



**KZR INiG Annual Report
2023**

Approved by

Krakow, 29th April 2024

Summary

KZR INiG is a voluntary scheme recognized by the European Commission since 3rd of June 2014. In December 2022 the scheme gained again the subsequent recognition (EU 2022/2461). The Decision recognizes the scheme for demonstrating compliance with the requirements set out in Directive (EU) 2018/2001 of the European Parliament and of the Council as regards biofuels, bioliquids, biomass fuels, renewable liquid and gaseous fuels of non-biological origin and recycled carbon fuels and repealing Commission Implementing Decision (EU) 2022/603. The certification scope covers the whole supply chain of: biofuels, bioliquids, solid biomass (including forest biomass), biogas.

KZR INiG is a worldwide scheme.

KZR INiG pays attention to the independence appropriate standard of audits, transparency and appropriate supervision over the scheme. The Council is the body responsible for supervising over independency and transparency. In 2023 the Council met twice. The KZR INiG website (<http://www.kzr.inig.eu/en/>) is a communication platform, information is distributed also by newsletter function. On the website all vital information is published, such as issued certificates, suspended certificates, active and non-active certification bodies (CBs), contact details etc. Moreover, KZR INiG organizes training sessions for scheme participants and auditors.

As of 31 of December 2023 there were 1410 issued certificates and 9 active certification bodies (CBs).

In case of 1,6 % of FGPs the medium risk was assessed and 17 cases of FGPs high risk was detected. The risk for an entity is always assessed separately. Thus, for FGPs two kinds of risk level are determined: for farmers and for the EOs. In cases of 1,8 % of total EOs medium risk level was assessed. 3 cases of high risk of EOs were detected.

In 2023 there were three cases of certificates withdrawal and one rejection of an application of an economic operator. Certification bodies detected 586 minor and 262 major non-conformities during regular audits.

One of the tasks of the scheme is to supervise the CBs. Only KZR INiG is entitled to grant an authorization to a certification body. According to internal monitoring, KZR INiG carried out 18 audits of the CBs (total: on-site, witness, internal monitoring, accreditation audits). Polish Centre for Accreditation has launched a KZR INiG certification program. By the end of 2023, six CBs had been accredited according to this program.

Table of content

- (a) rules on the independence, method and frequency of audits as approved by the Commission upon accreditation of the voluntary scheme and any changes to them over time to reflect Commission guidance, the modified regulatory framework, findings from internal monitoring on the auditing process of certification bodies and evolving industry best practice; 4
- (b) rules and procedures for identifying and dealing with non-compliance by economic operators and members of the scheme; 5
- (c) evidence of fulfilling the legal requirements on transparency and publication of information in line with Article 6 of Commission Implementing Regulation (EU) 2022/996; 6
- (d) stakeholder involvement, particularly as regards the consultation with indigenous and local communities prior to the decision making during the drafting and reviewing of the scheme, as well as during audits, and the response to their contributions; 7
- (e) overview of the activities carried out by the voluntary scheme in cooperation with the certification bodies in order to improve the overall certification process and the qualification and independence of auditors and relevant scheme bodies; 8
- (f) market updates of the scheme, the amount of feedstock, biofuels, bioliquids, biomass fuels, recycled carbon fuels and renewable fuels of non-biological origin all certified, by country of origin and type, and the number of participants; 9
- (g) overview of the effectiveness of the implementing system put in place by the governance body of the voluntary scheme in order to track proof of conformity with the sustainability criteria that the scheme gives to its member(s). This shall cover, in particular, how the system effectively prevents fraudulent activities by ensuring timely detection, treatment and follow-up of suspected fraud and other irregularities and where appropriate, the number of cases of fraud or irregularities detected.; 9
- (h) criteria for the recognition of certification bodies; 10
- (i) rules on how the internal monitoring system is conducted and the results of its periodic review, specifically on oversight of the work of certification bodies and their auditors as well as on the system of handling complaints against economic operators and certification bodies; 10
- (j) possibilities to facilitate or improve the promotion of best practices; 12
- (k) information on the way the risk assessment required in Article 29(6) and (7) of the Directive (EU) 2018/2001 is made. 12
- (l) detailed statistical information and qualitative feedback on the implementation of the esca methodology. 13

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

Requirements concerning the independency, modality and frequency of audits of KZR INiG participants are described in scheme documents: System KZR INiG/9 and System KZR INiG/10. The documents were updated in order to adjust KZR INiG to the 2018/2001 Directive (RED II). The update of the scope of certification did not have a significant impact on the independence, modality and frequency of audits. Moreover, Polish Centre for Accreditation¹ has launched program scheme KZR INiG. Six of the nine active KZR INiG certification bodies have been accredited by the end of 2023.

