

Assessment of GTAS

Version as submitted 18 February 2014

Summary

An assessment has been made on compliance of the *Gafta Trade Assurance Scheme* (hereafter "GTAS") as submitted to the European Commission for recognition, with the sustainability criteria of Directive 2009/28/EC.

The assessment results indicate that the GTAS scheme meets the mandatory sustainability requirements of Directive 2009/28/EC on land-use, chain of custody and audit quality.

Scheme scope:

- Scheme is intended to be applied internationally in countries where goods are grown and certified under an EC recognised farm assurance scheme. (In practice the scheme mainly operates in the UK.)
- Chain of custody systems for different agricultural raw materials.
- The scheme covers the trading, transport and storage stages from farm gate to first processor (i.e. grain handling, no conversion or processing).

Background

The Grain and Feed Trade Association (Gafta), formed 130 years ago, is an international Trade Association with over 1250 Members in around 86 countries. Members include economic operators in all parts of the supply chain, after the farmer, so include amongst others traders, merchants, brokers, processors of raw material for food, feed and biofuels consumption etc.

Gafta's aim is to promote international trade in agricultural products, to protect the interests of Gafta members worldwide, and to provide the support and international contacts and international arbitration system they require.

Gafta has a long history of producing standard form contracts to enable international business and in arbitration systems for the settlement of commodity related disputes. For Gafta, a logical extension of this service was the development of an independently certified assurance scheme which was introduced in 2006 at the request of its members. The scheme was developed via stakeholder input from existing Gafta Committees and from a newly formed Technical Advisory Committee. Gafta Committees are made up Gafta members representing all interested groups.

The Gafta Trade Assurance Scheme (GTAS) is a HACCP¹ based scheme for all companies operating in the international grain and feed trades. It covers each stage in the trading

¹ Hazard analysis and critical control points

and logistics supply chain from farm in the country of origin to delivery to the final end-user in the country of destination. As an accredited assurance scheme GTAS is open to members and non-members of Gafta.

Gafta has extended the GTAS by adding a new addendum that is intended to allow commercial operators to seek certification for compliance with the requirements of the RED for feedstocks traded, transported, stored and handled from farm to first processor.

Gafta is seeking formal assessment and recognition by the European Commission for the GTAS scheme with the RED addendum, as a 'voluntary scheme' which economic operators can use to demonstrate to Member States that the sustainability criteria relating to greenhouse gas savings (Article 17(2)), land with high biodiversity value (Article 17(3)), and land with high carbon stock (Article 17(4-5)) are complied with. The scheme uses other EC-recognised voluntary schemes as the basis to demonstrate compliance with Articles 17(3)-(5), and operates a mass balance system in accordance with Article 18(1) of Directive 2009/28/EC.

Please note this assessment focuses on coverage of the mandatory criteria, Articles 17(2)-(5). Coverage of the criteria that are 'non-mandatory' for economic operators, Article 18(4), is not part of this assessment at this time.

Assessment results

The summary results of the assessment are presented in the table below. The detailed assessment results are available in Annex 1.

Table 1: Assessment results – summary

| RED Article | GTAS | Comments |
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| | Version as submitted 2 December 2013 | |
| Sustainability criteria | | |
| 17(2): Greenhouse gas emissions savings | n/a | GTAS is not seeking EC recognition under Article 17(2). However GTAS allows economic operators to transfer information relevant to the GHG calculation. |
| 17(3): Conservation of biodiversity | Y | Note that the scheme relies for this on using EC recognised voluntary schemes. |
| 17(4): Conservation of carbon stocks | Y | Note that the scheme relies for this on using EC recognised voluntary schemes. |
| 17(5): Conservation of peatlands | Y | Note that the scheme relies for this on using EC recognised voluntary schemes. |
| Chain of Custody | | |
| 18(1): Use of a mass balance system | Y | |
| Recognition of other voluntary schemes | Y | |
| Audit Quality | | |
| 18(3): Adequate standard of independent auditing | Y | |

Annex 1: Detailed assessment results

Sustainability criteria

The sustainability criteria detailed below are the mandatory sustainability criteria of the RED: Article 17(2) – 17(5)). It is intended that it will be possible for a scheme to be recognised for compliance with individual Articles under the RED.

| Article 17(2): Greenhouse gas emissions savings | The use and production of biofuels and bioliquids should lead to reductions in greenhouse gas emissions compared to fossil fuels | |
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| Requirement | Guidance | Assessment |
| 1.1 The greenhouse gas emission saving from the use of biofuels and bioliquids shall be at least 35%. | <ul style="list-style-type: none"> In the case of biofuels and bioliquids produced by any installation² that was in operation on 23 January 2008, the 35% greenhouse gas saving threshold needs to apply from 1 April 2013, and may also apply before that date. Greenhouse gas emissions from any land-use change that has occurred since 1 | GTAS is not seeking EC recognition under Article 17(2). |
| 1.2 The greenhouse gas emission saving from the use of biofuels and bioliquids shall be calculated in accordance with RED Article 19(1)-19(3) and Annex V and Commission Decision 2010/335/EU of 10 June 2010. | January 2008 shall be taken into account in the greenhouse gas calculation, according to the methodology in the RED Annex V. | <p>Y GTAS is not seeking EC recognition under Article 17(2). However the scheme can still provide useful information to economic operators further down the supply chain related to the GHG calculation.</p> <ul style="list-style-type: none"> GTAS allows economic operators to transfer information relevant to the GHG calculation. |

² The term “installation” includes any processing installation used in the production process, as long as it has not been intentionally added to the production chain only to qualify for the exemption.

