



Risk Management

CertifHy EU RFNBO Voluntary Scheme

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1 Status of this document

This document, ‘Risk Management’, is part of the CertifHy EU RFNBO Voluntary Scheme.

All CertifHy EU RFNBO Voluntary Scheme documents in their latest applicable version are valid and must be considered for the scope of application.

In the event of conflict between the text of this document and the CertifHy Scheme Document, the CertifHy Scheme Document shall always take precedence.

1.1 Change History

Version	Date	Description
1.0	01.03.2023	Version 1.0
1.1	10.07.2023	Version 1.1 (adjustments following the publication of an updated version of the Assessment Protocol for Voluntary Schemes for RFNBOs)
1.2	15.01.2024	Version 1.2 (adjustments taking up the Q&A Document of the European Commission of 26.07.2023)
1.3	02.05.2024	Version 1.3 (adjustments taking up the Q&A Document of the European Commission of 14.03.2024 and feedback from DG ENER)

2 Purpose of this document

The purpose of this document is to describe the requirements on how to manage risks within the CertifHy EU RFNBO Voluntary Scheme framework. Risk Management represents an integral part of the quality policy of the CertifHy EU RFNBO Voluntary Scheme. These requirements are key factors for ensuring the integrity, reliability, credibility, and high-quality assurance of the CertifHy EU RFNBO Voluntary Scheme.

3 Scope and Normative References

The principles regarding Risk Management lay down the general process on how to identify, monitor, evaluate and address risks to ensure proper and transparent implementation of the CertifHy EU RFNBO Voluntary Scheme requirements and standards. The risk management principles are applied to the CertifHy Scheme Operator as an organisation, to Certification Bodies, and Economic Operators interested to get certified according to CertifHy EU RFNBO Voluntary Scheme requirements.

This document covers the requirements on how the Risk Management process under the CertifHy EU RFNBO Voluntary Scheme is applied to all activities related to the CertifHy EU RFNBO Voluntary Scheme and the implications of risks for CertifHy EU RFNBO Voluntary Scheme outputs. The requirements for Risk Management complement the requirements laid down in the CertifHy EU RFNBO Voluntary Scheme documents.

4 Definitions of Terms

Term	Definition
Risk	Effect of uncertainty on objectives (ISO 31000:2009)
Risk Assessment	Process of identifying, evaluating, managing, and monitoring a risk according to the probability of its occurrence, and the significance of its consequences
Risk Management	Coordinated activities to direct and control an organization with regard to risk (ISO 28002:2011)

5 Definitions, Process and Levels of Application

A Risk may or will have an impact on the mission or the integrity of the CertifHy EU RFNBO Voluntary Scheme. It can be evaluated in terms of the probability of the event occurring and its consequences if it does occur.

Risk indicators can be used to identify potential risks. A risk indicator is an example describing an event or situation which could pose a risk to the CertifHy EU RFNBO Voluntary Scheme and/or the CertifHy Scheme Operator.

The scope of this document only covers risks related to the requirements of the CertifHy EU RFNBO Voluntary Scheme. It does not consider other risks, such as technical or financial risks.

Once a risk is identified, it must be evaluated according to its relevance in a specific situation. The result of the evaluation leads to the classification of the risk. In the framework of CertifHy EU RFNBO Voluntary Scheme Audits, the risk is evaluated and classified with a risk level (low (risk factor 1.0), medium (risk factor 1.5) or high (risk factor 2.0)).

Risk Management is relevant on three different levels in the CertifHy EU RFNBO Voluntary Scheme: For the CertifHy Scheme Operator, for Certification Bodies cooperating with the CertifHy Scheme Operator, and for Economic Operators being certified according to the CertifHy EU RFNBO Voluntary Scheme. On each level the principles for risk management must be taken into account and applied appropriately.

5.1 CertifHy

Risk Management is an integral part of all operations and decisions within the CertifHy EU RFNBO Voluntary Scheme. The CertifHy Scheme Operator continuously monitors potential risks to the integrity of the CertifHy EU RFNBO Voluntary Scheme through:

- The multi-stakeholder dialogue between the CertifHy Scheme Operator and CertifHy stakeholders, e.g. in CertifHy Working Group meetings;
- Regular meetings with recognised Certification Bodies to exchange feedback and practical experiences;
- Continuous feedback from Economic Operators including complaints or reports of non-compliance or alleged fraudulent behaviour; and
- A continuous internal review of Audit documentation submitted to the CertifHy Scheme Operator.