The basic frequency of auditing is one audit per year. An EO loses participant status if it does not comply with this rule. In order to regain its status, it must re-register. Verification covers the whole period during which the certificate was held (despite the lack of the certification, even if the break lasted e.g. for one year or longer). It is emphasized (especially during trainings and auditing) that switching of certification body/certification scheme or a break in certification does not cause that the certification process starts again. Since July 2021 additional requirements concerning audit frequency for traders have been introduced.

Before accepting the EO KZR INiG performs due diligence. As a part of due diligence verification of EO's status according to other VS is performed. If the EO has unsolved issues with other scheme, the EO is not permitted to join KZR INiG. Due diligence covers not only verification of the legal entity but also legal predecessor and the management. If the management board of the company applying to KZR includes persons who were on another management board of the company in respect of which inconsistencies were found, then KZR rejects the application.

If the EOs place of activity is different than registration address, the audit should be carried out at actual activity place. The actual place of audit shall be reported in the audit documentation. Audits of farmers are performed or as on-site audits or as desk audits. Desk audits are allowed if there are:

- high quality satellite images of the cultivation area, and databases regarding, for example, protected areas, areas with high biodiversity, peatland, etc. (both current and as of 1st January 2008);
- reliable documents confirming land status (both current and as of 1st January 2008). Documents issued by governmental institutions (e.g. land register) or documents, including satellite images, confirming participation in the EU support system (cross-compliance) that could be considered as reliable.

¹ According to the Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93, Polish Centre for Accreditation has been appointed as the only national accreditation body in Poland

A risk level of a desk audit stays at the same level as a risk of on-site audit. A desk audit can be applied only in order to verify land (2008) status.

Performing the risk analysis before an audit is mandatory. In case of FGP scope there is an obligation to perform two separate risk analyses: for farmers and for FGP as for company. In case of 1,6 % of FGPs the medium risk was assessed and 17 cases of FGPs high risk was detected. The risk for an entity is always assessed separately. Thus, for FGPs two kinds of risk level are determined: for farmers and for the EOs. In cases of 1,8 % of total EOs medium risk level was assessed. 3 cases of high risk of EOs were detected.

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

The detailed procedures concerning proceeding with complaints and also internal monitoring procedures are described in the document “System KZR INiG/1” point 8 “Transparency and independence of the KZR INiG System, complaint procedures, internal monitoring”. Since July 2021 new procedure concerning proceeding with complaints was introduced. According to this procedure for each received complaint the Committee is launched. In 2023 no complaints were investigated.

Rules for dealing with non-conformities are described in the document “System KZR INiG/10”. Since July 2021 KZR INiG has introduced three categories of non-conformities and new rules of dealing with them.

In 2023 there were three cases of certificates withdrawals and one rejection of an economic operator’s application. Certification bodies detected 586 of minor and 262 of major non-conformities during regular audits.

- abusing of mass balance rules: 134 cases,
- abusing of GHG emission rules: 23 cases,
- abusing of land use criteria: 4 cases,
- mistakes or deficiencies in the documentation: 687 cases.

According to internal monitoring, KZR INiG carried out regular planned audits for each CB. The audits covered management system, internal procedures, documentation of audits performed at CBs’ clients. Furthermore, KZR INiG carried out witness audits. The witness audits allow to observe the real auditors work. Besides of planned audits KZR INiG performs audits as part of internal monitoring. This type of audit is performed by the KZR INiG auditors at the economic operator at any time during the validity of the certificate and reflects audit performed by the CB. The total number of audits performed by KZR INiG in 2023 was 18. If during the audit high risk of introducing non sustainable biomass as sustainable is detected, KZR INiG decides about an additional audit. In 2023 no cases of such audit took place.

In 2023 no CB joined the scheme.

(c) evidence of fulfilling the legal requirements on transparency and publication of information in line with Article 6 of Commission Implementing Regulation (EU) 2022/996;

All information connected with the KZR INiG scheme is published on the scheme's website (www.kzr.inig.eu). The website contains essential information such as:

- governance structure <http://www.kzr.inig.eu/en/menu1/structure/>;
- scheme documents (recognized by the European Commission). Documents are both in English and Polish. Self-declarations are available also in Polish, English, Ukrainian;
- contacts details <http://www.kzr.inig.eu/en/menu1/contact/>;
- a list of approved and inactive certification bodies. The list is constantly updated. Currently (April 2024) there are 9 approved certification bodies;
- a list of issued certificates with an option to download certificates (the list of economic operators participating in the scheme) <http://www.kzr.inig.eu/en/menu2/issued-certificates/>. The list is constantly updated and includes: the certificate number; participant ID; participant name, address and certified locations, certificate issue and expiry date, scope of certification and the name of the certification body which issued the certificate, remarks. The column "remarks" contains mainly following information:
 - Information on updating certificates,
 - Dates of certificates suspension,
 - Dates of certificates withdrawal,
 - Dates of certificates publication.