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| | | | <ul style="list-style-type: none"> • RED manual v5.3: • 5.0 Greenhouse Gas Emissions • "[RED GHG emissions savings] is a complex calculation when taken through the entire supply chain and therefore Art 19 of RED sets out the principle of "Typical" "Default" and "Disaggregated Default" values for bio fuels (if produced with no net carbon emissions from land use change)." • "5.1.1 Annex V of RED is a table of rules and values for the calculation of GHG impact." • "5.1.2 Where GHG default values are used and accompanying load documentation identifies the address of the grower and/or assurance scheme membership number and/or NUTS2 region code, this is deemed sufficient evidence to identify the origin for the purposes of final declaration of default value. Therefore under these circumstances it is not a requirement to declare GHG values on the documents accompanying the goods. Likewise there is no requirement for GHG default values to be notified from seller to buyer even if the origin of the goods is identified as only the final economic operator can do this once the bio fuel has been produced." • "5.1.3 GHG values can be advised by sellers to buyers as part of the usual contractual documents exchanged in the normal manner. This includes contract notes and confirmations, delivery notes, invoices and other types of document. It is not envisaged that a separate |
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| | | | <p>or new document is required for this purpose.”</p> <ul style="list-style-type: none"> • “5.1.4 The averaging of GHG values is not permitted. If consignments are aggregated administratively the worst GHG performance should be taken for the whole consignment [...]” • “5.2 Default GHG Values: Economic operators are able to use default GHG values set by the EU instead of actual values for calculating GHG impacts, to reduce the administrative burden of calculating actual values. The predetermined default values are not location specific. Default values are set by feedstock, but for EU biofuels/bioliquids the default values can only be used if the feedstock was cultivated in a NUTS2 region where the typical GHG emissions from cultivation of agricultural raw materials can be expected to be lower than or equal to the emissions reported under the heading “Disaggregated default values for cultivation” in Part D of Annex V of RED. Default values are subject to updating depending on scientific and technical advances every two years starting in 2010. • “5.3 Imported feedstocks: Documents going forward in the chain of custody should contain the statement “For GHG declaration purposes these feedstocks have been imported from a third country and were landed in (place of discharging in the EU)”.” • 6.6 “Documents relating to the goods may be used to pass on information that is relevant to the GHG calculation including the geographic area the goods |
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| | | | <p>came from. Additionally and if provided by the farm assurance scheme, all information about the annualised emissions from carbon stock changes caused by land use change must be passed on in the chain of custody.”</p> <ul style="list-style-type: none"> 6.7: “The information required by economic operators from the place of first gathering (storage facility) on a load by load basis may be summarised as: <ul style="list-style-type: none"> Name and address coordinates of grower [...] Description of goods intended for biofuel/bioliquid [...] GHG value declared (state actual or default) - see 6.6 above. Mode and ID (vehicle registration number etc) of transport” |
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| Article 17(3): Conservation of biodiversity | Biofuels and bioliquids shall not be made from raw material obtained from land with high biodiversity value | |
| Requirement | Guidance | Assessment |
| 2.1 Conservation of primary forest and other wooded land | <ul style="list-style-type: none"> Biofuels and bioliquids shall not be made from raw material obtained from land that was primary forest or other wooded land in or after January 2008, whether or not the land continues to have that status | <p>Y</p> <ul style="list-style-type: none"> Note GTAS relies on using other EC recognised voluntary schemes for this part of the chain (See criterion 5.5 'Recognition of other voluntary schemes' below.) A summary of the land criteria is included in the GTAS |

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| | <ul style="list-style-type: none"> Primary forest and other wooded land is defined as forest and other wooded land of native species, where there is no clearly visible indication of human activity and the ecological processes are not significantly disturbed. | | <ul style="list-style-type: none"> scheme, but these are not intended to be directly audited against. RED manual v5.3: "1.1 [...] 1st principle: the goods must not have been produced on land that has a high biodiversity value or from land with a high carbon stock. Crops must have been produced on land that meet the sustainability criteria of the Directive as laid out in Art. 17 (3) – (5). "In accordance with Art. 17 (3) this is land with a high biodiversity value, namely land that had one of the statuses (as follows) in or after January 2008, whether or not the land continues to have that status: "a) primary forest and other wooded land, namely forest and other wooded land of native species, where there is no clearly visible indication of human activity and the ecological processes are not significantly disturbed; [...]" |
| 2.2 Conservation of protected areas | <ul style="list-style-type: none"> Biofuels and bioliquids shall not be made from raw material obtained from land that was a protected area in or after January 2008, whether or not the land continues to have that status. This includes areas designated: <ul style="list-style-type: none"> i) by law or by the relevant competent authority for nature protection purposes; or ii) for the protection of rare, threatened or | Y | <ul style="list-style-type: none"> Note GTAS relies on using other EC recognised voluntary schemes for this part of the chain (See criterion 5.5 'Recognition of other voluntary schemes' below.) A summary of the land criteria is included in the GTAS scheme, but these are not intended to be directly audited against. RED manual v5.3: "1.1 [...] 1st principle: the goods must not have been produced on land that has a high biodiversity value or |