If risks to the CertifHy Scheme Operator are identified in specific regions or regarding specific topics, the CertifHy Scheme Operator will engage with relevant stakeholders for the development of appropriate risk control and mitigation measures. To that end, a fact-based analysis of the risk must be considered.

Furthermore, the CertifHy Scheme Operator promotes new developments, tools, and other measures to improve the Risk Management process. This includes the

application of risk assessment tools such as databases that may improve the traceability of certified products or sustainability claims, thus reducing the risk of fraud.

Audit documentation must be submitted by the Certification Body to the CertifHy Scheme Operator after an Audit has been conducted. On the grounds of a risk-based evaluation, the CertifHy Scheme Operator internally reviews some of this documentation. Such internal reviews ensure a consistent application of CertifHy EU RFNBO Voluntary Scheme documents and procedures and a level playing field for Certification Bodies and Economic Operators.

5.2 Certification Bodies

Prior to the Audit of an Economic Operator, the Certification Body conducts an independent Risk Assessment. During this Risk Assessment the Certification Body should take into account the results of the self-assessment (if performed) by the Economic Operator and the design of the Economic Operator's management system.

As part of the requirements for Certification Bodies to be recognised by the CertifHy Scheme Operator, they must have risk management processes and procedures in place that are adapted to the CertifHy EU RFNBO Voluntary Scheme requirements (see Chapter 6.5 in the "Requirements for Certification Bodies & Auditors" document). These must include a risk management process to ensure that Audits are carried out reliably, rigorously and in a way that risks to the CertifHy EU RFNBO Voluntary Scheme integrity are covered. They must also include risk evaluation.

The Certification Body shall identify relevant risk factors associated with any particular operation or activity. This shall include the identification of potential sources of risk to Certification Body operations as a whole and to any part thereof, and to the comprehensive, consistent, and transparent implementation of the CertifHy EU RFNBO Voluntary Scheme requirements.

For each risk identified, the Certification Body shall assess the potential extent of the damage that could result from deficient implementation of the CertifHy EU RFNBO Voluntary Scheme requirements. Depending on the results, the intensity and focus of the Audit is to be determined (according to the principles specified in Chapter 6), meaning the higher the determined risk factor the more thoroughly the Audit needs to be conducted to verify and ensure compliance with CertifHy EU RFNBO Voluntary Scheme requirements.

During the risk assessment for Economic Operators, Certification Bodies shall investigate different reliable sources and should check whether country-specific information is available for the region where the Audit will be conducted. This can include, for example, a web-based inquiry of current reports from Non-Governmental Organisations (NGOs), journals, or other media regarding social or environmental issues relevant for CertifHy EU RFNBO Voluntary Scheme certification. The result of this investigation shall be taken into consideration for the identification and assessment of risks and for deciding when Audits are planned and conducted.

During Audits, the Certification Body must follow a risk-based approach and put a special focus on areas for which the risk assessment has indicated higher risks instead of areas with a lower risk. Furthermore, the Certification Body must consider the results of previous Audits. Depending on the fact-based findings during the Audit, the Certification Body is entitled to increase (or reduce) the risk level.

5.3 Economic Operators

The Economic Operator shall develop, document, and implement a Risk Management approach. It is recommended that the Risk Management approach is based on ISO 31000:2018.

The Economic Operator shall provide the name and details of the management representative who has overall responsibility for developing and implementing the Risk Management approach. The Economic Operator shall ensure and maintain the necessary knowledge, resources, competencies, skills, and systems for complying with this procedure. In particular, the management representative who has the overall responsibility for putting the Risk Management approach in place shall be knowledgeable and competent to do so.

The Economic Operator shall include all entities, sites, facilities, and employees, including sub-contractors, in the scope of certification. Staff responsible for implementing the Risk Management approach shall be properly trained and qualified.

In parallel to the external risk assessment conducted by the Certification Body, the Economic Operator can conduct a self-assessment based on the principles and risk indicators specified in Chapter 6. Based on the result of the self-assessment, the Economic Operator can design its internal (quality) management system in a way to appropriately address and minimise the identified risks its activities could have for the integrity of the CertifHy EU RFNBO Voluntary Scheme.

The risk assessment on the level of Economic Operators focuses on the (internal) processes of the Economic Operator and the risk of non-conformity with the applicable CertifHy EU RFNBO Voluntary Scheme requirements and principles specified in the CertifHy EU RFNBO Voluntary Scheme documents.

