Green*ergy* Brazilian Bioethanol verification programme:

System description

SYS DOC – 001 v.3 31 January 2011

1. Background

Green*ergy* is one of the UK's top three fuel suppliers, currently selling more than 140 million litres of petrol, diesel and biofuel every week to oil companies, supermarkets, and fleet users. The company aims to supply fuels and energy with a reduced environmental impact and is the largest supplier of biofuel in the UK, supplying more than a third of all the biofuel sold in the UK since 2005. Since 2007, Green*ergy* has been supported by ProForest, an independent consultancy, on the design and implementation of their sustainability strategy for biofuels.

The Green*ergy* Brazilian Bioethanol verification programme was originally developed under the UK Government's Renewable Transport Fuel Obligation (RTFO). Companies supplying biofuel under the RTFO were required to report the environmental performance of biofuel feedstocks against the RTFO sustainable biofuel meta-standard. Originally developed to benchmark existing certification schemes, the meta-standard was used by Green*ergy* to develop its own criteria, in the absence of an existing implemented certification scheme for sugarcane.

Green*ergy* began setting up a verification programme in the autumn of 2007, with the first full audits undertaken in early 2008.

In 2008, the Renewable Fuels Agency reviewed the **Green*ergy* bioethanol sustainability criteria for Brazilian sugarcane** and confirmed on 24 April 2008 that compliance with the criteria was equivalent to compliance with the full RTFO meta-standard. The Renewable Fuels Agency has described the Green*ergy* bioethanol sustainability criteria as meeting a "gold standard" for biofuels[1].

2. Scope and content

The **Green*ergy* bioethanol sustainability criteria for Brazilian sugarcane** cover the following aspects at the Principle level:

- Biomass production will not destroy or damage large above or below ground carbon stocks
- Biomass production will not lead to the destruction or damage to high biodiversity areas
- Biomass production does not lead to soil degradation

[1] See http://www.renewablefuelsagency.gov.uk/news/rfa-reports-progress-biofuel-sustainability-poor-performers-drag-rtfo-below-target-0

- Biomass production does not lead to the contamination or depletion of water resources
- Biomass production does not lead to air pollution
- Biomass production does not adversely affect workers rights and working relationships
- Biomass production does not adversely affect existing land rights and community relations

These Principles are as set out in the RTFO meta-standard, and were further developed to include amendments and guidance specific to the Brazilian sugarcane ethanol context. As per the RTFO meta-standard, the Green*ergy* sustainability criteria apply only to field production and harvest, and do not cover any further processing. Compliance with these Principles is verified using the criteria and indicators set out in the standard.

As a result of the introduction of the Directive 2009/28/EC (the 'RED requirements'), the Green*ergy* sustainability criteria text related to land use change has been amended to reflect the new requirements on land use change.

In practice, the introduction of the RED requirements means that the new minimum requirement for compliance only covers aspects of the standard related to land use change (impacting on biodiversity and carbon), including Article 17, 3. (a) (b) (c); 4 (a) (b) (c); 5 in the Directive, which are covered in Criterion 1.1, 2.1 , 2.2 and 2.3 in the Green*ergy* standard. See GREENERGY BIOETHANOL- STD DOC – 002 v.5 for the normative document and GREENERGY BIOETHANOL- COM DOC – 006 v.3 for the comparative analysis.

Additional reporting requirements, as set out in Article 17. 7 and Article 18. 3 of the Directive, are also covered in the standard in Criterion C3.1, C3.2, C4.1, C4.2, C5.1, C5.2, C6.1, C6.2, C6.3, C6.4, C6.5, C6.6, C6.8, C6.9, C6.10, C7.1, C7.2 . See GREENERGY BIOETHANOL- STD DOC – 002 v.5 for the normative document and GREENERGY BIOETHANOL- COM DOC – 006 v.3 for the comparative analysis.

The verification programme also includes a GHG component. The feedstock default, which is 71% for the whole fuel chain (as set out in Annex V of the Directive) can be used, though if there is evidence of land use change, this must be added to the default. See GREENERGY BIOETHANOL- GHG DOC – 005 v.3.