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| | <p>endangered ecosystems or species recognised by international agreements or included in lists drawn up by intergovernmental organisations or the International Union for the Conservation of Nature, subject to their recognition in accordance with the second subparagraph of Article 18(4) of the RED;</p> <ul style="list-style-type: none"> • An exception is possible if evidence is provided that the production of that raw material did not interfere with those nature protection purposes. | | <p>from land with a high carbon stock. Crops must have been produced on land that meet the sustainability criteria of the Directive as laid out in Art. 17 (3) – (5).</p> <ul style="list-style-type: none"> • "In accordance with Art. 17 (3) this is land with a high biodiversity value, namely land that had one of the statuses (as follows) in or after January 2008, whether or not the land continues to have that status: • " [...] b) areas designated: (i) By law or by the relevant competent authority for nature protection purposes; or (ii) For the protection of rare, threatened or endangered ecosystems or species recognized by international agreements or included in lists drawn up by intergovernmental organizations or the International Union for the Conservation of Nature, subject to their recognition in accordance with the second sub paragraph of Art. 18(4). • "unless evidence is provided that the production of the raw material did not interfere with those nature protection purposes;" |
| 2.3 Conservation of highly biodiverse grassland | <ul style="list-style-type: none"> • Biofuels and bioliquids shall not be made from raw material obtained from land that was highly biodiverse grassland in or after January 2008, whether or not the land continues to have that status. <p>Highly biodiverse grassland is defined as:</p> <p>i) natural, namely grassland that would remain grassland in the absence of human</p> | Y | <ul style="list-style-type: none"> • Note GTAS relies on using other EC recognised voluntary schemes for this part of the chain (See criterion 5.5 'Recognition of other voluntary schemes' below.) • A summary of the land criteria is included in the GTAS scheme, but these are not intended to be directly audited against. • RED manual v5.3: |

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| | <p>intervention and which maintains the natural species composition and ecological characteristics and processes; or</p> <p>ii) non-natural, namely grassland that would cease to be grassland in the absence of human intervention and which is species-rich and not degraded, unless evidence is provided that the harvesting of the raw material is necessary to preserve its grassland status³</p> | <ul style="list-style-type: none"> • "1.1 [...] 1st principle: the goods must not have been produced on land that has a high biodiversity value or from land with a high carbon stock. Crops must have been produced on land that meet the sustainability criteria of the Directive as laid out in Art. 17 (3) – (5). • "In accordance with Art. 17 (3) this is land with a high biodiversity value, namely land that had one of the statuses (as follows) in or after January 2008, whether or not the land continues to have that status: • " [...] c) highly biodiverse grassland that is; (i) Natural, namely grassland that would remain grassland in the absence of human intervention and which maintains the natural species composition and ecological characteristics and processes; or (ii) Non-natural, namely grassland that would cease to be grassland in the absence of human intervention and which is species-rich and not degraded, unless evidence is provided that the harvesting of the raw material is necessary to preserve its grassland status." |
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The European Commission shall establish the criteria and geographic ranges to determine highly biodiverse grassland (RED 2009-28 EC Article 17(3c)). Further information is awaited following the Comitology process.

| Article 17(4): Conservation of carbon stocks | Biofuels and bioliquids shall not be made from raw material obtained from land with high carbon stock | |
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| Requirement | Guidance | Assessment |
| 3.1 Conservation of wetlands | <ul style="list-style-type: none"> • Biofuels and bioliquids shall not be made from raw material obtained from land that was wetland in January 2008 and no longer has that status • A wetland is land that is covered with or saturated by water permanently or for a significant part of the year • These provisions shall not apply if, at the time the raw material was obtained, the land had the same status as it had in January 2008 | <div data-bbox="1167 376 1234 1335" data-label="Text">Y</div> <ul style="list-style-type: none"> • Note GTAS relies on using other EC recognised voluntary schemes for this part of the chain (See criterion 5.5 'Recognition of other voluntary schemes' below.) • A summary of the land criteria is included in the GTAS scheme, but these are not intended to be directly audited against. • RED manual v5.3: • "1.1 [...] 1st principle: the goods must not have been produced on land that has a high biodiversity value or from land with a high carbon stock. Crops must have been produced on land that meet the sustainability criteria of the Directive as laid out in Art. 17 (3) – (5). • "In accordance with Art. 17 (4) this is land with high carbon stock, namely land that had one of the following statuses in January 2008 and no longer has that status: • "a) wetlands, namely land that is covered with or saturated by water permanently or for a significant part of the year; [...]" • "Note: the provisions of Art. 17 (4) do not apply if, at the time the raw material was obtained, the land had the same status as it had in January 2008." |

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| <p>3.2 Conservation of continuously forested areas</p> | <ul style="list-style-type: none"> • Biofuels and bioliquids shall not be made from raw material obtained from land that was continuously forested in January 2008 and no longer has that status • Continuously forested areas are defined as land spanning more than one hectare with trees higher than five metres and a canopy cover of more than 30%, or trees able to reach those thresholds in situ • Continuously forested areas do not include land that is predominantly under agricultural or urban land use. In this context, agricultural land use refers to tree stands in agricultural production systems, such as fruit tree plantations, oil palm plantations and agroforestry systems when crops are grown under tree cover. • These provisions shall not apply if, at the time the raw material was obtained, the land had the same status as it had in January 2008 | <p>Y</p> | <ul style="list-style-type: none"> • Note GTAS relies on using other EC recognised voluntary schemes for this part of the chain (See criterion 5.5 'Recognition of other voluntary schemes' below.) • A summary of the land criteria is included in the GTAS scheme, but these are not intended to be directly audited against. • RED manual v5.3: • "1.1 [...] 1st principle: the goods must not have been produced on land that has a high biodiversity value or from land with a high carbon stock. Crops must have been produced on land that meet the sustainability criteria of the Directive as laid out in Art. 17 (3) – (5). • "In accordance with Art. 17 (4) this is land with high carbon stock, namely land that had one of the following statuses in January 2008 and no longer has that status: [...] • "b) continuously forested areas, namely land spanning more than one hectare with trees higher than five metres and a canopy cover of more than 30%, or trees able to reach those thresholds in situ; [...] • "Note: the provisions of Art. 17 (4) do not apply if, at the time the raw material was obtained, the land had the same status as it had in January 2008." |
| <p>3.3 Conservation of forested areas with 10-30% canopy cover</p> | <ul style="list-style-type: none"> • Biofuels and bioliquids shall not be made from raw material obtained from land that was sparsely forested in January 2008 and | <p>Y</p> | <ul style="list-style-type: none"> • Note GTAS relies on using other EC recognised voluntary schemes for this part of the chain (See criterion 5.5 'Recognition of other voluntary schemes' |