6 Risk Assessment

In order to be applied it in the context of RFNBOs certification in a practical way to be a good guidance, this document is supplemented by the CertifHy RFNBO training, which explains the practical application of these criteria in more detail.

6.1 Identification of Risk

The first step during the risk assessment is to identify potential risks by analysing the risk indicators (see below). The risk indicators identified form the basis for the risk assessment in the framework of the CertifHy EU RFNBO Voluntary Scheme. They shall be considered during all CertifHy EU RFNBO Voluntary Scheme Audits in order to identify potential risks of non-conformity with the CertifHy EU RFNBO Voluntary Scheme requirements or for the integrity of the CertifHy EU RFNBO Voluntary Scheme, and have to be supplemented by further risk indicators if required to properly assess the individual set-up of an Economic Operator. Furthermore, an analysis of the geographic conditions and/ or the relevant processes must be conducted. This may require the definition of further risk indicators applicable to the individual situation that are not explicitly specified within the CertifHy EU RFNBO Voluntary Scheme. A risk assessment can be conducted remotely, but if needed also on-site. If necessary, the remote assessment may also be supplemented by the verification of the results at the specific location. The CertifHy EU RFNBO Voluntary Scheme may require Economic Operators and Certification Bodies to use specified online tools for specific Audit scopes to enable a harmonised approach and provide a level playing field.

The traceability and chain of custody of sustainable products is an important aspect of the risk assessment for all Economic Operators (see ‘Traceability & Chain of Custody’ document). It must be assessed whether there are specific risks that RFNBOs, materials or other fuels may be sold or delivered as being sustainable and if the requirements on mass balance are complied with.

With regards to the greenhouse gas emission value of RFNBOs, materials and other fuels, it must be assessed whether there is a risk of mistakes when calculating the emission value or a risk of false declaration of emissions (see CertifHy EU RFNBO Voluntary Scheme document ‘GHG Emissions & Sustainability’).

General risk indicators include but are not limited to:

- Determination, structuring, organisation, and documentation of the number of workflows and their complexity (in-house processes);
- Number, structuring, organisation, expertise, management, involvement and monitoring of subcontractors and external service providers;
- Number and structuring of the workflows that are carried out by subcontractors compared to the ones that are carried out by permanent in-house staff;
- In-house quality management system, internal Audits (structure and documentation);

- Transparency (public reporting, involvement of local interest groups, independent Audits, social, environmental, and economic aspects of sustainability);
- Mechanisms for conflict resolution established independently, documented, and implemented;
- Management of conflicts of interests and prevention of corruption;
- Risk of corruption and fraud (e.g. according to OECD list, Transparency International Corruption Perceptions Index, etc.), i.e. how serious is the external risk of corruption and how does this influence implementation;
- Certification history, including previous or current CertifHy EU RFNBO Voluntary Scheme certification and certification under other sustainability certification schemes, as well as previous failed Audits, and withdrawn or suspended certificates under former schemes;
- Frequency of changes in certification schemes (“scheme hopping”);
- Frequency of changes of the Certification Body conducting Audits under the CertifHy EU RFNBO Voluntary Scheme (“CB-hopping”);
- Accuracy of records and documents;
- Degree of topicality, frequency of updating records and documents;
- Accessibility of records and documents;
- Completeness of records and documents;
- Risk of single consignments being claimed more than once (double-counting).

6.2 Evaluation of Risk

The second step of the Risk Assessment is to evaluate and classify the identified risks. For the evaluation of the identified risks, the following elements must be taken into consideration:

- Sources and causes of the risk;
- Identification of potential consequences from the risk if it would occur, the impact (e.g. negligible, moderate, critical) and the probability of its occurrence (e.g. unlikely, occasional, likely);
- Factors influencing the impact and the probability of the risk to occur;
- Differing perceptions of the importance of or emphasis on the risk by different stakeholders.

Based on the risk evaluation, the risk is classified according to one of the three risk levels:

- Low (risk factor 1.0)
- Medium (risk factor 1.5)
- High (risk factor 2.0)

A risk assessment matrix as shown in Table 1 may be used to facilitate the classification of the risk.

