

Strengthening RED Certification for Waste- and Residue-Based Biofuels

ISCC Position Paper based on the Results of the ISCC Regional Stakeholder
Committee Meeting – Europe in Brussels on 3 June, 2025

(1) Safeguarding Market Integrity

The Renewable Energy Directive (RED) approach to certifying biofuel supply chains, is widely regarded as a **global benchmark**, to which thousands of economic operators worldwide comply, with requirements as set by Voluntary Schemes (VS) recognised by the European Commission (EC).

Waste and residues play an increasingly important role in the European Union's (EU) climate policy, particularly in the context of the European Green Deal, the RED, and broader efforts to defossilise the economy. **Strong focus and incentives for the use of waste- and residue-based biofuels** result in significant price premiums for such feedstocks. This, in turn, not only increases their use, but also amplifies the risk of fraud to monetise upon such incentives and premiums. Unclear and non-harmonised material definitions have created regulatory ambiguity. Sustainability Declarations (SD) and Proofs of Sustainability (PoS) could be faked, with consequences merely limited to the withdrawal of certificates by the VS. Such activities by economic operators undermine trust, damage legitimate actors, and create regulatory challenges.

The **Union Database for Biofuels** (UDB), linked with Member State (MS) databases such as Nabisy, represents a significant step forward in potentially strengthening the overall integrity of the entire RED system. ISCC is actively supporting its system users throughout the UDB onboarding process. Currently, 99.7% of ISCC EU system users have successfully onboarded, with non-participating economic operators subject to suspension.

However, waiting for the full implementation of the UDB is not sufficient, and ISCC has therefore implemented **additional verification checks**. ISCC has also agreed with the **EC on an action plan** for the implementation of additional measures, and further actions for continuous improvement.

In this context, ISCC has conducted an extraordinary “**ISCC Regional Stakeholder Meeting – Europe**” on 3 June, 2025 to discuss such challenges. Collaboratively with industry stakeholders, ISCC outlined successfully implemented countermeasures, and elaborated on further proposed processes for the industry.¹ With nearly 200 registrations, participants of the well-attended meeting agreed that the measures taken

¹ Agenda, a presentation of practical measures already implemented and proposed by ISCC and a summary of the event can be found [here](#).

by ISCC are a “real step forward” and will improve the situation. However, additional measures remain necessary, as **no single stakeholder is capable of fixing the entire system** themselves. Continuous collaboration and joint action by the EC, MS authorities, and VS are essential to achieving systemic integrity.

(2) Additional Measures Implemented by ISCC in 2023 and 2024

ISCC reacted upon first rumours regarding Palm Oil Mill Effluent (POME) oil relabelling, and incorrect PoS issuing and subsequently **implemented additional measures for waste- and residue-based biofuel supply chains already in late 2022 and 2023**. These, inter alia, included the automatic application of a high-risk level for audits conducted within waste and residue-based supply chains, individual certification of PoO prone to mislabelling, the development of yield guidelines for waste and residue PoOs, and the scaling-up of the ISCC Integrity Programme.²

Upon mandated PoO certification for **POME**, **uptake dropped significantly**, suggesting that this measure effectively filtered out dubious claims. Additionally, collaboration and working relationships with stakeholders were further established and intensified, including with law enforcement agencies, such as the European Anti-Fraud Office (OLAF). ISCC also engaged in discussions with laboratories and customs to strengthen collaboration and identify measures for feedstock and biofuels analytics. Together with stakeholders from the biofuels industry, including EWABA and EBB, discussions continued to target joint actions to involve authorities and improve the overall market. The situation was also discussed with the other VS recognised by the EC.

At the end of 2023, ISCC introduced the **ISCC HUB**, along with the development of a Transaction Database through UDB integration and a mobile app for collecting waste and residue materials at the PoOs.

In 2024, the **EC**, after conducting its own analysis, agreed with ISCC on an **action plan** to implement an additional 17 measures. It was jointly concluded that this action plan would serve as an effective strategy to enhance the robustness of certification systems. The defined measures are more restrictive than the requirements set by the recognition.

These steps, developed in consultation with the EC, have led to notable improvements. ISCC also **supported authorities** when asked, or provided information proactively

² ISCC anticipated this development and approached EC and German Federal Office for Agriculture and Food (BLE) in 2013/ 2014 with a database to address high risks in waste and residue supply chains. The development of the database was co-funded by the German Federal Government.

wherever possible. Integrity Audits have been conducted based on requests or information provided by MS authorities.