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| | <p>no longer has that status</p> <ul style="list-style-type: none"> • Sparsely forested areas are defined as land spanning more than one hectare with trees higher than five metres and a canopy cover of between 10% and 30%, or trees able to reach those thresholds in situ, unless evidence is provided that the carbon stock of the area before and after conversion is such that, when the methodology laid down in part C of Annex V is applied, the greenhouse gas threshold (principle 1 above) would still be fulfilled • These provisions shall not apply if, at the time the raw material was obtained, the land had the same status as it had in January 2008 | | <p>below.)</p> <ul style="list-style-type: none"> • A summary of the land criteria is included in the GTAS scheme, but these are not intended to be directly audited against. • RED manual v5.3: • "1.1 [...] 1st principle: the goods must not have been produced on land that has a high biodiversity value or from land with a high carbon stock. Crops must have been produced on land that meet the sustainability criteria of the Directive as laid out in Art. 17 (3) – (5). • "In accordance with Art. 17 (4) this is land with high carbon stock, namely land that had one of the following statuses in January 2008 and no longer has that status: [...] • c) land spanning more than one hectare with trees higher than five metres and a canopy cover of between 10% and 30%, or trees able to reach those thresholds in situ, unless evidence is provided that the carbon stock of the area before and after conversion is such that, when methodology laid down in part C of Annex V is applied, the conditions laid down in paragraph 2 of this Article would be fulfilled. [...] • "Note: the provisions of Art. 17 (4) do not apply if, at the time the raw material was obtained, the land had the same status as it had in January 2008." |
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| Article 17(5): Conservation of peatlands | Biofuels and bioliquids shall not be made from raw material obtained from peatland | |
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| Requirement | Guidance | Assessment |
| 4.1 Conservation of peatlands | <ul style="list-style-type: none"> • Biofuels and bioliquids shall not be made from raw material obtained from land that was peatland in January 2008, • An exception is possible if evidence is provided that the cultivation and harvesting of that raw material does not involve drainage of previously undrained soil. • For peatland that was partially drained in January 2008 a subsequent deeper drainage, affecting soil that was not fully drained, would constitute a breach of the criterion. | <div>Y</div> <ul style="list-style-type: none"> • Note GTAS relies on using other EC recognised voluntary schemes for this part of the chain (See criterion 5.5 'Recognition of other voluntary schemes' below.) • A summary of the land criteria is included in the GTAS scheme, but these are not intended to be directly audited against. • RED manual v5.3: • "1.1 [...] 1st principle: the goods must not have been produced on land that has a high biodiversity value or from land with a high carbon stock. Crops must have been produced on land that meet the sustainability criteria of the Directive as laid out in Art. 17 (3) – (5). [...]" • "In accordance with Art. 17 (5) this is land that was peatland in January 2008, unless evidence is provided that the cultivation and harvesting of the raw material does not involve drainage of previously undrained soil." |

Chain of Custody

| Article 18(1): Use of a mass balance system | Economic operators shall use a mass balance system | |
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| Requirement | Guidance | Assessment |
| 5.1 Economic operators shall use a mass balance system | <ul style="list-style-type: none"> The mass balance system: <ul style="list-style-type: none"> a) allows consignments of raw material or biofuel with differing sustainability characteristics to be mixed; b) requires information about the sustainability characteristics and sizes of the consignments referred to in point (a) to remain assigned to the mixture; and (c) provides for the sum of all consignments withdrawn from the mixture to be described as having the same sustainability characteristics, in the same quantities, as the sum of all consignments added to the mixture. | <p>Y</p> <ul style="list-style-type: none"> RED manual v5.3: "2.1 The directive enables all economic operators in the chain of custody of biofuels and bioliquids to apply a mass balance (MB) system. This allows consignments of raw materials or biofuels/bioliquids with different sustainability characteristics to be mixed on a "site basis" [...] Sustainability characteristics could include: evidence showing compliance with RED sustainability criteria or a statement that the raw materials used were obtained in a way that complies with RED's land related sustainability criteria or the statement "production has been awarded a certificate of type X from a recognised voluntary scheme Y" etc. Sustainability characteristics should always include information about country of origin." "2.2 Where such mixing takes place, it requires that information about the sustainability characteristics and size of consignments remain assigned to the mixed bulk and provides for the sum of all consignments withdrawn from the mixed bulk to be described as having the same sustainability characteristics, in the same quantities, as the sum of all consignments added to the mixture. Records |

