformities identified during an audit shall be classified as critical, major and minor in accordance with the second, third and fourth subparagraphs.

The intentional violation of a voluntary scheme's standards such as fraud, irreversible non-conformity, or a violation that jeopardies the integrity of the voluntary scheme shall be considered to be a critical non-conformity. Critical non-conformities shall include, but are not limited to, the following:

- (a) non-compliance with a mandatory requirement of Directive (EU) 2018/2001, such as land conversion which contravenes Article 29(3), (4) and (5) of that Directive;
- (b) fraudulent issuance of a proof of sustainability or self-declarations, for example, intentional duplication of a proof of sustainability to seek financial benefit;
- (c) deliberate misstatement of raw material description, falsification of GHG values or input data as well as the deliberate production of wastes or residues, for example, the deliberate modification of a production process to produce additional residue material, or the deliberate contamination of a material with the intention of classifying it as a waste.

Failure to comply with a mandatory requirement of Directive (EU) 2018/2001, where the non-conformity is potentially reversible, repeated and reveals systematic problems, or aspects that alone, or in combination with further non-conformities, may result in a fundamental system failure, shall be considered to be a major non-conformity. Major non-conformities shall include, but are not limited to, the following:

- (a) systematic problems with mass balance or GHG data reported for example, incorrect documentation is identified in more than 10 % of the claims included in the representative sample;
- (b) the omission of an economic operator to declare its participation in other voluntary schemes during the certification process;
- (c) failure to provide relevant information to auditors for example, mass balance data and audit reports.

A non-conformity that has a limited impact, constitutes an isolated or temporary lapse, is not systematic and does not result in a fundamental failure if not corrected, shall be considered to be a minor non-conformity.

4. The consequences of non-conformities for economic operators shall be the following:

- (a) in the case of critical non-conformities, economic operators applying for certification shall not be issued a certificate. Economic operators may re-apply for certification after the lapse of a fixed period of time, determined by the voluntary scheme. Critical non-conformities identified during surveillance or re-certification audits, or through a voluntary scheme's internal monitoring or complaints process, shall lead to the immediate withdrawal of the economic operator's certificate;
- (b) in the case of major non-conformities, economic operators applying for certification shall not be issued a certificate. Major non-conformities identified during surveillance or re-certification audits, or through a voluntary scheme's internal monitoring or complaints process, shall lead to the immediate suspension of the economic operator's certificate. Where economic operators do not provide a remedy for any major non-conformities within 90 days from notification, the certificate shall be withdrawn;

(c) in the case of minor non-conformities, **voluntary** schemes may define the time period for their resolution, not exceeding 12 months from their notification and the date of next surveillance or re-certification audit. currently participating, or to which it has applied for recertification.

#### **Article 12: Group auditing**

5. Critical or major non-compliance of individual group members identified during an audit shall be addressed according to process set out under paragraph 4 (a) and (b) of Article 10, as applicable. If a critical or major non-compliance is identified in the whole initial group sample, then an additional sample of group members of the same size shall also be audited. Systemic non-compliance of the majority of group members across the whole sample shall lead to the suspension or withdrawal of the whole group certification, as applicable.

## **6. Group auditing**

### **Sustainable bioenergy REDII:**

#### **Implementing Regulation 2022/996**

#### **Article 12: Group auditing**

1. **Voluntary schemes** may perform group auditing only in the following cases:

(a) for producers of raw material, in particular smallholders, producer organisations and cooperatives as well as waste collectors;

(b) for compliance with **the scheme's land-related criteria**, where the areas concerned are in proximity and have similar characteristics, such as climatic or soil conditions;

(c) for the purpose of calculating GHG savings, where the units have similar production systems and types of crops.

Economic operators included in a group audit shall designate a group manager. First gathering points, producer organisations or cooperatives, may also act as group managers, representing the economic operators included in the group audit.

2. Group auditing may carry out verification for all units concerned on the basis of sample of units. **Voluntary schemes** shall set out guidelines on the implementation of a group auditing approach, including at least the following elements:

(a) role of the group manager, covering specifications for the internal management system and internal group inspection procedures; determination of sample size.

3. A sample consisting of a number of group members equivalent to the square root of the total number of group members shall be audited individually at least once a year. That number shall be increased in the event of a higher level of risk. Voluntary schemes shall establish criteria for determining the general level of risk in the areas and the consequences of that level of risk for the auditing approach. The sample shall be representative of the whole group and determined using a combination of risk and random selection. Random selection shall represent at least 25 % of the sample. The producer of raw material selected for the audit shall vary from year to year.

4. Group auditing shall be performed on-site, unless it is considered that desk audits are able to provide the same level of assurance as an on-site audit. Voluntary schemes shall set out the evidence required to allow for desk audits. Self-declarations from economic operators shall not be considered to be sufficient evidence. Audits of the group manager shall always be conducted on-site.

5. Critical or major non-compliance of individual group members identified during an audit shall be addressed according to process set out under paragraph 4 (a) and (b) of Article 10, as applicable. If a critical or major non-compliance is identified in the whole initial group sample, then an additional sample of group members of the same size shall also be audited. Systemic non-compliance of the majority of group members across the whole sample shall lead to the suspension or withdrawal of the whole group certification, as applicable.

## EU Organic Agriculture:

### Regulation (EU) 2018/848

#### Article 36: Group of operators

1. Each group of operators shall:

(a) only be composed of members who are farmers or operators that produce algae or aquaculture animals and who in addition may be engaged in processing, preparation or placing on the market of food or feed;

(b) only be composed of members:

(i) of which the individual certification cost represents more than 2 % of each member's turnover or standard output of organic production and whose annual turnover of organic production is not more than EUR 25 000 or whose standard output of organic production is not more than EUR 15 000 per year; or

(ii) who have each holdings of maximum:

— five hectares

— 0,5 hectares, in the case of greenhouses, or

— 15 hectares, exclusively in the case of permanent grassland;

(c) be established in a Member State or a third country;

(d) have legal personality;

(e) only be composed of members whose production activities take place in geographical proximity to each other;

(f) set up a joint marketing system for the products produced by the group; and

(g) establish a system for internal controls comprising a documented set of control activities and procedures in accordance with which an identified person or body is responsible for verifying compliance with this Regulation of each member of the group.

2. Competent authorities, or, where appropriate, control authorities or control bodies, shall withdraw the certificate referred to in Article 35 for the whole group where deficiencies in the set-up or functioning of the system for internal controls referred to in paragraph 1, in particular as regards failures to detect or address non-

compliance by individual members of the group of operators, affect the integrity of organic and in-conversion products.