The number of such **Integrity Audits** has been increased significantly, with a regional focus on Asia. Audits were conducted in 29 different countries, with China, Indonesia, and Malaysia being the top 3. The selection of candidates was based on market intelligence, and improved risk evaluations, leading to highly focused and successful hit rates. In 2024, 97 certificates were withdrawn, 130 companies were suspended, and 78 were excluded from re-certification for up to 60 months based on CB evaluations and ISCC Integrity Assessments.

At the beginning of 2024, ISCC deployed and promoted the ISCC **Whistleblower Tool**. Non-conformities reported include, for example, the non-plausibility of volumes produced by economic operators, questionable audit quality by CBs, and potential mislabelling of materials.

In addition, a **risk management tool with geo-referenced data** has been developed to support plausibility checks and the identification of potential non-conformities or misleading information. This tool allows for a rapid detection of implausible high-risk sourcing networks or unusual patterns, performs plausibility checks using a Google API, and improves audit planning and PoO sample selection. The primary focus of the tool is currently on high-risk feedstocks, such as UCO, POME, and brown grease.

Participants of the stakeholder meeting in Brussels provided positive feedback on the measures already implemented by ISCC, and the action plan agreed with the EC.

(3) Recommendations for an Improved RED Certification

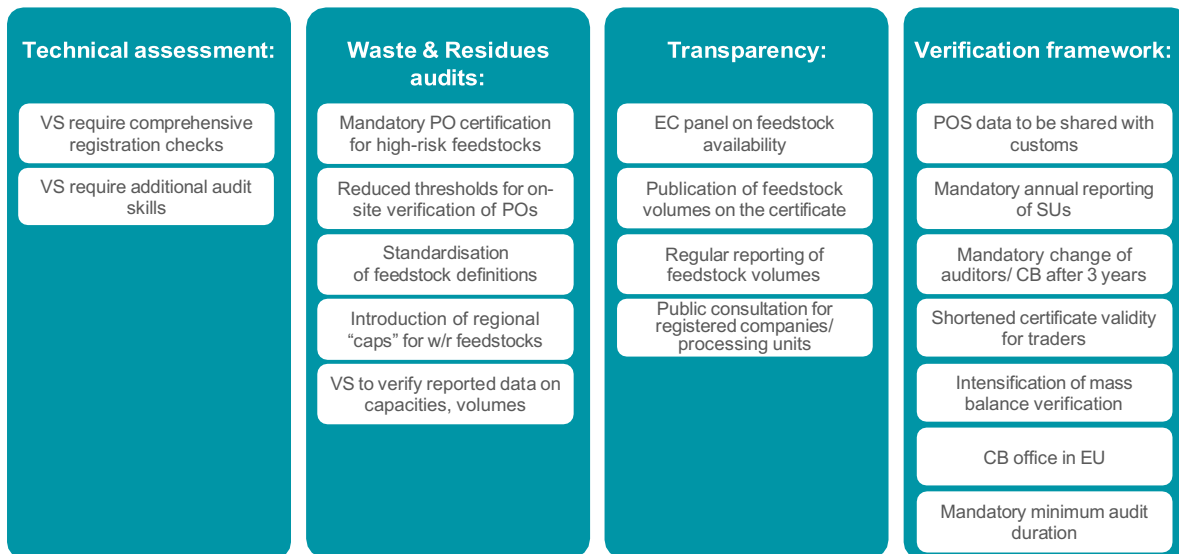
ISCC introduced a proposal for further measures to address existing challenges within the overall certification framework. Participants agreed that those should be considered in the forthcoming Implementing Regulation.

Eighteen practical measures for strengthening RED certification were proposed, discussed, and ranked by stakeholders according to their effectiveness. As an overarching element, stakeholders highlighted that harmonisation of requirements amongst VS is required to ensure the effectiveness of the recommended measures, better resource allocation and to ensure a level playing field.

Independent of the required harmonisation, ISCC will proceed forward with **preparatory steps for the implementation**, such as pilot technical assessments for high-risk conversion units.

The following figure provides an overview of the proposed measures.

Proposal for an Improved Certification Framework



Technical Assessment

The introduction of **mandatory additional registration checks** before starting the certification process aims to identify fake companies, incorrect information, or "empty" registrations. Processing units that register for the first time would be required to provide comprehensive technical data, which a technical expert of the VS would review. The VS would be required to review new registrations using information from "market intelligence" databases, focusing on the verification of submitted data on capacities, locations, processes, feedstock, and other relevant details. High resolution remote sensing data and time series analysis will allow for the authentication of layout, history, and alterations of/ to processing plants. According to stakeholder feedback, this measure is rated as highly effective.