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| | | | <p>must be kept of the mass balance of materials being delivered into and out of stores. [...]”</p> <ul style="list-style-type: none"> • “2.4 Under the mass balancing system the averaging of GHG values is not permitted. If consignments are aggregated administratively the worst GHG performance shall be taken for the whole consignment.” • “2.5 Traders and merchants who supply raw materials to buyers to be used for biofuels and bioliquids must be able to demonstrate that where mass balancing was applied to the goods delivered, that the facility has been certified as competent in mass balance accounting. This can be done by referring to the stores sustainability certification using the appropriate scheme on-line database. Traders and Merchants must be able to supply records to confirm the mass balance of the materials delivered into and out of each store/gathering point in the chain of custody.” • “6.4 Normal documents passing from sellers to buyers include copies of delivery notes and invoices on a contract by contract basis. Such documents shall contain a statement declaring they are considered to be of a sustainable nature, for example: “these goods are certified as sustainable in accordance with Directive 2009/28/EC.” • “6.7 The information required by economic operators from the place of first gathering (storage facility) on a load by load basis may be summarised as: |
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| | | | <ul style="list-style-type: none"> ○ Name and address coordinates of grower ○ Name of first gathering point ○ Unique ID/Ref number for consignment (eg weighbridge ticket) ○ RED scheme ID/mark/sticker ○ Contract number/purchaser of goods from grower ○ Description of goods intended for biofuel/bioliquid ○ Date of delivery to gathering point ○ Tonnage delivered ○ GHG value declared (state actual or default) - see 6.6 above. ○ Mode and ID (vehicle registration number etc) of transport" |
| 5.2 Prevention of double counting/claiming | <ul style="list-style-type: none"> • [No specific text in Directive / Communication] • An information system needs to be included which is able to keep track of the flow of information through the supply chain. | Y | <p>Background information on how scheme works:</p> <ul style="list-style-type: none"> • GTAS is a scheme that enables the trading, handling and transportation of combinable crops and feeding stuffs intended for food and feed use and for bio fuels. Operators may therefore trade/store/transport RED compliant and non RED compliant material, also assured and non-assured goods, organic and non-organic etc. Where RED goods are involved the requirement to operate a RED compliant mass balance system applies. The chain of custody must be kept separate and the HACCP based systems audited accordingly. • Demonstration of RED compliance is by clearly |

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| | | | <p>annotated documentation accompanying goods in transit and by cross checking with on-line databases.</p> <ul style="list-style-type: none"> • RED identification marks or stickers are affixed to documents accompanying goods from farm to 1st gathering point. Thereafter GTAS RED stickers are applied to identify goods. [When a GTAS-RED sticker is applied, the consignment complies both with the land criteria and the RED mass balance requirements.] • On-line checkers are updated daily and the onus rests with parties to checking regularly the status of the parties. This is accepted trade practice. Goods should not be unloaded at a store or at end user premises without first checking the status of the transport company and chain of custody on line. • On-line checkers are both operator and site specific. |
| 5.3 The mass balance system shall operate at least at the level of a site | <ul style="list-style-type: none"> • The mass balance system shall operate at a level where consignments could normally be in contact, such as in a container, processing or logistical facility or site (defined as a geographical location with precise boundaries within which products can be mixed). | Y | <ul style="list-style-type: none"> • RED manual v5.3: • "2.1 The directive enables all economic operators in the chain of custody of biofuels and bioliquids to apply a mass balance (MB) system. This allows consignments of raw materials or biofuels/bioliquids with different sustainability characteristics to be mixed on a "site basis" (this is defined as one geographical location with precise boundaries which can include a farm store, commercial/merchant storage site, co-operative site, flat store bays, silo bins or vessel). [...] • "2.8.4 Economic operators are not permitted to operate a single mass balance approach over more |

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| | | | than one geographical location." |
| 5.4 The mass balance shall specify the timeframe over which the system operates | <ul style="list-style-type: none"> • If the balance in the system is continuous in time, a "deficit", i.e. that at any point in time more sustainable material has been withdrawn than has been added, is required not to occur. • Alternatively the balance could be achieved over an appropriate period of time and regularly verified. • In both cases it is necessary for appropriate arrangements to be in place to ensure that the balance is respected. | Y | <ul style="list-style-type: none"> • RED manual v5.3: • "2.2 [...] This includes the demonstration that the MB calculation has been correctly applied (balanced) over a designated or justifiable time period." • "2.3 For traders, merchants and commercial storage and handling facilities in the first year of operation Mass Balancing shall not exceed a twelve month period (a marketing or crop year). Thereafter the mass balancing period(s) shall not exceed three months." |

Recognition of other voluntary schemes

| Recognition of other voluntary schemes | | |
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| Requirement | Guidance | Assessment |
| <p>5.5 Approach to recognition (OPTIONAL: Voluntary schemes are encouraged to include a clause on recognising the potential use of other voluntary schemes for part of a supply chain)</p> | <ul style="list-style-type: none"> • In case part of the chain relies on other voluntary schemes, schemes may only recognise voluntary schemes that are recognised by the EC in the context of the Directive 2009/28/EC. • Schemes may only recognise the <i>scope</i> of the voluntary scheme that the EC recognises in this context. | <p>Y</p> <ul style="list-style-type: none"> • RED manual v5.3: • "B. [...] Traders who procure and deliver goods for biofuels or bioliquids must be able to provide evidence that the requirements of RED are being met, by production of a proof of sustainability, certificate or equivalent issued under an EU approved certification scheme, for each consignment of goods supplied. [...]" • "The Gafta Trade Assurance Scheme recognises other voluntary schemes that have been approved as being RED compliant by the European Commission and which recognise the full range of land criteria as set out in the Directive (Art. 17 (3) – (5). The list of approved voluntary schemes can be viewed on the EC website using the following link: http://ec.europa.eu/energy/renewables/biofuels/sustainability_schemes_en.htm • "Note: GTAS recognises those schemes that fully comply with the land criteria (without exceptions) to Art. 17 (3) – (5) of the Directive and these can be found listed in the "Overview table including information on updates of recognised voluntary schemes". A list of schemes is available on the Gafta website." • "1.0 Growers must provide evidence that crops have |

