



CB Management – Taking ISCC CB Collaboration to the Next Level

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Background

Surge in biodiesel from waste and residues originating from China and South-East Asia

Market development – EU biodiesel imports 2023

- In the beginning of 2023, China was the biggest importer of biodiesel to the EU followed by Argentina, Malaysia.
- Significant consequences for domestic biodiesel producers in Europe: **drop in “ticket prices”** and **reduced production margins**

Drivers for the future supply of biodiesel

- **Increasing UCO and Brown Grease supply driven by incentives** such as the double counting mechanism for W/R-based biofuels under the EU RED II (substantial price premia for such feedstocks).
- As a consequence, the **incentive for fraud** by relabeling and falsely declaring virgin oils as used oils / wastes **increases**.

Public information spread regarding fraudulent activities

ISCC was confronted with allegations and questions regarding suspected mislabeling of advanced biodiesel

- In the beginning of 2023 ISCC has been made aware of **potentially fraudulent behaviour** regarding unusual trade volumes of biodiesel from waste and residues from China
- **(Inter)national authorities** initiated EU **investigations** on possible imports of mislabeled biodiesel and monitored the situation

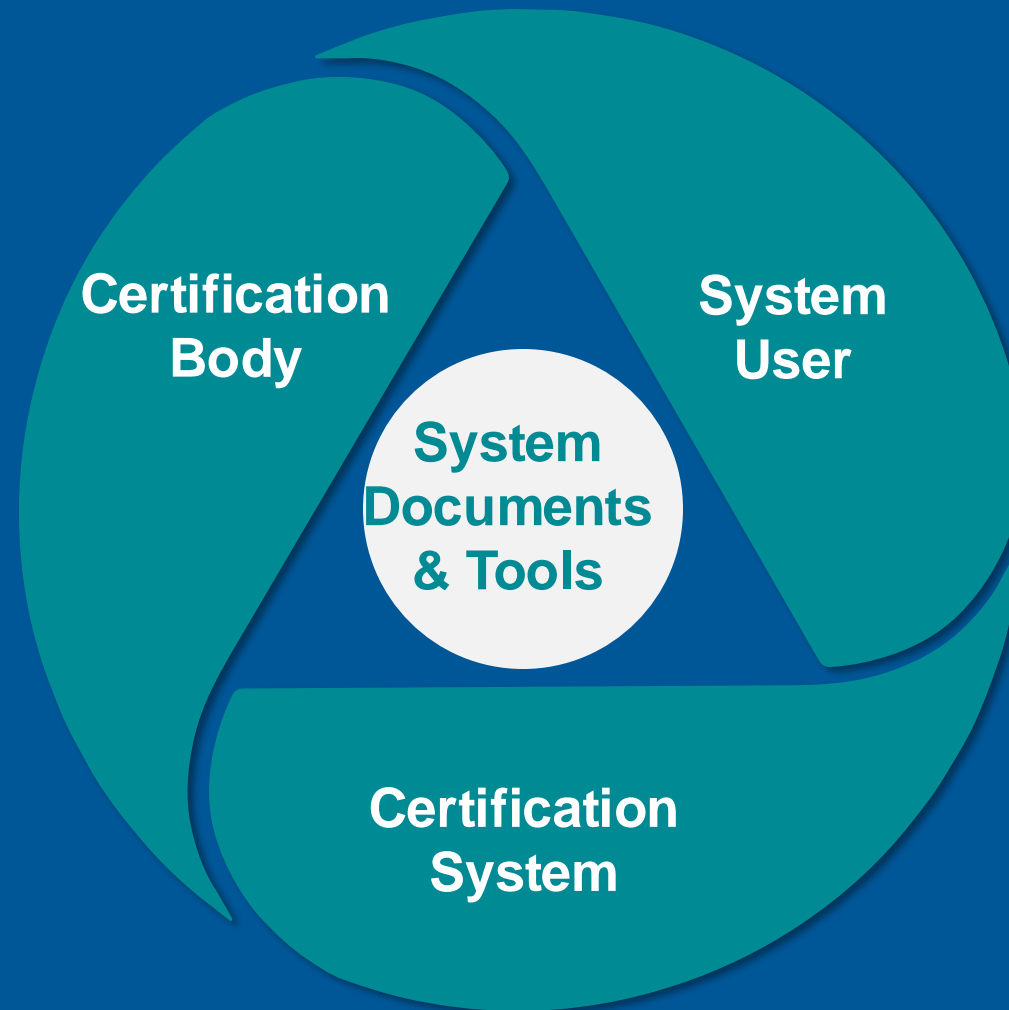
EU Investigation (Ares(2024)3045418)

- Within the European Commission's investigation **serious and systemic weaknesses in the sustainability certification** have been identified
 - ❖ Severe non-conformities to verify key aspects of **mass balancing** of data of waste collectors, traders of waste and residues materials and fuels as well as of fuel producers
 - ❖ Weaknesses in the process of **preparing** for (including the appropriate **risk assessment**) and **conducting certification audits**
 - ❖ **Lack of ownership and supervision** by the head office of the Certification Body
- **The European Commission evaluates that the serious deficiencies have failed to provide the expected level of audit quality and verification standard for sustainability certification to ensure an effective application of ISCC's certification standards**



ISCC mitigation measures

Credible sustainability certification relies on the coordinated interplay of three parties in a given framework