Additionally, the proposed measure to require supplementary **specific audit skills** for auditors to qualify for conducting audits on waste and residue-based biofuels allowing for increasingly robust certification decisions, was well received. A VS would require specific additional auditor skills and supplementary targeted training for working on scopes that involve waste and residue materials. This would likely lead to improved audit quality, enhancing the identification of mislabelling concerning claimed feedstocks and biofuels.

Waste and Residue Audits

In this category, the most important measure, according to stakeholders, is the **standardisation and harmonisation of feedstock definitions across MS**. The lack of such leads to regulatory inconsistencies, creating opportunities for fraud. Stakeholders proposed the principle of “**one feedstock, one name**” **across the EU**. This would necessitate close cooperation between the EC and MS. E.g., material lists of VS could serve as a starting point for standardisation. Furthermore, the ISCC working group on waste and residues could be expanded to include MS and other VS and tasked with developing a unified classification framework.

The identified second-most important measure within this section is the **mandatory certification for high-risk feedstocks for all industrial-sized PoO**. Currently, group certification of high-risk PoOs is allowed, with no mandatory verifications required for all PoOs. For POME oil, Empty Fruit Bunch (EFB) oil, Palm Fatty Acid Distillate (PFAD), Spent Bleaching Earth (SBE), soapstock, animal fat, brown grease and sewage sludge, a mandatory certification of all PoOs is proposed.³

VS to verify reported data on capacities and volumes was voted as the third most important measure within this category. This measure would require a VS to verify reported volumes using market intelligence, including data on production capacities and output volumes. The intended outcome is stronger oversight of certified feedstock and biofuel volumes.

Reduced volume thresholds for on-site verifications of PoOs has been additionally proposed. This measure may support in combating potentially fraudulent system users who operate below the existing volume thresholds with their quantity reports, thereby avoiding on-site auditing. For UCO and brown grease, a reduction of the threshold from 5 tons to 3 tons per month was proposed.

Transparency

According to stakeholders, regular reporting of feedstock volumes and **publishing of volumes on certificates** is likely the most effective measure to increase transparency. ISCC supports the publication of key data points on sustainability certificates, such as feedstock volumes, nameplate capacity, and volumes from previous certification periods. It is expected that these measures will increase market transparency on certified volumes and support the identification of inaccurately claimed volumes. This is seen as an effective measure to support the self control of markets.

Establishing a stronger connection between PoS and processing units via the UDB or systems such as Nabisy would **strengthen traceability**. ISCC acknowledges the sensitivity of supply chain data, but considers that controlled transparency is essential

³ For POME oil, EFB oil, and waste and residues from vegetable oil refineries ISCC has implemented this requirement in 2023.

to building trust. In this context, the UDB must be fully and successfully implemented, serve as a reliable traceability tool, and be made mandatory for all relevant actors.

A **public consultation** for registered economic operators, allowing stakeholders to provide comments to the respective VS, was strongly supported. A public consultation for new registrations would enhance transparency in system user registration and could provide early indications to detect incorrect company data.

Verification Framework

Intensification of mass balance verification is considered the most important measure to improve control over certified volumes and feedstock declarations. Measures should include more frequent input-output verification, deeper transaction-level audits, and reconciliation across multiple actors for cross-checking of quantities in supply chains. A potential option is also the introduction of minimum verification duration times for audits. Verification should also include cross-checks with customs declarations, transport data, and entries in the UDB or national databases.

Establishment of EU-based offices for non-EU CBs may be considered a mandatory obligation to enable MS authorities to conduct on-site audits at the CB's office, and to allow for improved verification possibilities. According to stakeholder feedback, decisions to issue RED certificates should be taken in EU-based offices. ISCC, while already operating a global integrity programme, supports steps being taken in this direction. ISCC has continuously supported authorities in supervising CBs both within, and outside the EU. Stakeholders expressed the view that MS oversight programmes and accreditation would have a limited impact on integrity.

Mandatory annual reporting by economic operators would improve data quality on the certified quantities for the EU reporting scheme.

To enhance the integrity of audits, ISCC recommends **mandatory rotation of auditors and CBs** after three years to mitigate the risk of conflicts of interest.

Reduced certificate validity periods for certain actors, such as traders, and high risk feedstocks should be considered to ensure a higher level of scrutiny.