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| | | | <p>been produced on land that meets the new sustainability criteria. [...] Evidence provided by growers must be verified (audited) before confirmation can be made available that the sustainability criteria have been met by individual producers on the crops supplied into the bio fuel and bio liquids chain.</p> <ul style="list-style-type: none"> • "Independent verification for growers can be achieved (inter alia) as part of the certification of Assured Crops/Farm Assurance schemes that have been approved by the EU as meeting the RED requirements. • "The normal method by which third parties can check the certification of growers that are members of Assurance Schemes is via an online checking database facility. Where RED compliance is certified this must be separately annotated for the avoidance of doubt. Growers may be fully or partially compliant or not compliant/not participating in supply of feedstocks for biofuels. Partially compliant growers must keep their own records and be able to demonstrate that the quantity of feedstocks supplied do not exceed the verified percentage of partial compliance. • "1.1 Goods intended for use as bio fuels, biomass or bio liquids for the production of renewable energy in Europe must comply with the main principles set down in RED [...]" • "1.2 Only feedstocks certified as being RED |
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| | | | <p>compliant under an EU recognised voluntary farm scheme are permitted. Self declaration is not allowed.”</p> <ul style="list-style-type: none"> • “6.4 Normal documents passing from sellers to buyers include copies of delivery notes and invoices on a contract by contract basis. Such documents should contain a statement declaring they are considered to be of a sustainable nature, for example: “these goods are certified as sustainable in accordance with Directive 2009/28/EC.” • “8.0 The following step procedure will apply where an EU recognised RED compliant scheme is in operation and the grower is a member of a recognised voluntary farm Assurance Scheme approved by the EU as being RED compliant.” • “8.3 Country Merchant/Trader is audited annually and certified for RED compliance (eg GTAS, ISCC etc). Certified operators are recorded on the relevant scheme database for verification by 3rd parties. [...] GTAS participants can only accept evidence of compliance with an EU recognised voluntary scheme and this applies only to those schemes recognised by the EU for all land-related criteria and only the version and scope of a scheme that is recognised by the EU. [...]” |
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Audit Quality

Assessment of the audit processes of a voluntary scheme is relevant for auditing of the sustainability criteria and auditing of the chain of custody. The level of complexity of a chain of custody is a function of the features that a scheme allows.

RED Article 18(3):

Member States shall take measures to ensure that economic operators submit reliable information and make available to the Member State, on request, the data that were used to develop the information. Member States shall require economic operators to arrange for an adequate standard of independent auditing of the information submitted, and to provide evidence that this has been done. The auditing shall verify that the systems used by economic operators are accurate, reliable and protected against fraud. It shall evaluate the frequency and methodology of sampling and the robustness of the data.

Note: This assessment has been performed as if "GTAS RED Application Annex DG Energy.pdf" was part of the submission.

| Article 18.3: Adequate standard of independent auditing | Voluntary Schemes need to ensure a sufficient quality of auditing and verification | |
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| Requirements | Guidance | Assessment |
| 6.1. Documentation management | <ul style="list-style-type: none"> The system ensures that economic operators must have a documentation management system. It should be a condition of participation in voluntary schemes that economic operators: <ul style="list-style-type: none"> i) have an auditable system for the evidence related to the claims they make or rely on; ii) keep any evidence for a minimum of 5 | <p>Y</p> <ul style="list-style-type: none"> Red Manual v5.3 – Assessment requirements: <ul style="list-style-type: none"> “4.3 applicants must have an auditable system for the evidence related to the claims they make or rely on. 4.4 all documentary evidence must be kept for a minimum period of 5 years” Red Manual v5.3 - Mandatory documents. The scheme specifies the required documentation: <ul style="list-style-type: none"> 6.1 to 6.4 Chain of Custody 6.5 to 6.6 GHG documents |

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| | <p>years; and</p> <p>iii) accept responsibility for preparing any information related to the auditing of such evidence.</p> <ul style="list-style-type: none"> The auditable system should normally be a quality system drawing on points 2 and 5.2 of Module D1 ('Quality assurance of the production process') of Annex II of the Decision on a common framework for the marketing of products. | | <ul style="list-style-type: none"> 6.7 to 6.8 Chain of Custody and GHG required information. Red Manual v5.3 - "Records of all relevant documents must be retained for a minimum period of 5 years as required by the EU legislation." Red Manual v5.3 - "The GAFTA Trade Assurance Scheme applies to parties in the supply chain. It covers trading, handling and transportation of goods from farm gate to end user facility." Red Manual v5.3 - "1.2 only feedstock certified as being RED compliant under an EU recognised voluntary farm scheme are permitted. Self declaration is not allowed." |
| 6.2 Retrospective audits | <ul style="list-style-type: none"> The voluntary scheme shall arrange for regular, at least yearly, retrospective auditing of a sample of claims made under the scheme. It is the responsibility of the verifiers to define the size of the sample that will permit them to reach the level of confidence necessary to issue a verification statement. For these audits requirements are that the auditor should be: <ol style="list-style-type: none"> Independent of the activity being audited Free from conflict of interest Competent <ul style="list-style-type: none"> Point 1 and 2 mean that the audit shall be carried out by an external | Y | <ul style="list-style-type: none"> Red Manual v5.3 - Assessment requirements: <ul style="list-style-type: none"> "4.7 Scheme verifiers are required to undertake at least annual retrospective audits of a sample of claims made by individual economic operators under the scheme. The economic operators in the sample will vary from one period to another. The scheme verifiers will establish the size of sample required to reach the necessary level of confidence for issuing certificates." "8.3 Country Merchant/Trader is audited annually and certified for RED compliance (eg GTAS, ISCC etc). Certified operators are recorded on the relevant scheme database for verification by 3rd parties. The office audit of operators will include a percentage of "dependant" (ie owned/exclusively operated) |

