



2BS voluntary scheme
Annual Legal Reporting
Calendar year 2017

Submission date: 30 April 2018

Introduction

This report to the Commission from 2BS voluntary scheme covers each of the points set out in the new paragraph 6 of Article 18 of the Directive (EU) 2015/113 amending the Directive 2009/28/EC.

2017 is the first year that the overall administrative and financial management of the scheme has been carried out entirely with its own resources, without the assistance of Bureau Veritas, in a context of change and with the use of new tools, SAP in particular.

As at the 31st of December 2017, the 2BS voluntary scheme had 589 certificates (virtually constant scope + 2) in 18 countries and 8 recognised certification organisations, 2 of which have their head offices abroad.

The number of certified entities at the end of 2017 remains stable compared to the previous year, 589 certified. The reduction of 10% in the number of clients is compensated for by new entrants, in particular exporters of soya and biodiesel from South America.

Regarding certification activity, the hierarchy of the number of certificates for each certification organisation, recognised by the 2BS Association, is as follows.

Certification Organisation	Number of certified operators
Control Union (France)	262, of which 86% French operators
Bureau Veritas (France)	170, of which 41% French operators
Certis (France)	90, of which 100% French operators
Intertek (France)	29, of which 100% French operators
Ocacia (France)	31, of which 100% French operators
BS Qualicert (Belgium)	4 of which 99% Belgian operators
Rina (Italy)	3 of which 100% Italian operators
Baltic Control (Denmark)	0

This report is based on the best information available covering the following eleven subjects listed from (a) to (k):

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

Scheme documentation

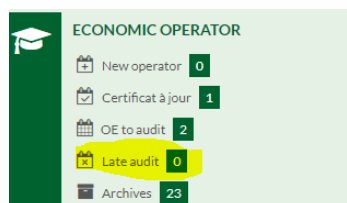
The scheme documentation in the current version is publicly available at the following internet link: <https://www.2bsvs.org/documents-du-schema-volontaire-2bs.html>

It is split and archived into 5 pillars as follows:

Governance Pillar
Certification Pillar
Audit Pillar - Requirements
Support Pillar
External Documents pillar

Frequency of audits

Annual verification audits are carried out at the anniversary date of the edition of the certificate, with a tolerance of + / - 2 months. A systematic BackOffice control assures the conformity of this rule.



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

BLE (Germany)

Reports on particularly low greenhouse gas emissions of biofuels or bioliquids, which have been transmitted by the BLE (Germany), have been systematically checked and monitored by the certification bodies in charge of the audits of the economic operators concerning the proofs of sustainability. The certification bodies have detected no wrongdoing. Internal monitoring of certification bodies will be carried out through independent integrity audits in 2018.

Tools (GHG calculators)

2BS calculators are available at <https://www.2bsvs.org/documents-du-schema-volontaire-2bs.html> in the

Support Pillar

Significant updates by path of the 10 calculators developed and maintained by the 2BS Association have been as follows:

Biodiesel pathway	Bioethanol pathway
<ol style="list-style-type: none"> Update of the emission factor of methanol including combustion, Correction of the LHV of crude vegetable oil, 	<ol style="list-style-type: none"> Consideration given to the level of humidity of rapeseed (9%) in the calculation process, as the calculator was initially designed to work with primary raw materials / entrants. 9% is the level of humidity used in the calculation of the NUTS 2 values, in 2011 and 2016,