Information about updating certificates

If any data published on a certificate needs to be updated (e.g. scope, locations, company address etc.), the certificate is updated, valid certificate is published, and appropriate notes are placed in "remarks" column.

Dates of certificates suspension

In cases of abusing agreement provisions both in relation to the scheme and certification body, other than major non-conformities (e.g. delay in payment or sending quantity report), the publication of the certificate is temporary suspended until all arrears are settled. Information about suspension period stays available at all times and noted in the "remarks". There were 26 such cases.

Dates of certificates withdrawal

Appropriate information is noted in the "remarks" column. There were 3 cases in 2023.

Dates of certificate publication

In some cases, a CB withholds sending information to KZR INiG about issuing a certificate usually due to lack of payments until payments is settled. Thus, KZR INiG receives the certificate with delay and publishes both certificate validity date and publication date (noted as a "remark"). There were 4 such cases noted.

No fake certificates were detected during 2023.

News is published on the scheme website and also distributed via a newsletter. The newsletter function is freely available. What is more, the EO has each information and documents archived in the account of KZR INiG IT platform. Thus, each information is easy to trace.

A training plan is published on the scheme website, a reminder about upcoming training is also disseminated via newsletter.

The first annual activity report was published in 2024 and covered 2023.

The Report resulting from the KZR INiG activities is presented during the KZR INiG Council meetings.

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

The structure of the KZR INiG scheme includes the KZR INiG Council (see document KZR INiG System/1). The KZR INiG Council, called "the Council" in all System documents, comprises 5 to 10 members (external experts, e.g. industry representatives, associations, NGOs, representatives of government, representatives of certification bodies). It ensures that every group of stakeholders has its representatives in the Council. Members are selected such that each party has its own representatives, and no party predominates.

In 2023, two Council meetings were held. Besides regular reporting of current activity and problems, following crucial problems were discussed:

- Activities needed against UCO frauds, especially UCO originating from non-food industry;
- Results of internal monitoring;
- European Database;
- Aspects concerning implementation of IR 2022/996, especially art. 11;
- GHG emission at farmers level - no further possibility of using the NUTS 2 value.

In 2023 KZR INiG has approved two risk analysis for forest biomass. As a part of recognition process in both cases, public consultations were carried out.

(e) overview of the activities carried out by the voluntary scheme in cooperation with the certification bodies in order to improve the overall certification process and the qualification and independence of auditors and relevant scheme bodies;

Management of the scheme is performed according to the rules described in System KZR INiG/1 document. Biomass Certification Systems Office is responsible for supervising the scheme. In order to ensure robustness of the scheme many solutions have been implemented concerning both internal management of the scheme and supervision over CBs and EOs.

Biomass Certification Systems Office is a subject of internal audit. In 2023 one internal audit was carried out.

Verification of compliance with the KZR INiG requirements is carried out by the System's Administrator before and after authorization of a certification body - in periodic audit controls.

In 2023 the scheme has introduced requirement for certification bodies to also be accredited in accordance with ISO 17065, and to ISO 14065 if they perform audits on actual GHG values, by a national accreditation body and in accordance with Regulation (EC) No 765/2008.

Separately, the scheme set requirements for auditors (KZR INiG System/9 and KZR INiG System/10). The scheme after an update due to RED II, has introduced a matrix of competency requirements for verification of specific scopes.

Ensuring independency by a CBs is a subject of audits carried out by KZR INiG in the CBs (in accordance with internal monitoring procedure). Each CB appointed an external body usually called „impartiality committee“. The committee meets ones a year. The minutes of these meetings are a subject of the KZR INiG verification during audits.

The KZR INiG System pays particular attention to the supervision of auditor competence. This is why KZR INiG has introduced more severe requirements for CBs in relation to supervision over qualifications of auditors. This point extends the necessity for the maintenance of competences, also for staff involved in the KZR INiG certification process (not only auditors).