Moreover, **PoS data** could be made available to **customs authorities** for verification, on request. This would support verification measures for law enforcement agencies.

(4) Certification Framework: A Shared Responsibility for a Credible Market

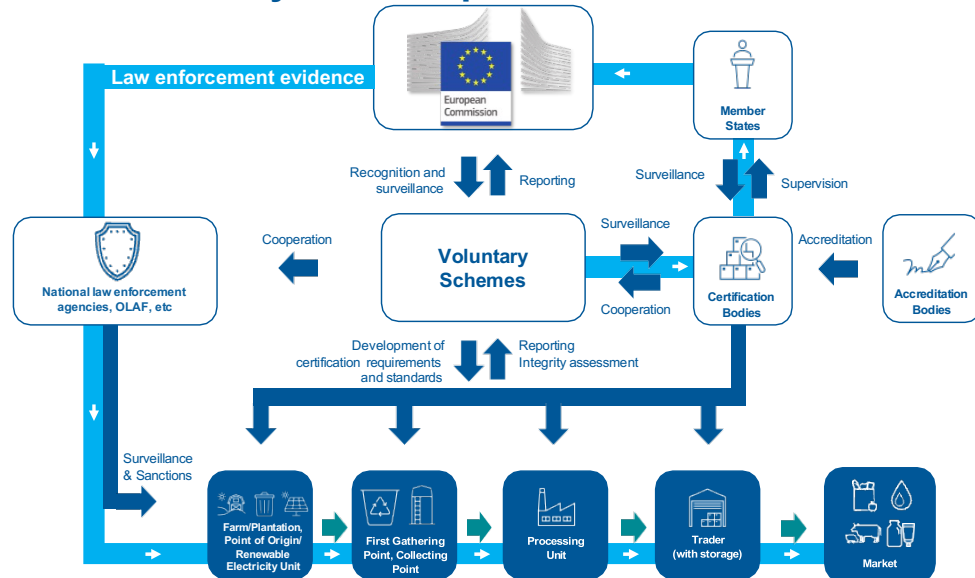
The **UDB**, as a central EU database covering supply chains, is considered of the utmost importance, closely followed by EU- and MS cooperation to ensure a credible market.

Sanctions should be targeted, evidence-based, and legally enforceable. General caps on regional or raw material contributions are not seen as a straightforward solution as they do not address the root causes of fraud and inadvertently penalise legitimate operators. A more effective approach focuses instead on traceability, verification, and systemic transparency. The **principles of trust** and due diligence requirements along supply chains have been discussed without a clear outcome. Overall, it was stated that the RED system works, but would require improvements to be included in future revisions of the Implementing Regulation 2022/996. Collective liability without proven individual guilt should be prevented.

A majority of stakeholders view high incentives, such as **double counting**, as a significant root cause of feedstock and biofuel mislabeling. Imposing a cap or phasing out double counting would reduce the attractiveness of mislabelling feedstock and biofuels declarations.

Certification plays a vital role in ensuring transparency, traceability, and compliance within complex supply chains. It assures that sustainability criteria are being met, and helps build trust among stakeholders. However, **certification alone cannot eliminate all risks**, particularly when particular actors exploit regulatory gaps and/ or economic incentives. It is essential to bear in mind that fraud occurs frequently throughout many markets, and can be found in all areas of life and the economy; therefore, strict law enforcement is required to combat it.

Improving the fraud resilience of the RED system only works, if all partners in the system cooperate in an effective manner



Certification is not designed to replace the role of law enforcement or regulatory oversight. This is especially true when fraudulent behaviour, driven by the incentivisation of waste- and residue-based biofuels, promises significant additional profits and there are little to no consequences when such behaviour is discovered. **Cooperation and information exchange** among the relevant authorities and stakeholders are urgently required, and only through this shared responsibility can the integrity of sustainable markets be maintained. Without credible law enforcement and accountability, even the most robust certification systems reach their limits.

In conclusion, ISCC remains committed to supporting the EU's sustainability and climate objectives. The integrity of the waste- and residue-based biofuel sector must be maintained through a **combination of technical, regulatory, and institutional reforms**. By harmonising standards and material lists, strengthening supervisory frameworks, and encouraging open exchange among all stakeholders, the EC could make the present certification framework more robust and build a trustworthy certification environment, on top of making the enhanced supervision efforts by MS efficient and harmonised.

ISCC is prepared to play its role to implement whatever is necessary to contribute to a collective effort to further increase the integrity of the entire RED system.

Cologne, June 20, 2025