Continuation of text	
Biodiesel pathway	Bioethanol pathway
<p>3. Consideration given to the level of humidity of rapeseed and sunflower (9%) in the calculation process, as the calculators were initially designed to work with primary raw materials/entrants. 9% is the level of humidity used in the calculation of NUTS 2 values, in 2011 and 2016. Correction of a bug in the allocation factors for the refinery and esterification parts,</p> <p>4. Update of the NUTS 2 values in the new unit</p>	<p>2. Update of the emission factor of methanol including combustion,</p> <p>3. Update of the NUTS 2 values in the new unit (except for the calculator for ethanol from beet),</p> <p>4. Correction and addition of emission factors in the « Database » tab,</p> <p>5. Correction of display bugs,</p> <p>6. Implementation of an autotest system to identify rapidly any points of vigilance,</p> <p>7. Change in the management of the calculation of NUTS 2 values,</p> <p>8. Change in the way the level of humidity is treated</p>
<p>Version of the calculators at 31/12/2017</p> <p>Used cooking oils and animal fats ⇒ 2.1 – 08/2017</p> <p>Soya ⇒ v 3.4 – 09/2017</p> <p>Palm oil ⇒ v 3.1 – 08/2017</p> <p>Rapeseed ⇒ v 3.5 – 11/2017</p> <p>Sunflower ⇒ v 3.5 – 11/2017</p>	<p>Version of the calculators at 31/12/2017</p> <p>Wine lees ⇒ v3.1 – 08/2017</p> <p>Grape marcs ⇒ v 3.1 - 08/2017</p> <p>Corn ⇒ v 2.3 – 08/2017</p> <p>Beet ⇒ v 2.6 – 06/2017</p> <p>Wheat ⇒ v 3.1 – 06/2017</p>

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

Information tools (Improvements)

The main functionalities introduced during 2017, on the internet site www.2bsvs.com, are:

- Notification of the updating or publication of new documents,
- Implementation of a new management and administration tool for training and testing auditor's competencies according to their missions,

- Implementation of personalised mailing by group of recipients,
- Transfer of accounting data to SAP with a control over royalties,
- Management control of the publication of certificates,
- Historical information of economic operators following fusions, changes of business name, etc.,
- Activation of on-line publication of certificates and annexes.

Publication of certificates on-line

The development of the on-line publishing of certificates for all operators, including a geographical Google link to the legal entity, has been completed and could have been live since September 2017. This development follows a request from certain processors who want to be able to consult the certificates and annexes of their suppliers of agricultural raw material on the internet site, www.2bsvs.org. This development did not go live in 2017, but is planned for 2018

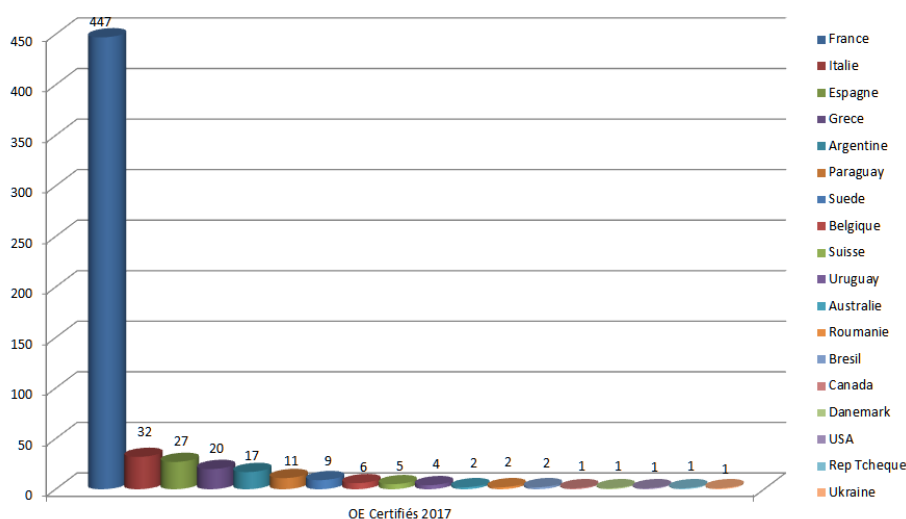
Audit reports

These records are not available on the public platform, but can be communicated via an authorised request.

Applicable languages

Procedures are available in English and French, taking into account the portfolio of 2BS clients: 76% are French and the remaining clients have English as working language.

2BS team can handle telephone conversations in English, French, Portuguese and Spanish languages.



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

The statements of the previous legal report remain valid.