3. The Commission is empowered to adopt delegated acts in accordance with Article 54 amending paragraphs 1 and 2 of this Article by adding provisions, or by amending those added provisions, in particular as regards:

- (a) the responsibilities of the individual members of a group of operators;
- (b) the criteria to determine the geographical proximity of the members of the group, such as the sharing of facilities or sites;
- (c) the set-up and functioning of the system for internal controls, including the scope, content and frequency of the controls to be carried out and the criteria to identify deficiencies in the set-up or functioning of the system for internal controls.

4. The Commission may adopt implementing acts laying down specific rules concerning:

- (a) the composition and dimension of a group of operators;
- (b) the documents and record-keeping systems, the system for internal traceability and the list of operators;
- (c) the exchange of information between a group of operators and the competent authority or authorities, control authorities or control bodies, and between the Member States and the Commission. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 55(2).

#### **Implementing Regulation (EU) 2021/279**

##### **Article 5: Documents and records of a group of operators**

The group of operators shall keep the following documents and records for the purposes of the system for internal controls (ICS):

- (a) the list of members of the group of operators based on their registration of each member and consisting of the following elements for each member of the group of operators: [...]
- (b) the signed membership agreements between the member and the group of operators as legal person, which shall include the rights and responsibilities of the member;
- (c) the internal inspection reports signed by the ICS inspector and the inspected member of the group of operators and including at least the following elements: [...]
- (d) the training records of the ICS inspectors consisting of: [...]
- (e) the training records of the members of the group of operators;
- (f) the records of the measures taken in case of non-compliance by the ICS manager, which shall include:
  - (i) the members subject to measures in case of non-compliance, including those suspended, withdrawn or required to comply with a new conversion period;
  - (ii) documentation of identified non-compliance;
  - (iii) documentation of follow-up of the measures;
- (g) traceability records, including information on the quantities, on the following activities, where relevant: [...]
- (h) the written agreements and contracts between the group of operators and subcontractors including information on the nature of the subcontracted activities;
- (i) the appointment of the ICS manager;
- (j) the appointment of the ICS inspectors as well as the list of ICS inspectors.

# Appendix B: Reference text for the CRCF rules on the operation of certification schemes

This appendix includes the full article texts that are referred to in the recommendations in chapter 4. Grey highlighting indicates terminology that would need to be updated for the CRCF Regulation.

## 1. Internal scheme governance

### Sustainable bioenergy REDII:

#### Implementing Regulation 2022/996

##### Article 3: Governance of the voluntary scheme

1. Voluntary schemes shall establish a governance structure to ensure that the scheme has the necessary legal and technical capacity, impartiality and independence to perform its duties. Depending on the scope of the voluntary scheme, it shall set up a technical committee or an equivalent system of technical expert support, which in specific cases shall also allow the engagement of independent external experts to provide advice on technical issues.
2. Voluntary schemes shall include to the extent possible in the governance structure and decision-making a broad range of representatives from various relevant stakeholder groups such as farmers' or foresters' associations, environmental non-governmental organisations, indigenous and local communities potentially affected by the scheme, academia, and fuel producers. No individual stakeholder or stakeholder group shall have a dominant position in the decision-making process. Decisions shall only be taken where a quorum of the majority of stakeholders is reached.
3. Voluntary schemes shall set up rules and procedures to avoid conflicts of interest in decision-making. As a minimum standard, they shall enforce a system of checks and balances to ensure that no individual stakeholder, having a vested interest in the outcome of a decision, can have decisive influence on that particular decision.
4. Certification bodies shall set up integrity rules and procedures to ensure their full independence from the economic operators participating in the scheme. Voluntary schemes shall require that the certification bodies operating on behalf of the scheme are accredited to International Organisation for Standardisation (ISO) standard 17065.
5. The governance system of the certification body shall aim at ensuring the highest possible level of independence of the auditors' judgement by applying principles of auditors' rotation or other existing best practices in the area.
6. Persons having a potential conflict of interest shall be excluded from decision-making in both the voluntary scheme and the certification body. Voluntary schemes shall put in place appropriate procedures and an audit trail to identify and document such cases, and shall regularly review them as part of their internal monitoring systems.



## ICVCM CPP:

### ICVCM CCP: Section 4 – Requirements for Carbon Crediting Programs

#### Criterion 1.1 - Effective Governance

a) In addition to CORSIA requirements related to governance framework, the carbon-crediting program shall:

- 1) have a board comprised of independent board members who assume fiduciary responsibility for the organisation and operate according to robust bylaws;
- 2) publish an annual report that contains the organisation's revenues, expenses, and net assets over the past year and provides an overview of the organisation's mission, major programs and activities, and governance;
- 3) have processes in place to ensure corporate social and environmental responsibility;
- 4) have robust anti-money laundering processes in place;
- 5) follow practices consistent with robust anti-bribery and anti-corruption guidance and regulation.

## 2. Internal monitoring

### Sustainable Bioenergy REDII:

#### Implementing Regulation 2022/996

##### Article 3: Governance structure of the voluntary scheme

6. Persons having a potential conflict of interest shall be excluded from decision-making in both the voluntary scheme and the certification body. Voluntary schemes shall put in place appropriate procedures and an audit trail to identify and document such cases, and shall regularly review them as part of their internal monitoring systems.

##### Article 5: Internal monitoring, complaints procedure and documentation management system

1. Voluntary schemes shall set up a system of internal monitoring to verify compliance of economic operators with the rules and procedures applied by the scheme and to ensure the quality of the work carried out by the auditors of the certification bodies. Internal monitoring shall be undertaken at least once a year and reflect the geographical and raw material coverage of the voluntary scheme, as well as the level of risk of the activities conducted by the economic operators. As part of the monitoring process, voluntary schemes shall require certification bodies to submit all audit reports, and, where applicable, the calculations of actual values for the greenhouse gas emissions. The monitoring activities shall cover a random and risk-based sample of those audit reports by each certification body.

2. Voluntary schemes shall establish rules and procedures to ensure effective follow up of the results of the internal monitoring and, where necessary, the application of

sanctions. On the basis of the results of the internal monitoring, corrective measures shall be taken at the level of the governance structure or of the internal monitoring process of the voluntary scheme in order to improve its functioning in the future. The results of the annual monitoring activities of the voluntary scheme shall be summarised in the annual activity report submitted to the Commission.