KZR INiG organizes trainings for auditors and for scheme participants. Each auditor before being appointed shall pass the basic training called “KZR INiG System principles” with positive result of the exam. In 2023 there were five sessions of these basic trainings covering scheme's requirements. Trainings are available in English and in Polish.

Additionally, each year KZR INiG organises a training called “Improving the KZR INiG audit”. The training is mandatory for the KZR INiG certification bodies. Scope of this training is always adjusted to current issues. The common mistakes made by an auditor/certification body are always discussed. In 2023 the training took place of December 5-6. The training focused on main audits mistakes, good audit practices, planning of the audits, UDB, biomass reporting issues, RFNBO certification. The training consisted of two parts: lectures and workshops.

Besides of basic training KZR INiG provides GHG emission workshops and training devoted to one specific topic e.g. certification of solid biomass.

KZR INiG auditors participated in 86 of man-days of training.

(f) market updates of the scheme, the amount of feedstock, biofuels, bioliquids, biomass fuels, recycled carbon fuels and renewable fuels of non-biological origin all certified, by country of origin and type, and the number of participants;

In 2023, there were 1410 of issued certificates. Most of them originate from Poland, however about 20% of them originates from other countries. The amounts of feedstock and biofuel certified, by country of origin and the type are presented in the attached file.

The scheme participants are obliged to report every 3 months amount of the products declared as the KZR INiG compliant products. Usually, 3 months period is equal to calendar quarter. Reporting is required on the KZR INiG forms, and the forms are suitable to gather all information needed to prepare KZR INiG report. Verification of reported data is carried out by an auditor during audits. Auditors are obliged to verify the correctness of reported amounts. In case of any discrepancies the auditor prepares the discrepancies report and send it immediately to KZR INiG.

(g) overview of the effectiveness of the implementing system put in place by the governance body of the voluntary scheme in order to track proof of conformity with the sustainability criteria that the scheme gives to its member(s). This shall cover, in particular, how the system effectively prevents fraudulent activities by ensuring timely detection, treatment and follow-up of suspected fraud and other irregularities and where appropriate, the number of cases of fraud or irregularities detected;

According to KZR INiG, sustainability characteristic shall be assigned to every batch of the product. Specific rules are described in the KZR INiG system /7 document. The scheme does not define any specific document to be issued with a given batch, but document no. 7 requires that all information (called minimum input/output data) shall be passed throughout the supply chain. Scope of information was updated because of RED II requirements.

There is a strong emphasis on the necessity for verification of validity of the supplier's certificate on the KZR ING's and other VSs website.

Any case of certificate revocation or suspension is published on KZR INiG website. In case of suspending and restoring a certificate, information about the period when the certificate was suspended is still published on the website (column "Remarks").

Supervision over CBs and EOs takes into account these aspects.

KZR INiG cooperates with other voluntary schemes in order to exchange information on suspended or withdrawn certificates. A dedicated e-mail address intercom-vs@inig.pl was established. The information on improved communication between schemes has been disseminated to KZR INiG participants.

KZR INiG perceives UDB as an effective tool in minimising the risk of fraud. Accordingly, free webinars covering these topics have been organized.

(h) criteria for the recognition of certification bodies;

There is no possibility to assign the right to issue authorization of any CB to an external entity. Only KZR INiG is entitled to grant an authorization to a CB. KZR INiG is also responsible for supervision of authorized certification bodies. Specific requirements and the pathway to receive the authorisation is defined in the documents system KZR INiG/9 and system KZR INiG/10. In June 2023 Polish Centre for Accreditation started the KZR INiG program under the ISO 17065 standard. There were 9 certification bodies active for 2023.

(i) rules on how the internal monitoring system is conducted and the results of its periodic review, specifically on oversight of the work of certification bodies and their auditors as well as on the system of handling complaints against economic operators and certification bodies;

Criteria for the recognition of a certification body are set in the KZR INiG System/ 9 document.

In practice, after the agreement between the CB and KZR INiG is signed, the certification body submits its internal procedures. The procedures are assessed by KZR INiG auditors before on-site audit and later discussed during the audit. The first assessment focuses mainly on the CB's procedures and rules protecting it from conflict of interest, ensuring the independence of CB, minimizing risks of any erroneous results of the audit, supervision of the staff and their competences, procedures for implementing the KZR INiG requirements, etc). As of December 31, there were 9 active certification bodies listed in the table below.