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

Accreditation, qualification and independence of auditors and relevant scheme bodies are referred into 2BS-PRO-01 and 2BS-PRO-02 procedures.

Independence – Ethical committee

As provided for in article 3 of the Ethics Chart of the 2BS Association, the members of the Ethical Committee have chosen André-Jean GUERIN as President. The Ethical Committee participated in the management meetings of the 11th of July and the 9th of November, which is listed on the internet site www.2bsvs.com. The agenda of the management meeting of Tuesday the 11th of July was specifically concerned with the considerations and contributions expected by the 2BS Association, in accordance with the mission of the Ethical committee as defined in article 4 of the Ethics Chart of the 2BS Association, in particular:

- The relations of 2BS with the certification organisations and the application of sanctions where the latter do not respect the terms of the convention signed between the two parties ;
- The precautions to be taken when attesting whether the decisions of the founding member organisations of the management board are guided by the respect of the standard recognised by the Commission ;
- Relations between member states (regulatory bodies) and voluntary schemes ;
- Rules of mutual recognition between voluntary schemes which are recognised by the European Commission. Question regarding the dominant position of a voluntary scheme.

Governance Activity

Nine (9) Steering Committees, three (3) Board Meetings, one (1) Ordinary General Meeting, two (2) Harmonization meetings with certification bodies were held in 2017.

Initial training (Auditors)

A qualifying training session for 8 participants was carried out in Argentina, in March 2017. The success rate was 87 %.

On-going training (Auditors)

In order to ensure that the auditors' competencies are updated with regard to the version of the 2BS voluntary scheme, recognised in August 2016 and applicable according to the transition rules defined during the harmonisation meeting in December 2016, the auditors who were qualified with regard to the first version of the scheme, completed a re-qualification training session on-line. The aim of this re-qualification session was to quickly ensure understanding of the transition issues regarding the requirements of the audit standards, giving the opportunity to the certification organisations, without the need to bring audit teams together on one site, without travel costs and with a few hours of individual work per auditor, to address the challenges of acquiring and testing the new competencies. The training session and the re-qualification tests remained on-line from December 2016 to September 2017. In June 2017, 2BS decided to invest its own funds (training via e-learning) in the support and annual follow-up of the auditors' competencies by changing the methodology, in particular:

- Publishing on-line two new test modules, renewed annually and available for any auditor who is already qualified and is registered on the intranet site of the CO, hosted by 2BS ;
- Developing specific questions based on the types of errors made by auditors during past exams, noted during file reviews or integrity audits;
- Taking care to harmonise auditors' competencies regardless of the size of certification organisation to which they belong;
- Minimising the variable training cost in the budget of the certification organisations: training sessions are on-line, free of charge, and do not lead to any direct costs (travel days and expenditure);
- Accompanying each auditor who does not pass the exam at the first attempt. Auditors can be challenged again on subjects that they have not understood by means of catch-up modules;

- The need to establish guidelines and harmonised interpretation; auditors receive the corrected exam paper, once they have submitted it and separately from the result they obtained (pass rate = 70%)

During the harmonisation meeting in December 2017, the on-going training programme was presented to the certification organisations as a condition for maintaining 2BS qualification for auditors. The certification organisations considered that the assessment of the auditors' qualification according to 2BS criteria was within their scope.

2BS decided initially to reconcile these two approaches in the following way:

- The annual tests are made available to the certification organisations by 2BS on the intranet, and the CBs manage the annual timetable and any training or catch-up courses depending on the results.
- When designing new tests, the technical managers take part with the aim of making the exercise as close to a real audit as possible.
- 2BS remains responsible for checking that audit competencies are sufficient, through file reviews and integrity audits.

Trainers

Only one certification organisation (Control Union) has identified and trained a technical manager who is able to lead qualifying training sessions.

The 2BS association ensures that the qualification needs of the other organisations are met.

(f) Market updates of the scheme, the amount of feedstock and biofuels certified, by country of origin and type, the number of participants.