### 3. Handling of complaints and appeals

#### Sustainable bioenergy REDII:

##### Implementing Regulation 2022/996

##### Article 5: Internal monitoring, complaints procedure and documentation management system

3. Voluntary schemes shall establish procedures for the lodging of complaints against economic operators or certification bodies. The complaints procedure shall be accessible on the voluntary scheme's website and allow complaints to be sent electronically or by post. The complaints procedure shall also ensure the protection of persons who report infringements or lodge complainants in good faith in accordance with Directive (EU) 2019/1937 of the European Parliament and of the Council. The website shall indicate at least all of the following information:

- (a) the information and the evidence to be provided to file a complaint, as well as the postal address or email address to which it is to be sent;
- (b) guidance on which complaints are within the scope of the procedure;
- (c) a step-by-step overview of how complaints are handled, from the receipt of the initial complaint through to resolution, and the associated timeframe for each step;
- (d) the decision-making process for complaints and the process for appealing decisions;
- (e) the consequences of the voluntary scheme finding a non-conformity as result of a complaint.

4. Voluntary schemes shall keep a register of all complaints, and provide a summary of those complaints to the Commission in the annual activity report. Upon request by the Commission or a Member State, they shall provide all documents related to a complaint and its handling.

## ICVCM CCP

### **Section 4 - Requirements for Carbon Crediting Programs**

#### **Criterion 1.2 - Public engagement, consultation, and grievances**

a) In addition to CORSIA requirements related to public engagement, consultation and grievances, the carbon-crediting program shall have a process for:

- 1) robust and transparent local and global stakeholder consultation, which provide for public comment and issue resolution;
- 2) addressing grievances, for which the process shall be clear and transparent, ensure impartiality and where appropriate, confidentiality, in the filing and resolution of grievances and for which any applicable fees shall not impede legitimate access to the grievance process by civil society organisations or of Indigenous Peoples and Local Communities (IPs & LCs)

### **Section 6 – Assessment procedure**

#### **5. Ongoing Assurance and Enforcement**

5.4 A CCP-Eligible program shall ensure it has procedures for handling questions and complaints from mitigation activity proponents and third parties, including stakeholders, about its tagging of CCP-Approved carbon credits and other aspects of its compliance with the ICVCM Assessment Framework. The procedures shall be notified to the Integrity Council. The Integrity Council may redirect stakeholder complaints received under section 6 below to the relevant CCP-Eligible program, if appropriate.

#### **6. Hearings, independent review, complaints**

Complaints (programs and stakeholders) [Detailed requirements in clauses 6.1-6.7 – see summary below]

## **4. Stakeholder participation and consultation**

### ICVCM CCP:

#### **ICVCM CCP: Section 4 – Requirements for Carbon Crediting Programs**

##### **Criterion 1.2 - Public engagement, consultation, and grievances**

a) In addition to CORSIA requirements related to public engagement, consultation and grievances, the carbon-crediting program shall have a process for:

- 1) robust and transparent local and global stakeholder consultation, which provide for public comment and issue resolution;
- 2) addressing grievances, for which the process shall be clear and transparent, ensure impartiality and where appropriate, confidentiality, in the filing and resolution of grievances and for which any applicable fees shall not impede legitimate access

to the grievance process by civil society organisations or of Indigenous Peoples and Local Communities (IPs & LCs).

#### **Criterion 7.1 - Assessment and management of environmental and social risks**

a) In addition to CORSIA requirements relating to Safeguards System and Sustainable Development Criteria, the carbon-crediting program shall require mitigation activity proponents to: [...]

3) ensure free, prior and informed Consent (FPIC) processes for IPs & LCs, where applicable, and conduct stakeholder consultations, including local stakeholders, as part of project design and implementation in a manner that is inclusive, culturally appropriate, and respectful of local knowledge, take these consultations into account and respond to local stakeholders' views.

#### **Criterion 7.6 - Indigenous Peoples, Local Communities, and cultural heritage**

a) Where the mitigation activity directly or indirectly impacts IPs & LCs, including livelihoods, ancestral knowledge and cultural heritage, the carbon-crediting program shall require mitigation activity proponents to ensure that the mitigation activity:

1) recognises, respects and promotes the protection of the rights of IPs & LCs in line with applicable international human rights law, and the United Nations Declaration on the Rights of Indigenous Peoples and ILO Convention 169 on Indigenous and Tribal Peoples;

2) identifies the rights-holders possibly affected by the mitigation activity (including customary rights of local rights holders);

3) when relevant to circumstances, has applied the FPIC process;

#### **Criterion 7.7 - Respect for human rights, stakeholder engagement**

a) The carbon-crediting program shall require mitigation activity proponents to ensure that the mitigation activity:

1) avoids discrimination and respects human rights;

2) abides by the International Bill of Human Rights and universal instruments ratified by the host country;

3) takes into account and responds to local stakeholders' views.

## **5. Transparency**

### **Sustainable bioenergy REDII:**

## **Implementing Regulation 2022/996**

### **Article 6: Publication of information by voluntary schemes**

Voluntary schemes shall make the following information publicly and freely available on a website:

- (a) their governance structure, describing the roles of all relevant bodies, details on the ownership structure, composition and experience of the Board of Directors, Secretariat and Technical committee, or equivalent, as well as the list of members with voting rights or participants in the scheme, as appropriate;
- (b) the list of economic operators participating in the scheme, their certification status, with their respective date of certificate issuance, suspension, withdrawal, termination or expiry, as well as the certificates or the summary audit reports drawn up in accordance with Annex II. Where audits identify critical or major non-conformities, voluntary schemes shall publish an aggregated list of these non-conformities together with a respective action plan and timing for their correction as agreed with the economic operators concerned. Specific information on the certificates or summary audit reports may be redacted to comply with personal data protection legislation. Economic operators whose certificates are withdrawn, terminated or expired shall be listed on the website for at least 24 months after the withdrawal, termination or expiration date. Changes in the certification status of economic operators shall be made public without delay;
- (c) the latest version of their scheme documentation and the guidelines for audits. The documents shall include a date and version number and, where applicable, summarise any changes made compared to the previous document version;
- (d) the contact details of the scheme, including telephone number, email address and correspondence address;
- (e) the list of certification bodies carrying out independent auditing under the scheme, indicating for each certification body which national public authority or entity accredited or recognised it and which entity or national public authority of the Member State supervises it, in accordance with Article 30(9), second subparagraph, of Directive (EU) 2018/2001. Certification bodies that are no longer entitled to conduct independent auditing under the scheme shall be listed for at least 12 months after the last audit with an indication to that effect;
- (f) the results of the annual monitoring activities of the voluntary scheme as summarised in the annual activity report.