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| | <p>third party (not the economic operator)</p> <ul style="list-style-type: none"> Point 3 mean that the auditor has the generic skills and the verification body has the general skills for performing audits; and The auditor has the appropriate specific skills necessary for conducting the audit related to the scheme's criteria and the aspect of the scheme that they are auditing (see 6.5). | | <p>silos/elevators/warehouses where these are not certified as RED compliant in their own right.. Group auditing may be possible for multi site operators that follow a common quality management system."</p> |
| 6.3 Audits before participation to the Voluntary Scheme | <ul style="list-style-type: none"> As a general rule, a voluntary scheme should ensure that economic operators are audited before allowing them to participate in the scheme. There may be exceptions to this rule due to the particular character of certain schemes (for example, schemes that consist only of standard values for greenhouse gas calculations); in these cases, this should be clearly explained when the scheme is put forward for recognition. For these audits requirements are that the auditor should be: <ol style="list-style-type: none"> Independent of the activity being audited Free from conflict of interest Competent | Y | <ul style="list-style-type: none"> Red Manual v5.3 – Assessment requirements: <ul style="list-style-type: none"> "4.1 Applicants are required to pass an initial audit before being allowed to participate in the scheme." |

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| | <ul style="list-style-type: none"> Point 1 and 2 mean that the audit shall be carried out by an external third party (not the economic operator) Point 3 mean that the auditor has the generic skills and the verification body has the general skills for performing audits; and The auditor has the appropriate specific skills necessary for conducting the audit related to the scheme's criteria and the aspect of the scheme that they are auditing (see 6.5). | | |
| 6.4 Group auditing [OPTIONAL – only relevant when group auditing is applied] | <ul style="list-style-type: none"> Group auditing - in particular for smallholder farmers, producer organisations and cooperatives - can be performed. [Note that group auditing is only permitted for the producers of raw material only, not other economic operators further down the supply chain.] In such cases, verification for all units concerned can be performed based on a sample of units, where appropriate taking into account a relevant standard developed for this purpose. <ul style="list-style-type: none"> What is the sample size? What is the threshold for non- | Y | <ul style="list-style-type: none"> Red Manual v5.3 – Assessment requirements: <ul style="list-style-type: none"> Assessment requirements: "4.7 Scheme verifiers are required to undertake at least annual retrospective audits of a sample of claims by individual economic operators made under the scheme. The economic operators in the sample will vary from one period to another. The scheme verifiers will establish the size of sample required to reach the necessary level of confidence for issuing certificates. " Simplified step procedure: (The following step procedure will apply where an EU recognised RED compliant scheme is in operation and the grower is a member of a recognised voluntary farm |

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| | <p>compliance and do they apply to the whole group?</p> <ul style="list-style-type: none"> ○ What are the implications/procedures of non-compliance? ○ Are downstream parties informed of the non-compliance? <ul style="list-style-type: none"> • Group auditing for compliance with the scheme's land related criteria is only acceptable when the areas concerned are near each other and have similar characteristics. • Group auditing for the purpose of calculating GHG savings is only acceptable when the units have similar production systems and products. | | <p>Assurance Scheme approved by the EU as being RED compliant). "8.3 Group auditing may be possible for multi site operators that follow a common quality management system. GTAS participants can only accept evidence of compliance with an EU recognised voluntary scheme and this applies only to those schemes recognised by the EU for all land-related criteria and only the version and scope of a scheme that is recognised by the EU."</p> <ul style="list-style-type: none"> • GTAS Scheme Protocol v5.2: • "4.6 Once the assessment visit has been completed, NSF-CMi Certification Ltd. or other approved CB, will either issue the applicant with a 'notice to remedy' for non conformances or forward the assessment report for certification. Non-conformances are graded as Major or Minor: defined as follows: <ul style="list-style-type: none"> ○ Major - a substantial failure to meet any clause of the Standard ○ Minor – a clause not fully met ○ The level of non-conformity assigned by an evaluator against a requirement of the Standard is based upon evidence and observations made during the evaluation. • 4.7 Certificates may be granted to participants who have had an assessment against the appropriate GTAS Standard and have closed any non-conformances identified at the assessment |
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| | | | <ul style="list-style-type: none"> 4.7 Non-conformances may be closed by submission of documentary evidence or by revisit. Non-conformances must be closed within 3 months of an initial audit assessment or 28 days for any subsequent audit assessment." |
| 6.5 Auditor competencies | <ul style="list-style-type: none"> For these audits requirements are that the auditor should be: <ol style="list-style-type: none"> 1. Independent of the activity being audited 2. Free from conflict of interest 3. Competent <ul style="list-style-type: none"> Point 1 and 2 mean that the audit shall be carried out by an external third party (not the economic operator) Point 3 mean that the auditor has the generic skills and the verification body has the general skills for performing audits; and The auditor has the appropriate specific skills necessary for conducting the audit related to the scheme's criteria. Namely: Land use criteria: Relevant experience, in agriculture, ecology or similar. Chain of Custody system: Experience in mass balance systems, | Y | <ul style="list-style-type: none"> GTAS Scheme Protocol v5.2: 8.0 "Certifications under the Scheme meet EN 45011 ISO/IEC Guide 65 standards." GTAS Scheme Protocol v5.2: "8.0 Independence of auditor and audited company: In order to prevent excessive familiarity with any single audited company, scheme assessors may not audit a company more than 5 times in succession. After a maximum period of 5 years the CB is obligated to instruct a different assessor to undertake these scheme audits." GTAS Scheme Protocol v5.2: <ul style="list-style-type: none"> "8.0 The CB may only utilise assessors for audits under the Gafta Trade Assurance Scheme that meet the following minimum set of criteria: Education and Technical Requirements: <ol style="list-style-type: none"> 1. Assessors must have had a minimum of 3 years work experience within the scope to be assessed and/or training within the scope of the scheme. 2. Have had formal recognized HACCP training. 3. Possess a formal qualification in agriculture, food or related biosciences. 4. Possess NPTC farm inspection or lead assessor qualification. |