ISCC mitigation measures

- **Strengthened ISCC system requirements**
- **Integrity Assessments in Asia**
- **ISCC Working group on waste and residues**
 - Improve understanding, guidance documentation, and audit procedures for priority feedstocks
 - The document including definitions and guidance for UCO and Brown Grease is open to public consultation.* Further materials will follow (Food waste, Sewage sludge)
- **4-eyes mass balance principle for audits**
 - Mandatory for all ISCC EU audits as of 01 October 2024
- **ISCC EU Workshop on Audit Quality Improvement in China - 24 October 2024**

* Feedback on the document can be provided via the ISCC website: <https://www.iscc-system.org/governance/public-consultation/>

ISCC EU Workshop on Audit Quality Improvement in China

Focus areas

Audit Planning and Risk Assessment

- Risk Assessment
- Risk Criteria
- Determination of Risk factor
- Selection of competent auditors
- Preparation of Audit

Audit Conduction

- Mass balance requirements
- Frequently occurring non-conformities

Technical Review

- Responsibilities and expectations

**ISCC EU 204
RISK MANAGEMENT**



Risk Assessment

*Risk assessment is the process of identifying and evaluating a risk according to its **probability to occur** and the **significance of its consequences***

- 1) **Understanding of audit environment and identification of risks**
- 2) **Evaluation of risks**
- 3) **Classification of risks**

ISCC EU 103 REQUIREMENTS FOR CERTIFICATION BODIES AND AUDITORS

Technical Review

*The CB must have a process in place for conducting an **effective review** before making the certification decision.*

- ✓ Reviewer not involved in conducting the audit of the System User
- ✓ Ensuring impartiality of the audit process
- ✓ Ensuring that the auditor has completed the audit in accordance with ISCC requirements



Next steps

The ISCC Audit Procedure System (APS) is continuously updated based on the auditors' feedback

- **APS v4.6.015** is an app supporting and simplifying the audit process (**mandatory**)
- **APS** facilitates the audit process
- Continuously improved and updated by ISCC based on internal procedures and feedback from the CBs and System Users

Main Audit

Sample Audits

Questions

Recommendations

Best Practices

Non-Conformity

Technical Review

Print & Export

Audit

created in APS Version 4.5.0.006f

Type

Main Audit

Systemuser [SU]

123 - Neustadt - Germany

ISCC-Registration No.

ISCC-Reg-15008

Questions

Total Open

102

96

Show open

Search

TR

Trader

00

00 - Basic Data

00.00

00 - Certification Body

00.00.001

Name of Certification Body

00.01

01 - Operational Unit

00.01.001

Company Name

00.01.002

Street

00.01.003

Street Number

00.01.004

Postal Code

00.01.005

Place

00.01.006

Country

00.01.007

Geo Coordinates: Latitude

00.01.008

Geo Coordinates: Longitude

00.01.009

ISCC System

00.01.010

Salutation

00.01.011

Last Name

00.01.012

First Name

00.01.013

Phone

00.01.014

E-Mail

00.01.015

Contact details of relevant department

00.01.016

Type of Operation/ Scope to be audited

00.01.017

Individual certification or sample

00.01.018

ISCC Registration Number

Question

Chapter

00 - Basic Data

Sub-Chapter

01 - Operational Unit

Question No. - Name

00.01.003 - Street Number

Question

Street Number

Answer(s)

Answer

20

Findings/Comments

Guidance

Address of the operational unit that is subject to audit

Documents / Evidence

 **APS Helpdesk** in case of questions:
E-mail: aps@iscc-system.org

The ISCC HUB is at the core of ISCC's integrated IT solutions for System Users and Certification



Data accuracy in a fast-changing world



Growth and increasing complexity of requirements

WHY?

A digital platform allowing in real-time

HOW?



Information exchange between relevant parties



Interconnection to further databases



WHAT?

- Data management system for efficient System User data management regarding **registrations** and **certificates**
- Operated by ISCC and accessible for both **System Users** and **Certification Bodies**
- **Built-in validations** increase data accuracy and will be extended continuously
- Will be **interconnected** to ISCC Mobile App, ISCC Transactional Database and Union Database

ISCC EU 102 GOVERNANCE

ISCC audits at CBs

“As part of the Integrity Programme, ISCC is allowed to conduct independent Integrity Assessments at any System User, CB head office and for individual CB auditors.” – ISCC EU 102 Governance, v4.1

- ✓ Performance evaluation against the **ISCC requirements for CBs and auditors** as laid out in document ISCC EU 103 “Requirements for Certification Bodies and Auditors”
- ✓ Verification of **documentation and conduction of risk assessments prior** to ISCC audits
- ✓ Participation of the CB in a scheduled ISCC Integrity Assessment is **mandatory**



Taskforce on Risk Management

- **ISCC will establish a taskforce to update the ISCC EU System Document 204 “Risk Management”, involving**

ISCC staff  CBs  System Users  other Stakeholders

- If you are interested in joining the taskforce, please express your interest via email to info@iscc-system.org



Taskforce on Mass Balance

- **ISCC will also establish a taskforce on the setup and verification of mass balance**

ISCC staff



CBs



System Users



other Stakeholders

- If you are interested in joining the taskforce, please express your interest via email to info@iscc-system.org

DRAFT

ISCC EU X0X

Audit guidelines for the auditing of ISCC Systems



Based on the existing system documents and in the DIN EN ISO 19011:2018 standard, ISCC will develop a draft document for the auditing of ISCC Systems

The guideline will provide detailed information on

- audit planning and preparation
- appropriate application of assurance levels
- conduct of audit activities
- definition of responsibilities
- evaluation and review of audit activities

ISCC EU/SAF & PLUS Meeting with Certification Bodies

Onsite meeting in **Cologne**

Coming soon
May 2025

Further information will be shared in the upcoming
CB Feedback Meetings in November.





Thank you!

ISCC System GmbH

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