## **ICVCM CPP:**

### **Section 4 – Requirements for Carbon Crediting Programs**

#### **Criterion 3.1 - Information**

- a) In addition to CORSIA requirements, the carbon-crediting program shall ensure that in relation to each mitigation activity that requests registration or that is registered, all relevant documentation relating to the mitigation activity is made

publicly available (subject to confidentiality and proprietary, privacy and data protection restrictions) including:

1) all necessary information, such as spreadsheets used for calculations, to enable third parties to assess the social and environmental impacts of the mitigation activity and to replicate the GHG emission reduction or removal calculations (including baseline quantification), and assessment of additionality;

2) a **mitigation activity design document** that includes: i. a non-technical summary; ii. detailed information on the mitigation activity, including its location and proponents; iii. a description of the technologies or practices applied; iv. the environmental and social impacts; v. the methodology used; vi. information on how the methodology is and has been applied for the purpose of determining the baseline, demonstrating additionality and quantifying GHG emission reductions or removals;

3) For Categories listed in 9.1 b) 1, information relating to the monitoring and compensation period.

b) The **carbon-crediting program** shall ensure all relevant program documents are publicly available and have processes to ensure that where requests are made in relation to information that is missing from its website and/or registry, that information is provided (subject to confidentiality and proprietary, privacy and data protection restrictions) and made public alongside other relevant public information.

## 6. Selection, training and monitoring of certification bodies

### Sustainable bioenergy REDII:

#### Implementing Regulation 2022/996

##### Article 11: Auditor competence

4. **Voluntary schemes** shall set up training courses for auditors, covering all aspects relevant to the scope of the scheme. The courses shall include an examination to demonstrate the participants' compliance with the training requirements in the technical area or areas in which they are active. Auditors shall participate in the training courses, before performing audits on behalf of the voluntary scheme.

5. Auditors shall undertake refresher training courses on a regular basis. **Voluntary schemes** shall implement a system to monitor the training status of active scheme auditors. **Voluntary schemes** shall also provide guidance to certification bodies, as required, on aspects that are relevant to the certification process. That guidance may include updates to the regulatory framework or relevant findings from the **voluntary scheme's** internal monitoring process.

## ICVCM CPP:

### ICVCM

#### Section 5: Summary for Decision Makers

##### Oversight of VVBs and MRV systems

The ICVCM considers that there are opportunities to improve market standards around how carbon-crediting programs oversee VVBs and MRV systems. This work program will include:

- Best practice for accreditation, training and competency requirements for validators and verifiers;
- Review of existing oversight mechanisms of VVB performance and procedures including systematic monitoring and consequences for poor performance;
- Information and disclosure requirements for VVB bodies;
- Approaches to independent spot checks, document review and completeness checks of validation and verification documents as well as registry requirements;

Approaches to triage, root-cause analysis and learning lessons when quality issues emerge for a project or credit type Category or methodology.

## 7. Measures to address certification scheme non-compliance

## 8. Annual reporting by certification schemes

## Sustainable bioenergy REDII:

### Implementing Regulation 2022/996

#### Article III: List of information to be reported by **voluntary schemes** in their annual activity reports to the Commission

**Voluntary schemes** must report the following information in their annual activity reports to the Commission:

(a) rules on the independence, method and frequency of audits as approved by the Commission upon accreditation of the **voluntary scheme** and any changes to them over time to reflect Commission guidance, the modified regulatory framework, findings from internal monitoring on the auditing process of certification bodies and evolving industry best practice.

(b) rules and procedures for identifying and dealing with non-compliance by economic operators and members of the scheme.

- (c) evidence of fulfilling the legal requirements on transparency and publication of information in line with Article 6.
- (d) stakeholder involvement, in particular on the consultation of indigenous and local communities prior to decision-making during the drafting and review of the scheme as well as during audits and the response to their contributions.
- (e) overview of the activities carried out by the voluntary scheme in cooperation with the certification bodies in order to improve the overall certification process and the qualification and independence of auditors and relevant scheme bodies.
- (f) market updates of the scheme, the amount of feedstock, biofuels, bioliquids, biomass fuels, recycled carbon fuels and renewable fuels of non-biological origin all certified, by country of origin and type, and the number of participants.
- (g) overview of the effectiveness of the implementing system put in place by the governance body of the voluntary scheme in order to track proof of conformity with the sustainability criteria that the scheme gives to its member(s). This shall cover, in particular, how the system effectively prevents fraudulent activities by ensuring timely detection, treatment and follow-up of suspected fraud and other irregularities and where appropriate, the number of cases of fraud or irregularities detected.
- (h) criteria for the recognition of certification bodies.
- (i) rules on how the internal monitoring system is conducted and the results of its periodic review, specifically on oversight of the work of certification bodies and their auditors as well as on the system of handling complaints against economic operators and certification bodies;
- (j) possibilities to facilitate or improve the promotion of best practices.
- (k) voluntary schemes certifying forest biomass must include information on the way the risk assessment required in Article 29(6) and (7) of the Directive (EU) 2018/2001 is made.

## ICVCM CPP:

### ICVCM CCP

#### Section 4: Criterion 1. Effective governance

a) In addition to CORSIA requirements related to governance framework, the carbon-crediting program shall: [...]

2) publish an annual report that contains the organisation's revenues, expenses, and net assets over the past year and provides an overview of the organisation's mission, major programs and activities [...]

#### Section 6: 5. Ongoing Assurance and Enforcement

5.7 A CCP-Eligible program shall provide an annual report to the ICVCM containing information on the application of the Assessment Framework and CCP-Approval during the relevant year, including CCP-Approved tagging, complaints and revisions



and updates to documents relevant to the CCP-Eligible status of the program, based on a template to be developed by the Integrity Council.the Integrity Council

## 9. Approaches to avoid scheme (or CB) hopping

### Sustainable bioenergy REDII:

#### Implementing Regulation 2022/996

##### Article 7: Change of scheme by economic operators

1. Voluntary schemes shall require economic operators to disclose the following information in their applications for certification:

(a) whether they or their legal predecessor are currently participating in another voluntary scheme or have participated in another voluntary scheme in the last 5 years;

(b) all relevant information, including the mass balance data and the auditing reports and, where applicable, any decisions to suspend or withdraw their certificates in the last 5 years;

(c) whether they withdrew from a scheme before the first surveillance audit.

2. Voluntary schemes shall exclude from the scheme economic operators in the following cases:

(a) they do not disclose the information in paragraph 1, point (a) and point (b);

(b) they or their legal predecessor failed the initial audit under another scheme, unless such initial audit took place more than 3 years before the application or if in the meantime the other scheme ceased its certification activities, which prevented the economic operator for reapplying. Where a voluntary scheme accepts the justification of the economic operators and decides to assess their application, the scope of the initial audit shall be adjusted to cover all relevant issues and specifically focus on the shortcomings identified in the initial audit that they failed in the other scheme;

(c) they or their legal predecessor withdrew from another scheme before the first surveillance audit took place, unless the operator can prove that it had a valid reason for doing so. Where a voluntary scheme accepts the justification provided by the economic operator, the scope of the initial audit shall be adjusted to cover all relevant issues of the surveillance audit.