List of active and inactive certification bodies is published on websites (http://www.kzr.inig.eu/en/menu2/Certification_bodies/active-bodies/, http://www.kzr.inig.eu/en/menu2/Certification_bodies/inactive-bodies/)

	Name	Geography (address of accredited site)	Date of acceptance in scheme	EN-ISO/IEC 17065 accreditation body	No. of active economic operators certified by CB
1.	DEKRA Certification Sp. z o. o.	ul. Legnicka 48H, 54-202 Wrocław, Poland	29.07.2014	PCA, AC 159	241
2.	SGS Polska Sp. z o. o.	ul. Jana Kazimierza 3, 01-248 Warszawa, Poland	28.08.2014	PCA, AC 152	444
3.	Bureau Veritas Polska Sp. z o. o.	ul. Migdałowa 4, 02-796 Warszawa, Poland	11.09.2014	PCA, AC 182	228
4.	NOBLE CERT Sp. z o. o.	Włóczyków 22/6, 30-103 Kraków	03.06.2015	PCA, AC 245	28
5.	TÜV NORD Polska Sp. z o. o.	ul. Mickiewicza 29, 40-085 Katowice, Poland	17.07.2015	PCA, AC 103	48
6.	Control Union Poland Sp. z o. o.	al. Wojska Polskiego 45, 65-764 Zielona Góra, Poland	03.08.2020	PCA, AC 243	51
7.	BSI GROUP POLSKA Sp. z o.o.	al. „Solidarności” 171, 00-877 Warszawa, Poland	28.05.2018	ANAB	16
8.	United Registrar of Systems Polska Sp. z o. o.	Wrocław 50-312, ul. Żeromskiego 62/2	26.04.2021	PCA, AC 244	323
9.	TÜV SÜD Polska Sp. z o.o.,	ul. Podwale 17, 00-252 Warszawa	01.07.2022	PCA, AC 161	31

(j) possibilities to facilitate or improve the promotion of best practices;

KZR INiG emphasizes the use of the same rules by every scheme participant and also by CBs and auditors. In order to achieve these goals, the following steps are taken:

The KZR INiG organises the following types of trainings:

1. basic training and “Improving the KZR INiG audit” training mandatory for each KZR INiG auditor,
2. basic training “Certification for economic operators” dedicated for economic operators,
3. workshops “GHG emissions calculations”,
4. webinars covering one topic.

KZR INiG takes parts and deliver presentations also during conferences organised by external entities, usually industry organizations.

What is more, when any serious problem is detected, KZR INiG sends short clarification to the CBs via e-mail. The e-mails are also archived in the KZR INiG Module (e-platform); thus they are easily accessible.

KZR INiG has issued two guidebooks. The first is elaborated to facilitate reporting of sustainable biomass and the second is elaborated to facilitate implementation of KZR INiG requirements in the solid biomass supply chain.

Supervision over economic operators and certification bodies is supported by IT tool called “Modul KZR”. The IT tool is continuously developed in order to promote best practices, minimize the risk of human mistakes and in order to facilitate process management and traceability.

The KZR INiG also provides a newsletter function.

(k) information on the way the risk assessment required in Article 29(6) and (7) of the Directive (EU) 2018/2001 is made.

KZR INiG is officially recognized by the Decision 2022/2461 for demonstrating compliance with the requirements of Directive (EU) 2018/2001. The Decision also covers forest biomass. According to the KZR INiG requirements risk-based approach in the context of verification of forest biomass criteria set out in the Article 29 (6-7) of 2018/2001 Directive is to be applied. In 2023 KZR INiG carried out two assessments of the risk analyses at level A. The risk assessment is prepared by national expert organizations (e.g. competent ministries, qualified organizations or associations at national level, independent national authorities specifically set up to carry out the risk assessment). The draft of the risk analysis

is sent to the KZR INiG Office for further proceedings. The approval process composes of the following steps:

1. Appointment of the Technical Committee by the KZR INiG System;
2. Verification the report in terms of content and form by the Technical Committee;
3. Conducting public consultations;
4. Consideration of comments;
5. Approval of the risk analysis by the Technical Committee;
6. Publication of the risk analysis on the KZR INiG website.

The short summary of the process is presented in the table below:

Action	Polish	Czech Republic
Date of receiving of the draft:	3.04.2023	3.02.2023
Appointment of the committee	12.06.2023	1.03.2023
Public consultation period	31.07-20.08.2023	13.06.2023 – 4.07.2023
Date of final approval	6.09.2023	5.07.2023
Date of validity	5.09.2028	4.07.2028
Committee meetings	4	3

(I) detailed statistical information and qualitative feedback on the implementation of the esca methodology.

In 2023 there was no case of esca verification. However, KZR INiG documents have been updated regarding the esca methodology to be in line with 2022/996 Regulation.

The Report was prepared by Delfina Rogowska