



Assurance Protocol

- CNG Certification Program -

(DRAFT RELEASE - vs 0.1 - June 2019)

Important notes and considerations:

CNG is currently revising and updating its certification program, as outlined in the **Terms of Reference**. The new CNG Certification Program (vs 1.0) consists of a revised Standard (vs 3.0, in the past referred to as the KNG Standard vs 2.0), a new Assurance Protocol (vs 1.0) and a new Claims Policy (vs 1.0). For questions related to the CNG Certification Program, please contact certification@climateneutralgroup.com. All (draft) documents can be found on the CNG website: <https://www.climateneutralgroup.com/en/cng-certification-program-development-process/>.

- This (draft) Assurance Protocol is developed by CNG. Key stakeholders are invited to provide their feedback, first during a **Stakeholder Event** on the 25th of June, 2019, and afterwards through a formal **Online Consultation Round**. This feedback will be incorporated in the development process of a new version of this Assurance Protocol.
- This document is publicly available (for free, from the CNG website) in English, which is the only official and binding version. If requested by multiple stakeholders, a Dutch version can be provided.

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1 Introduction

Climate Neutral Group (CNG) has developed a Standard to encourage good practices related to greenhouse gas (GHG) emission reductions. In accordance with the Paris Agreement, a status of net-zero emissions needs to be realised globally by 2050, so that the worst effects resulting from climate change are mitigated. This entails any GHG emission reduction (CO₂eq: carbon dioxide and/or other GHG, converted to the equivalent amount of carbon dioxide), achieved in any place in the world, provided the reduction is only 'counted' or 'claimed' once (i.e. for voluntary market, national compliance market).

However, striving to achieve the Paris targets will not be enough: it has already been concluded by the international community that this ambition is technically not feasible for some major emitting sectors, and others will need to set the bar higher. The CNG Certification Program therefore has a strong focus on internal reductions. That is, offsetting is a means to reach a 'climate neutral' status, however clients wishing to become 'CNG certified' also need to make a serious commitment and make improvements towards their own reductions.

This document, the CNG Assurance Protocol, describes the rules pertaining to the CNG Certification Program, and stipulates the relationship between and roles and responsibilities of the different actors involved in the verification and certification process, being:

- A. the **Client** itself, wishing to become or remain certified against the Standard;
- B. the **Footprint Calculator** (further referred to as '**FC**'), responsible for accurate calculations of CO₂-eq footprints and/ or Life Cycle Assessments (LCA);
- C. the **Certification Body** (further referred to as '**CB**'), responsible for independent verification of clients' compliance with the Standard; and
- D. **Climate Neutral Group** (further referred to as '**CNG**'), acting as scheme owner.

This Assurance Protocol is derived from the [ISEAL Assurance Code, vs 2.0](#)¹. When this protocol is adhered and implemented accurately by above actors, it assures that certified clients are really compliant with the CNG Standard and that the program really makes the desired impact, in other words, that the program's integrity and credibility can be really guaranteed, and legitimate claims can be made.

A fundamental principle is that CNG strives to offer a certification program that has the right balance in terms of scalability, credibility and cost-efficiency:

- **Scalability:** a program that is sufficiently attractive, practical and flexible for (potential) clients, allowing for rapid uptake (so that large-scale impact can be achieved);

Versus

- **Credibility:** a program with a certain degree of rigidity, strictness and consistency, to protect the integrity of the program

Versus

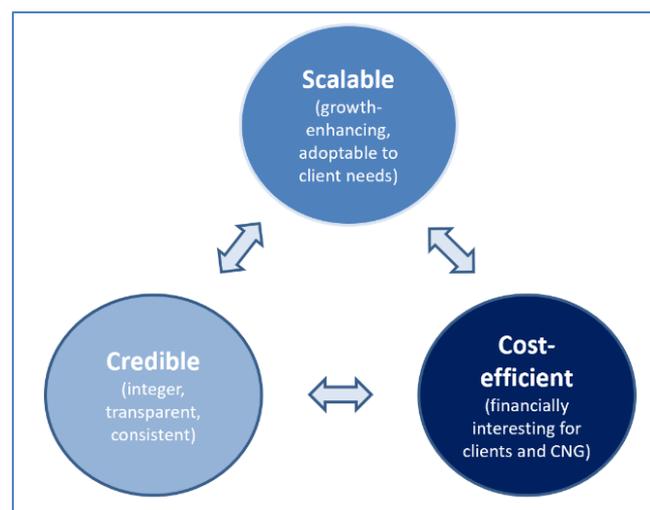


Figure 1: Credibility vs scalability vs cost-efficiency

¹ See: https://www.isealalliance.org/sites/default/files/resource/2018-02/ISEAL_Assurance_Code_Version_2.0.pdf



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- **Cost-efficiency**, a program that gives 'value for money', with reasonable verification and certification costs, while allowing CBs and CNG to cover for their own operating costs.

This means that this Assurance Protocol reflects sufficient stringency to protect the program's credibility, but at the same time offers enough flexibility and cost-efficiency to facilitate for growth of CNG's client portfolio so that real impact can be made.