Information management - Improvements

An independent third party collects, consolidates and verifies the results and transfers the information to the European Commission in accordance with paragraph 6 of article 18 of the Directive (EU) 2015/113. The methodology for collecting and verifying the information received from the economic operators has been changed in 2017 so as to ensure a qualitative check of the consolidated data by a bailiff. The steering committee, following a request by the general secretary of 2BS, agreed to allow the bailiff to supply the information declared by the collectors of agricultural raw material. The general secretary of 2BS is responsible for verifying the consistency of the data by all necessary means by contacting the organisations who have the information (Provided the confidentiality clause is respected). The data relating to the type as well as the origin and the tonnage of raw materials, by biofuel path, and data produced by processors, are now included in the consolidated information.

Information control - Improvements

2BS transmit the feedback of the information collected per participant (the amount of feedstock and biofuels certified, by country of origin and type) to the applicable certification body, in order to enable the information provided to be checked, during the site audit.

Market Updates - Data

Data is transmitted by S.C.P G. SIMONIN E. LE MAREC V. GUERRIER, Huissiers de Justice associés, 54, rue Taitbout - 75009 PARIS

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

No cases of fraud or irregularities have been detected or brought to the knowledge of the 2BS Association in 2017. This topic is discussed systematically during the biannual meeting between the certification bodies and the 2BS Association.

Particular attention is given to the auditor training regarding the traceability of the proofs of sustainability, in particular, the transmission of the GHG data, among the different interested parties in the biofuels supply chain. The templates of the audit reports, the checklists and the certificates (Annex I and II) are factual sources of recording and verification of sustainability proofs.

(h) Options for entities to be authorised to recognise and monitor certification bodies.

An independent third party auditor selected and approved by the 2BS Association carries out integrity audits. A second integrity auditor will join the 2BS team in 2018.

Certification Bodies may refuse the integrity auditor on the basis of factual evidence related to the auditor's lack of expertise. In such circumstances, the 2BS Association must propose a new auditor.

Audit package reviews are carried out by appropriately qualified staff of the 2BS Association.

The above-referred monitoring activities (integrity audits & audit package reviews) are managed by a skilled secretary-general who is under the control of the steering and ethical committees.

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

Integrity audit criteria are defined in the procedure 2BS-PRO-01 and 2BS-PRO-02.

(j) Rules on how the monitoring of the certification bodies is to be conducted.

Integrity audits

The conformity of the certification organisations' activities is monitored, including integrity audits carried out by recognised third parties under the supervision of the 2BS Association. This is considered to be monitoring of the certification organisations and is not a counter-audit of the certification organisations of the 2BS Association. These audits are carried out in accordance with the convention signed between the 2BS Association and the certification organisation. Only one full audit was carried out in 2017 (Bureau Veritas), because the delay in the validation by CEPRAL

(Certification organisation union) and the signature of the new convention with 2BS meant that the initial plan was pushed back. It is planned to increase the number of audits per year with an additional auditor in 2018.

File reviews

Audit files are reviewed and sampled on the basis of a risk analysis, such as the amount and type of feedstock or biofuel, the geographic position of the certified entity, and the files are reviewed by staff from the 2BS Association. The data gathered from these reviews, enables the Association

- to define the corrective action requests to be sent to the certification bodies,
- to focus the approach of the integrity audits,
- to identify learning needs and design specific training.

Daily monitoring


The certification activity, the interfaces with the certification bodies is transparent in the 2BS intranet system. A 2BS back-office administrator supervises daily the certification activity.

(k) Possibilities for facilitating or improving the promotion of best practice

Two (2) harmonisation meetings took place with the recognised certification organisations which were based in France, the 12th of June and the 4th of December 2017. The agenda for these meetings was specifically drawn up to cover the following issues:

- Planned and approved actions which have not been carried out since the previous meeting,
- Discrepancies identified during file reviews and integrity audits,
- Availability of qualified audit resources and follow-up of their competencies,
- Areas of concern arising due to update in the procedures (application notes from the EC and member states).
- Measures for continuous improvement

The Secretary General



30 April 2018, Luis Da Silva E Serra