# Appendix C: Reference system roles in the certification process

This appendix describes the verification, certification, and compliance processes, and the key roles of different parties in the certification process for the reference systems studied in the first task. Note that the reference systems have key roles in common with the CRCF, but the terminology used can differ.

## 1. Sustainable bioenergy under the REDII

Bioenergy consumed in the EU and counted towards the Renewable Energy Directive 2018/2001 (the REDII, and in the future in the recast REDII, Directive 2023/2413<sup>26</sup>) has to meet sustainability criteria, such as avoiding direct land use change and meeting a minimum GHG saving threshold. Voluntary schemes recognised by the EC are the main way that economic operators demonstrate compliance with the sustainability criteria. The sustainability criteria, auditing and governance rules are described in the REDII and the rules for voluntary schemes are further elaborated in Implementing Regulation 2022/996. The roles are set out in the figure below.

On 15 January 2024 (<sup>27</sup>), the EC launched the Union Database for liquid and gaseous fuels (UDB) a global traceability tool with the aim to trace consignments of renewable and recycled carbon fuels and the respective raw materials used for their production - from the point of origin of the raw materials to the point where fuels are put on the EU market for final consumption. Voluntary schemes will play a key role in ensuring economic operators are registered in the UDB and their data is appropriately entered.

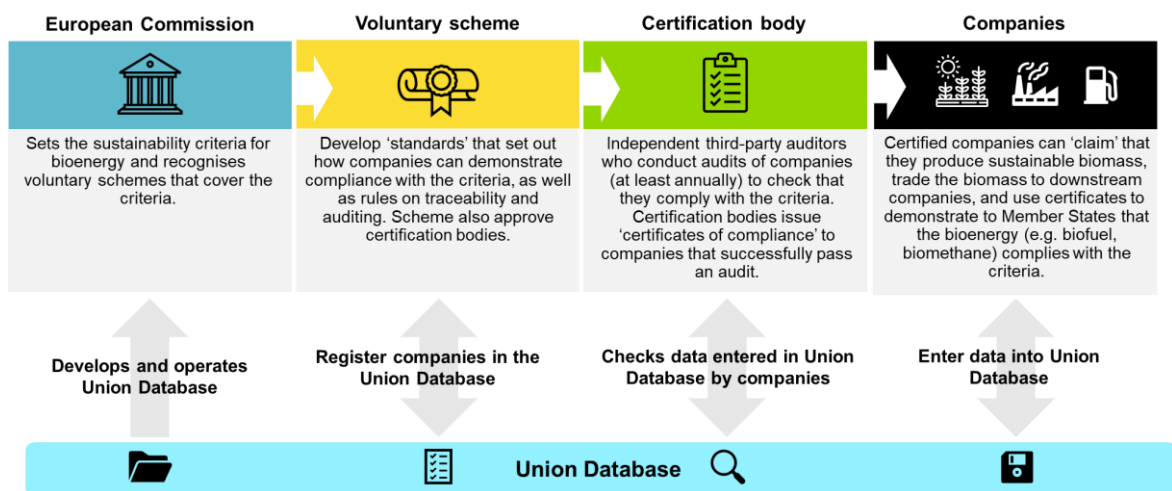


Figure 3. Key roles in the REDII bioenergy certification process

<sup>26</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023L2413&qid=1699364355105>

(<sup>27</sup>) [https://energy.ec.europa.eu/news/eu-database-biofuels-becomes-operational-2024-01-15\\_en#:~:text=The%20Union%20database%20is%20a,EU%20market%20for%20final%20consumption.](https://energy.ec.europa.eu/news/eu-database-biofuels-becomes-operational-2024-01-15_en#:~:text=The%20Union%20database%20is%20a,EU%20market%20for%20final%20consumption.)

The key roles in the certification process are as follows:

The **European Commission** (EC) sets the sustainability criteria and recognises voluntary schemes that cover the criteria (which include sustainability criteria as well as the rules on auditing and governance). Member States need to accept evidence provided by EC-recognised voluntary schemes as being in compliance with the REDII.

**Voluntary schemes** are private initiatives that develop ‘standards’ that set out how companies can demonstrate compliance with the sustainability criteria, as well as rules and procedures on traceability and auditing. Schemes also approve and continuously monitor certification bodies. Currently there are 14 EC-recognised voluntary schemes (as well as one national scheme). <sup>(28)</sup> Voluntary schemes are required to register companies in the UDB. These schemes have different geographical, chain of custody, feedstock, and fuel scopes.

**Certification bodies** are independent third-party auditors who conduct audits of companies (at least annually) on behalf of the voluntary scheme. Certification bodies check that companies comply with the sustainability criteria and issue ‘certificates of compliance’ to companies that successfully pass an audit. They also check that companies have entered correct data in the UDB.

Certification bodies need to be **accredited** by an approved accreditation body. The detailed rules on accreditation are heavily discussed and not yet fully implemented in recognised voluntary schemes.

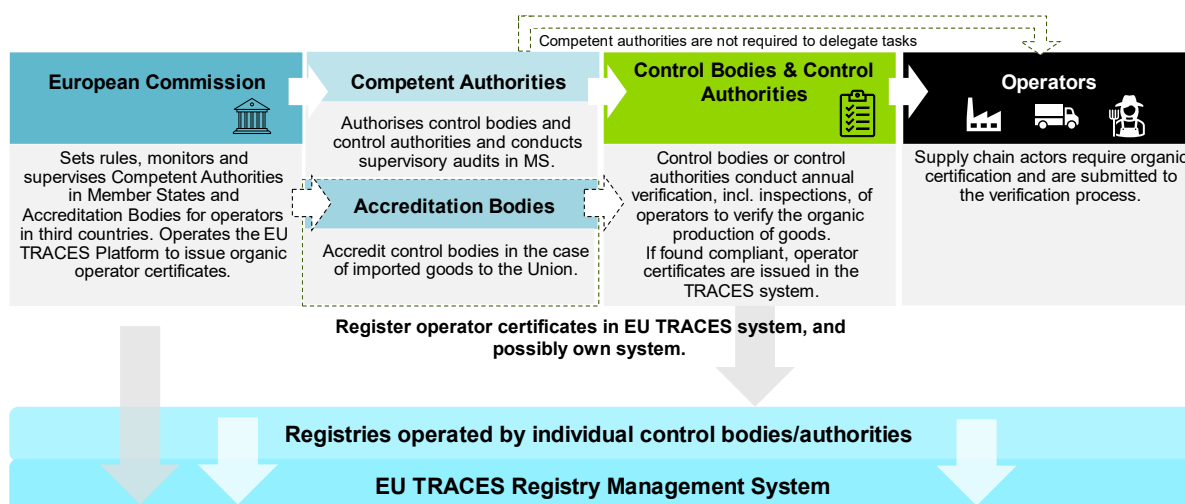
All companies in the supply chain need to be certified. Certified **companies** can ‘claim’ that they produce or collect sustainable biomass and trade the biomass to downstream companies to convert into sustainable fuels (e.g., biofuel, biomethane) for the validity period of their certificate. Sustainability information is passed down the supply chain between companies for each transaction in the form of a Proof of Sustainability (PoS) to demonstrate compliance with the sustainability criteria. In the bioenergy scheme, the PoS is the equivalent of the certificates used in other reference systems. This sustainability information will also need to be registered in the UDB. This information (PoS) is used as the basis to demonstrate to MS that the bioenergy complies with the criteria and can therefore count towards the REDII.