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| | <p>traceability, data handling or similar.</p> <ul style="list-style-type: none"> GHG: Relevant experience in GHG accounting. | | <p>5. Demonstrable competency within the module of the standard to be assessed.</p> <p>6. For RED assessments the Assessors must be competent in Green House Gas (GHG) assessments, Mass Balancing (MB) and Chain of Custody (C of C) systems.</p> <p>7. Have evidence of, and undertake ongoing training as required.</p> |
| 6.6 Management of the audit | <ul style="list-style-type: none"> Audits shall be properly planned, conducted and reported on The sustainability system has clear procedures that describe how audits should be conducted Audit includes the following: <ul style="list-style-type: none"> Draw up a verification plan which corresponds to the risk analysis and the scope and complexity of the economic operator's activities, and which defines the sampling methods to be used with respect to that operator's activities; Carry out the verification plan by gathering evidence in accordance with the defined sampling methods, plus all relevant additional evidence, upon which the verifier's verification conclusion will be based; Request the operator to provide any missing elements of audit trails, | Y | <ul style="list-style-type: none"> GTAS Scheme Protocol v5.2: "8.0 Certifications under the Scheme meet EN 45011 ISO/IEC Guide 65 standards." <ul style="list-style-type: none"> 4.2 Once the application or renewal form has been accepted, arrangements are made for an assessment visit. 4.3 Assessment visits will normally be by appointment with the company, however, NSF-CMi Certification Ltd. or other approved CB, reserves the right to make short notice or unannounced visits. 4.4 All participants agree to give employees and agents of NSF-CMi Certification Ltd. or other approved CB, reasonable access to their business and relevant sites to carry out the assessment visits required. Failure to do so will result in the suspension of membership. Reasonable notice will be given of any routine assessment visit. (...) 4.8 The company should inform NSF-CMi Certification Ltd. or other approved CB, once any |

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| | <p>explain variations, or revise claims or calculations, before reaching a final verification conclusion.</p> <ul style="list-style-type: none"> • ISO 19011: 2002 (plan, do, act, check), or justified equivalent, covers the above requirements | | <p>non-conformance(s) has been remedied and submit documentary evidence. NSF-CMi Certification Ltd. or other approved CB may then arrange for a site revisit in circumstances where product integrity may be compromised. The costs associated with these procedures, including any additional visits will be borne by the company, but will be kept as low as reasonably possible.</p> <ul style="list-style-type: none"> ○ 4.9 Assessors may refuse to carry out an assessment in the presence of a third party who they believe will, intentionally or otherwise, influence its outcome in an inappropriate manner. ○ 4.10 Certificates will be issued when the company meets the certification requirements. Certificates are not transferable and remain the property of issuing CB. Once a Certificate has been issued, a company may promote themselves as being 'GTAS Assured'. |
| 6.7 Establishment of at least a "limited assurance level" | <ul style="list-style-type: none"> • A "limited assurance level"⁴ implies a reduction in risk to an acceptable level as the basis for a negative form of expression by the auditor such as "based on our assessment nothing has come to our attention to cause us to believe that there are errors in the evidence" | Y | <ul style="list-style-type: none"> • GTAS Scheme Protocol v5.2: • "4.5 NEW Whilst undertaking assessments of compliance with the RED scheme assessors shall establish at least a "limited assurance level" as defined in the ISAE 3000 standards." |

⁴ A stronger "assurance level" is the "Reasonable assurance level". Reasonable assurance implies a reduction in risk to an acceptably low level as the basis for a positive form of expression such as "based on our assessment, the evidence is free from material misstatement".

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| 6.8 Accreditation | <ul style="list-style-type: none"> • Accreditation by a national accreditation body affiliated to the International Accreditation Forum (IAF); or • Accreditation as a full member or 'associate' member of ISEAL; or • 'Commitment to comply' with ISO 17011: 2004 (General requirements for accreditation bodies accrediting conformity assessment bodies), or justified equivalent, within 3 years (consistent with ISEAL associate member) | Y | <ul style="list-style-type: none"> • GTAS Scheme Protocol v5.2: • "1.0 NSF Certification Ltd is appointed by Gafta as lead Certification Body under this scheme. From time to time, other Certification Bodies (CB) may be approved to audit and certify the GTAS scheme and be licensed to issue scheme marks. Certification Bodies appointed by Gafta are required to be accredited by a national body affiliated to IAF." |
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