Table 1: Example of a risk assessment matrix

Probability of occurrence \ Impact	Likely	Occasional	Unlikely
Critical	High	High	Medium
Moderate	High	Medium	Low
Negligible	Medium	Low	Low

With respect to the risk of flawed or deficient documentation the following guidance can be given for the risk evaluation and classification:

- If the necessary records and documents are accurate, up to date, complete, easily accessible, and there is no indication of non-conformity with CertifHy EU RFNBO Voluntary Scheme requirements, the risk can be classified as low. The risk of non-conformity with traceability requirements can be considered low if, for example, appropriate track-and-trace databases are used and can be accessed by the Certification Body during the Audit;
- If the necessary records and documents are not accurate and not easily accessible, the risk should be classified as medium;
- If the records and documents are not continuously up to date and not kept to full extent, i.e. files are missing, files are not accessible, files are not disclosed, or if there is indication of non-conformity or fraud the risk should be classified as high.

If non-conformities are detected during a CertifHy EU RFNBO Voluntary Scheme Audit that relate to claims made by the Economic Operator during the certification period, the Audit plan shall be revised accordingly. This especially applies if those non-conformities have an impact on the downstream supply chain, e.g. non-conformity with the mass balance requirements, non-conformity of Proofs of Sustainability (e.g. false information), or non-conformity with the greenhouse gas requirements (e.g. incorrectly determined GHG intensity value). In this case, a high-risk level must be applied during the subsequent re-certification Audit of the respective Economic Operator.

It is up to the Certification Body’s judgement to discontinue the Audit if either the documentation is not easily accessible or the amount of unavailable documentation does not allow for a professional Audit. Depending on the actual findings during the Audit, the Certification Body is entitled to increase or reduce the risk level applied during the next Audit.

Economic Operators are free to choose any of the Certification Bodies recognised by the CertifHy Scheme Operator for certification according to its EU RFNBO Voluntary Scheme to perform CertifHy EU RFNBO Voluntary Scheme Audits, and may also change the Certification Body they have a contract with. The Economic Operator, however, cannot change the Certification Body during an Audit. If an Economic

Operators frequently changes the Certification Body conducting the Audits under the CertifHy EU RFNBO Voluntary Scheme, this may be regarded as a risk indicator of “CB hopping” (i.e. change of Certification Body with the intention to cover up infringements or violations of CertifHy EU RFNBO Voluntary Scheme requirements). It is the responsibility of the newly contracted Certification Body to take this into account when conducting the risk assessment, as well as considering the certification history of the Economic Operator and the relevant Audit documents from the previous Audits.

In the case of non-conformities with CertifHy EU RFNBO Voluntary Scheme requirements, CertifHy EU RFNBO Voluntary Scheme certificates may be suspended or even withdrawn, depending on the severity of the infringement. For at least the next two Audits following the withdrawal of a certificate or a period of suspension the Certification Body has to apply a higher risk level, i.e. the risk level must be higher than the risk level applied for the previous Audit.

6.3 Identification and Implementation of Risk Control Measures

After a risk is identified and evaluated, it must be managed properly to ensure that the probability of non-conformity with CertifHy EU RFNBO Voluntary Scheme requirements is continuously minimised. This is done by applying the following measures:

For Certification Bodies

- Adjusting the intensity of Audits to adequately consider the risk level. With regards to traceability, this means adjusting the number of documents to be verified by the Auditor.

For Economic Operators

- Adjusting the tasks of the Economic Operator’s management, in particular with regards to
 - Specification of responsibilities;
 - Training of employees;
 - Documentation;
 - Duty to report (including reporting and submitting documents to the Certification Body or to the CertifHy Scheme Operator); and
 - Internal auditing and management system.

For the CertifHy Scheme Operator

- Extending the definition of risk factors for certain areas.

If the Audit includes Chain of Custody verification, i.e. traceability and plausibility of amounts, the risk factor drives the intensity of the Audit with respect to the documentation that needs to be verified. All documentation relevant for the CertifHy EU RFNBO Voluntary Scheme for a complete year must be available during a CertifHy EU RFNBO Voluntary Scheme Audit in order to evaluate the mass balance calculation and allow for plausibility checks between company reporting and mass

balance results. However, it is (usually) not necessary for the Certification Body to verify every single document (e.g. Proofs of Sustainability, contracts, etc.) from an entire year. Instead, the Certification Body is entitled to, and must be able to, take random document samples to check whether records and documents meet the requirements for traceability. It is the Certification Body's responsibility to define the size of the sample that will permit the Certification Body to reach the level of confidence necessary to issue a certificate.

The frequency of surveillance Audits shall be based and adjusted on the basis of the level of overall risk related to the profile of the Economic Operator and the results of previous Audits.