## 2. EU organic agriculture

The EU organic certification system allows operators to produce, prepare, distribute, and market (see full list of activities in Article 34(1) of EU 2018/848) agricultural- and food products using an EU organic label.

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<sup>(28)</sup> [https://energy.ec.europa.eu/topics/renewable-energy/bioenergy/voluntary-schemes\\_en](https://energy.ec.europa.eu/topics/renewable-energy/bioenergy/voluntary-schemes_en)



**Figure 4. Key stakeholders in the EU organic certification process**

The key roles in the certification process are as follows:

The **EC** operates a central database, the EU TRACES Registry Management System, which captures all active operator certificates for EU organic certification. For verification in third countries, it has a system of surveillance with the MS which includes organising audits to verify the implementation of the EU organic control system. Control bodies must submit an accreditation certificate and control authorities must submit an assessment report issued by the competent authority to attain recognition.

**Accreditation Bodies** accredit control bodies for the import of organic goods to the Union. Accreditation certificates issued must be submitted to the EC.

The **Competent Authority** in each MS is responsible for authorisation of control bodies and control authorities in its jurisdiction, including an annual supervision of control bodies. MS assign a competent authority, which is usually a department of agriculture or public health.

**Control Bodies (private)** and **Control Authorities (public)** conduct annual verification of compliance which includes physical on the spot inspection, after which operator certificates can be issued. Control bodies and authorities are required to issue certificates in the EU TRACES database and may operate their own registry systems which can link to the EU TRACES database.

**Operators** are subject to requirements such as production rules limiting the use of inputs and production methods. Certification is required for supply chain actors involved in the production, preparation, distribution, placing on the market, import, export of goods. Compliance is verified annually.

Roles and workflow of EU organic certification are set out in Regulation (EU) 2018/848, Articles 34 and 40 (and Article 44 for export) and (EU) 2017/625 Articles 3, 4 and 5.

### 3. EU ETS

The EU ETS is a cap-and-trade system which limits GHG emissions from companies operating in the energy and industrial sector, aircraft operators in the EU, and from 2024, maritime transport. Tradable certificates – called European Union Allowances (EUAs) – need to be surrendered to meet reported emissions. Some industries get a proportion of their emissions as free allowances (EUAs), based on industry benchmarks, and some must purchase all their EUAs via auctions. The Union Registry documents ownership of allowances held in electronic accounts by operators. The EU Transaction Log (EUTL) automates compliance requirements for the transaction between accounts in the Union Registry.

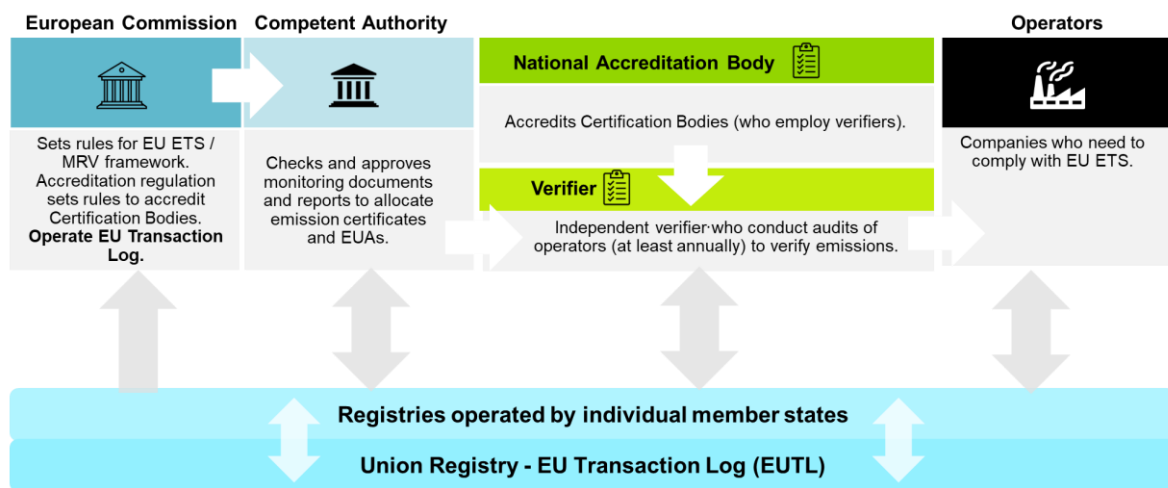


Figure 5. Key stakeholders in the EU ETS verification process

The **EC** sets out rules for accreditation in the Monitoring and Reporting Regulation (MRR) and AVR and operates the Union Registry and the EU transaction log (EUTL).

**Competent Authorities'** <sup>(29)</sup> responsibility includes checking and approving monitoring plans and permits that are prepared by operators, as well as allocating emission certificates (EUAs).

**National Accreditation Bodies** <sup>(30)</sup> must be clearly distinguished from Competent Authorities in their structure and completion of tasks to accredit and monitor verifiers.