The content of the normative verification programme documents described within the system description of the *Greenergy Brazilian Bioethanol verification programme* will be reviewed and amended as necessary on publication of revisions or additional guidance by the European Commission. Periodic reviews initiated by Green*ergy* will also be undertaken to ensure the standard is kept up to date.

3. Management of the programme

The verification programme is administered by Green*ergy*.

The unit of verification is the supply base of the mill. Sugarcane plantations are normally controlled by the mill at which the raw material is processed.

Verification is only available to mills selected by Green*ergy*, which are current or planned suppliers in the Green*ergy* supply chain.

Once a mill has been selected, a third party auditor is hired by Green*ergy* to undertake an audit using the Green*ergy* criteria. Auditors must meet certain minimum requirements, which are reviewed by Green*ergy*, before they can undertake field audits. See GREENERGY BIOETHANOL- AUD DOC – 004 v.3).

As part of the administration and management of the programme, Greenergy:

- Has an auditable system for the evidence related to the claims they make and rely on
- Keeps evidence for a minimum of 5 years
- Prepares any information related to the auditing of such evidence.

4. Claims

4.1 Sugarcane mills

Each mill in the programme is audited before entering the scheme and before a claim about that specific mill can be made. Audits must meet the minimum EU RED requirements in order for a claim about EU RED compliance to be made (Criterion 1.1, 2.1 , 2.2 and 2.3 in the Green*ergy* standard). No group auditing or sampling is undertaken. The sample size is 100% of sugarcane mills in the programme.

Results from the audit can be applied to the entire harvest season, regardless of when during the harvest season the audit was undertaken. No claims about the sustainability of product can be made until a successful audit has been undertaken. Retroactive claims can be made once a successful audit has been undertaken, covering the earlier part of the harvest season. Additionally, the audit report is valid for one year from the date of the final audit report. At a minimum, surveillance audits must be undertaken every year, with full audits occurring at least every 5 years.

Auditors record findings against the **Green*ergy* bioethanol sustainability criteria for Brazilian sugarcane** criteria and indicators using major and minor non-conformances.

Compliance can be reported with the whole standard, or partial compliance with parts of the standard. Partial compliance with the standard at a minimum covers the EU RED requirements (1.1, 2.1, 2.2 and 2.3 in GREENERGY BIOETHANOL- STD DOC – 002). Failures recorded against these criteria will result in the sugarcane production not meeting EU RED requirements.

4.2 Supply chain operators

Each supply chain operator in the programme is audited before entering the scheme and before a claim about the product supplied from the specific economic operator can be made. No group auditing or sampling is undertaken. The sample size is 100% of supply chain operators in the programme. At a minimum, surveillance audits must be undertaken every year, with full audits occurring at least every 5 years.

Auditors record findings against the **Green*ergy* bioethanol verification programme: Chain of custody requirements** using major and minor non-conformances.

Where there is evidence that installations have been in operation on or before 1 January 2008, (C1.1, I1.1.1 in the GREENERGY BIOETHANOL- STD DOC – 002 v5), the minimum 35% savings threshold shall not be required until 1 April 2013, and claims about EU RED compliance with this requirement cane be made. No claims by supply chain operators or Obligated Economic Operators shall be made using this exemption after 1 April 2013, regardless of when the sugarcane was grown, harvested or processed.

4.3 Non-conformances

A Major non-conformance:

- Is repeated or systematic *or*
- Continues for an extended period of time *or*
- Affects a wide area *or*
- Is a non-conformance which is not corrected or adequately responded to by the responsible managers once it is identified *or*
- Results in, or is likely to result in, a fundamental failure to achieve the objectives of the relevant criterion in the Management Unit(s) within the scope of the evaluation

A Minor non-conformance:

- Is a temporary lapse, *or*
- Is unusual/ non-systematic, *or*
- The impacts of the non-compliance are limited in their temporal and spatial scale,
- *And* prompt corrective action has been taken to ensure that it will not be repeated,
- *And* it does not result in a fundamental failure to achieve the objective of the relevant criterion.

Where major corrective action requests (CAR) are raised by the auditors, there are 90 days during which these can be closed out, after which a fail against the criterion to which the CAR applies will be recorded.

No certificates will be issued to either the operators or Green*ergy*. The record of the audit will be the formal report issued by the third party auditors to Green*ergy* on completion of the field audit.