**Verifiers** <sup>(31)</sup> are legal entities accredited by a National Accreditation Body. In MS that have set up a certification system, verifiers can also be a natural person certified by the National Certification Authority. All verifiers must adhere to the Accreditation and Verification Regulation (AVR) (EU) 2018/2067. The main responsibilities of verifiers include the verification of the yearly operator emission reports, baseline and new

<sup>(29)</sup> [https://climate.ec.europa.eu/document/download/ac20593b-5f0d-43ec-821b-215f452c49f6\\_en?filename=quick\\_guide\\_ca\\_en.pdf](https://climate.ec.europa.eu/document/download/ac20593b-5f0d-43ec-821b-215f452c49f6_en?filename=quick_guide_ca_en.pdf)

<sup>(30)</sup> [https://climate.ec.europa.eu/system/files/2022-05/quick\\_guide\\_nabs\\_en.pdf](https://climate.ec.europa.eu/system/files/2022-05/quick_guide_nabs_en.pdf)

<sup>(31)</sup> [https://climate.ec.europa.eu/system/files/2022-05/quick\\_guide\\_verifiers\\_en.pdf](https://climate.ec.europa.eu/system/files/2022-05/quick_guide_verifiers_en.pdf)

entrant reports (i.e. in the case of new installations) and verification of annual activity level reports in the case of free allocations.

**Operators** <sup>(32)</sup> are required to prepare and carry out monitoring plans and report annual emissions, including activity level changes. After third party verification and checks by competent authorities they must surrender allowances equivalent to their annual verified emissions.

## 4. Voluntary carbon market

Existing certification schemes for carbon removals and/or avoided emissions in the voluntary carbon market can be classified into two main categories: International and National. We researched five examples of certification standards/schemes:

Certification Standard	Scheme owner	Scope	Registry
Verra Carbon Standard (VCS) <sup>(33)</sup>	Verra	International	Self-administered
The Gold Standard (GS) <sup>(34)</sup>	The Gold Standard Foundation	International	Self-administered
The Puro Standard <sup>(35)</sup>	Puro.earth	International	Self-administered
Label bas-Carbone (Low Carbon Label) (LCL) <sup>(36)</sup>	Ministère de l'Écologie	National	Self-administered

<sup>(32)</sup> [https://climate.ec.europa.eu/document/download/535fc76c-4466-4568-a88a-e205a5ee0d6f\\_en?filename=quick\\_guide\\_operators\\_en.pdf](https://climate.ec.europa.eu/document/download/535fc76c-4466-4568-a88a-e205a5ee0d6f_en?filename=quick_guide_operators_en.pdf)

<sup>(33)</sup> VCS-Standard\_v4.3. Available at: [https://verra.org/wp-content/uploads/2022/09/VCS-Standard\\_v4.3-watermarked.pdf](https://verra.org/wp-content/uploads/2022/09/VCS-Standard_v4.3-watermarked.pdf)

<sup>(34)</sup> Gold Standard validation and verification standard. Available at: <https://globalgoals.goldstandard.org/113-par-validation-and-verification-standard>

<sup>(35)</sup> Puro Standard General Rules Version 3.1. Available at: <https://7518557.fs1.hubspotusercontent-na1.net/hubfs/7518557/General%20Rules/Puro%20Standard%20General%20Rules%20v3.1.pdf>

<sup>(36)</sup> Label Bas Carbone Décrets, arrêtés, circulaires. Available at: [https://www.legifrance.gouv.fr/download/pdf?id=zZ2KTMy-HoWvJ3vWAI34jd\\_UBFOozErfazVoiAXJB2Q=](https://www.legifrance.gouv.fr/download/pdf?id=zZ2KTMy-HoWvJ3vWAI34jd_UBFOozErfazVoiAXJB2Q=)

Certification Standard	Scheme owner	Scope	Registry
UK Peatland Code <sup>(37)</sup>	IUCN UK Peatland Programme	National	UK Land Carbon Registry

The roles of the different types of actors are shown in the figure below. This is relevant to both the international and national schemes.

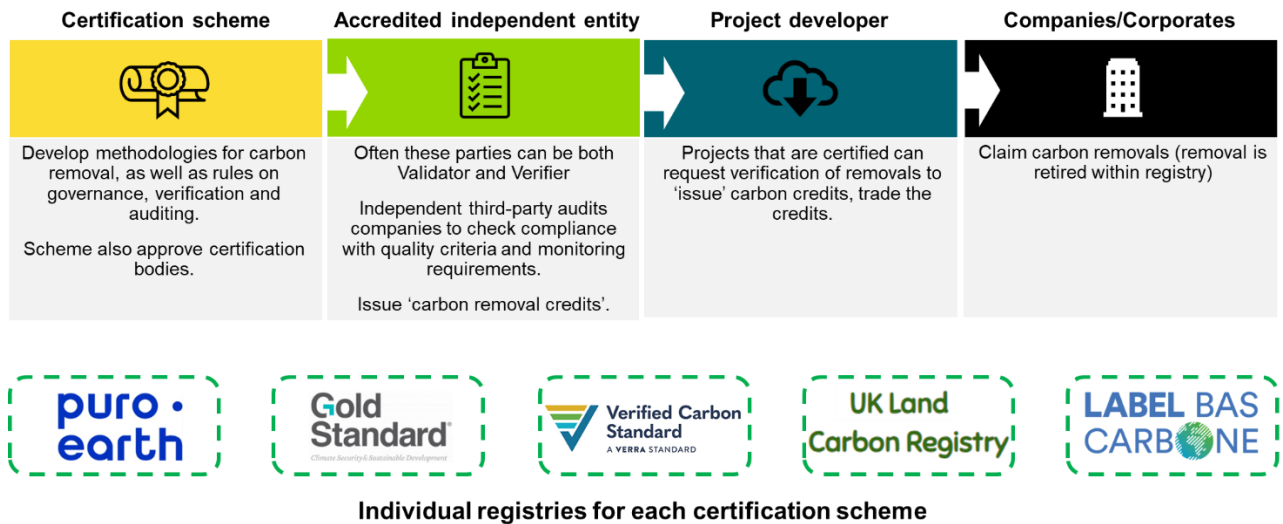


Figure 6. Key stakeholders in the Voluntary Carbon Market verification process

The verification and certification process for international voluntary carbon markets involves four main actors:

**Certification Schemes** develop Certification Standards, which define the set of rules and criteria for voluntary emission reduction/carbon removal credits to be generated, under the specific scheme they operate.

They also prescribe existing certification methodologies or approve new ones. The chosen methodology determines what attributes a certain type of project is required to have, and the calculation methodologies required to measure the amount of carbon removals/emission reductions generated by a project over time.

In the case of the three international VCM schemes (**Verra**, **Gold Standard** and **Puro.earth**) and France's **Label bas-carbone**, the same entity is also the registry operator, i.e., the body responsible for the technical operation of the carbon removal registry. However, the **UK Peatland Code** is developed and administered by the IUCN UK Peatland Programme, but removals are hosted on the UK Land Carbon Registry, which hosts projects for multiple different certification standards.

<sup>(37)</sup> UK Peatland Code 2.0. Available at: [https://www.iucn-uk-peatlandprogramme.org/sites/default/files/2023-03/Peatland%20Code%20V2%20-%20FINAL%20-%20WEB\\_0.pdf](https://www.iucn-uk-peatlandprogramme.org/sites/default/files/2023-03/Peatland%20Code%20V2%20-%20FINAL%20-%20WEB_0.pdf)

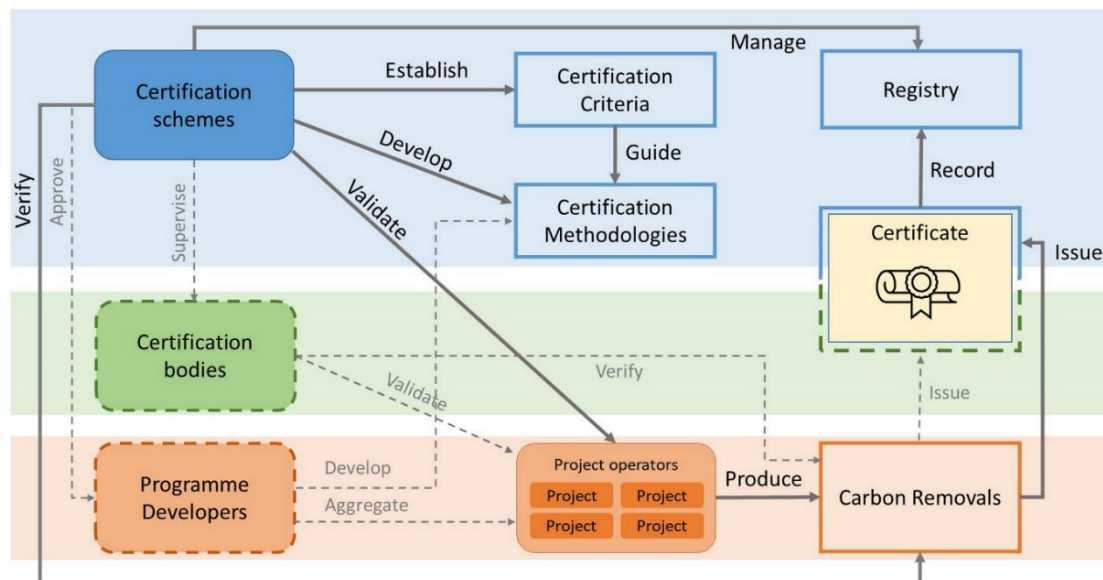
**Accredited independent entity (also called Validation/Verification Bodies (VVBs) / Certification Bodies):** Project developers are required to contract validation/verification bodies (third-party auditors), who can validate and verify a project's baseline, and both its projected and achieved GHG emission reductions. The VVB will be required to assess projects in line with the standards and processes required under the given certification scheme and the methodology, as set out by the certification scheme. Under the UN Clean Development Mechanism (CDM), the auditors/VVBs are called Designated Operational Entities (DOEs). Under all five certification schemes examined, accreditation as a DOE under the UN CDM provides eligibility to apply to be a VVB under the scheme. However, a key difference between the UN CDM and international VCM certification schemes is that to minimize conflicts of interest, the CDM does not allow the same DOE to both validate and verify the same project.

**Accreditation Bodies:** To ensure that the validation/verification bodies are sufficiently qualified, certification schemes will often require the VVBs to demonstrate they are accredited to provide services in line with their specific standards. VVBs will need to be accredited by a competent accreditation body. In this regard, **Verra** recognizes any accreditation bodies that are members of the International Accreditation Forum <sup>(38)</sup> (IAF); this will usually be specific to a single methodology.

**Project Developer:** Project Developers <sup>(39)</sup> are either individuals or organisations that have overall control and responsibility for the development of a project (or projects) that is intended to result in atmospheric GHG removal, reduction or avoidance of emissions.

**Companies** in this case are companies who wish to use a carbon removal credit to make a claim towards their decarbonisation targets.

The following figures show the typical workflow for international and national VCM schemes.



<sup>(38)</sup> <https://iaf.nu/en/accreditation-bodies/>

<sup>(39)</sup> Also sometimes referred to as Project operators, programme developers, designated operational entities, carbon removal suppliers.



Figure 7. Typical workflow for international voluntary carbon markets <sup>(40)</sup>

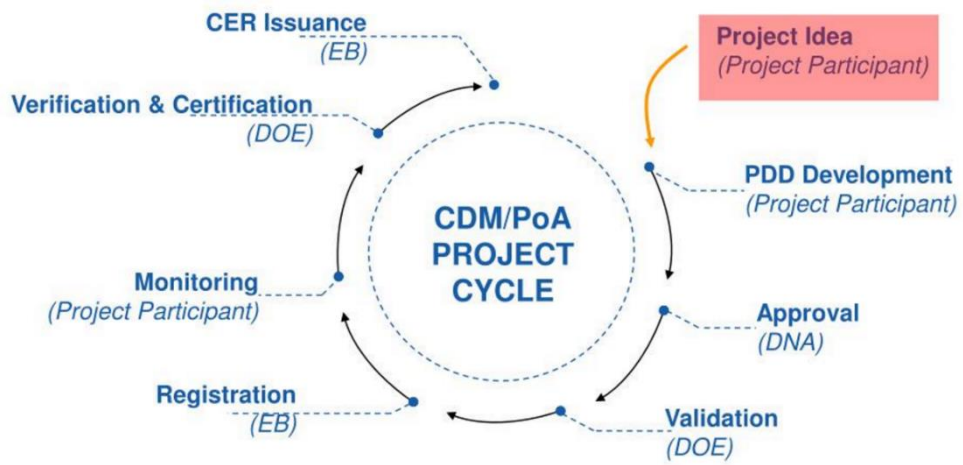


Figure 8. National schemes typically follow the process as outlined in the United Nations Clean Development Mechanism <sup>(41)</sup>

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<sup>(40)</sup> CRCF Impact assessment. Available at: [https://eur-lex.europa.eu/resource.html?uri=cellar:821cfefb-7164-11ed-9887-01aa75ed71a1.0001.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:821cfefb-7164-11ed-9887-01aa75ed71a1.0001.02/DOC_1&format=PDF)

<sup>(41)</sup> UNFCCC Presentation DNA approval and authorization in CDM, 2020. Available at: [https://unfccc.int/sites/default/files/resource/MOC\\_LoA\\_PPT\\_RCCBKK.pdf](https://unfccc.int/sites/default/files/resource/MOC_LoA_PPT_RCCBKK.pdf)