NOTE: This Assurance Protocol is developed as part of the development trajectory of the revised CNG Certification Program, envisioned to be published in June 2020 and to go live during the 2021 certification cycle. However, an interim (draft) version of this document will already be used for the verification and certification process in 2020, against the current KNG Standard, vs 2.0. Sections in this document that are not applicable to the 2020 certification cycle will be clearly marked in future versions of this document.

NOTE: Where in this document reference is made to other norms (e.g. the ISO norms) or protocols (e.g. the GHG Protocol) or schemes (e.g. PAS2050), always the latest available version shall apply.



2 Verification and Certification Process

2.1 General provisions and definitions

- **'Certification scope'**: refers to the type of certification, i.e. 'certification of the organisation' and/ or 'certification of a particular product/ service' (or multiple products and services)
- **'Emission scope'**: refers to the type of emissions, i.e. the emissions that shall be included in the footprint / LCA calculation (and the boundaries thereof), derived from the definitions of the Greenhouse Gas Protocol (scope 1, 2, 3).

Certification scope & Emission scope	
Certification of the Organisation	Certification of a Product / Service
<p>If a client choses to get certified for its <u>organisation</u>, the emission scope shall include all emissions resulting from the organisation's own organisational activities = total of GHG scope 1 and 2 (see GHG Corporate Standard), plus 'relevant GHG scope 3 emissions'² (see GHG Value Chain (Scope 3) Standard, or SKAO handbook³).</p> <p>NOTE: '40% scope 3 rule': clients of which their total GHG scope 3 emissions (for all products and services combined) exceed 40% of their total GHG scope 1 + 2 + 3 emissions can only qualify for 'certification of the organisation' if they also reduce 40% on scope 3 (in line with the Science Based Targets). Alternatively, these clients can apply for product certification.</p> <p>NOTE: If the organisation has multiple sites or locations, or sub-contracts activities to other parties, their GHG scope 1 and 2 (and relevant scope 3) emissions are included in the emission scope (meaning: included in the footprint calculation and subject to the verification and certification process, unless FC and CB have agreed to grant an exception).</p>	<p>If a client choses to get a <u>product or service</u> certified, the emission scope shall include all emissions that occurred from the sourcing, manufacturing, delivery (and optionally disposal) of that particular product or service, i.e. from Cradle-to-Gate/Shelf/Grave⁴ = scope 3 for that product/ service only (see GHG Product Life Cycle Standard), plus a 'corresponding portion of GHG scope 1 and 2 emissions'⁵ (see GHG Corporate Standard).</p> <p>NOTE: '80% materiality rule': If the product's supply chain includes multiple tiers, all their individual emissions pertaining to the certified product/ service are included in the emission scope (meaning: included in the LCA calculation and subject to the verification and certification process, however for an accuracy (materiality) of 80% only, meaning that only the biggest 'emitters' shall be included.</p>

Table 1: Explanation Certification scope and Emission scope

NOTE: A detailed explanation of the GHG scopes 1, 2 and 3 can (currently) be found in Annex 1 of the 'Proposition Paper – Reduction Criteria', but will be included in the final version of the Standard.

FOR STAKEHOLDER INPUT (see also: 'Proposition Paper – Reduction Criteria):

- **For certification of organisation: Is the '40% scope 3 rule' reasonable? It is in line with Science Based Targets, and represents the ambition the CNG program stands for, but at the time, is this doable for clients?**

² 'Relevant scope 3 emissions' are those GHG scope 3 emissions that can be directly controlled and influenced by the client, for instance emissions resulting from business commuting, business flights, packaging. This is part of the scope and boundaries definition process, see section 2.2.

³ The SKAO handbook is particularly known in the Dutch market. SKAO's scope definition is acknowledged by CNG, because 'relevant' scope 3 emissions are classified as scope 2, see: <https://www.skao.nl/handbook-3>.

⁴ Depends on what was agreed with Footprint Calculator, as part of the scope and boundaries definition process, see section 2.2.

⁵ 'Corresponding portion of scope 1 and 2 emissions', are those GHG scope 1 and 2 emissions that can be directly or proportionally allocated to the certified product/service This is part of the scope and boundaries definition process, see section 2.2.



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- **For certification of organisation:** If a certain scope 1 or 2 activity is outsourced, should it still be included in organisation's footprint, or not?
- **For certification of a product:** It is important to treat all clients equally and to require the same boundaries (to gate, shelf, grave). Would it help if CNG would define sectors, and define rules per sector, or would that actually be a limitation for some clients?
- **For certification of a product:** Also, is the 'to-grave' option desirable, or does 'to-gate' and 'to-shelf' suffice client needs?
- **For certification of a product:** Is the '80% materiality rule' feasible? (sufficient ambitious versus practically doable for clients?)
- **'Certified entity':** refers to the legal entity that is certified, hence responsible for compliance with the Standard and owner of the certificate (also referred to as the '*certificate owner*')

Certified entity	
In case of: Certification of the Organisation	In case of: Certification of a Product / Service
The organisation itself (or its legal representative) is the certified entity and owner of the certificate. If the organisation has multiple sites or locations, or sub-contracts activities to other parties , all are listed as an annex to the certificate.	The last or 2nd last link of the product's supply chain (or its legal representative) is the certified entity and owner of the certificate. If the product's supply chain includes multiple tiers , all are listed as an annex to the certificate. NOTE: CNG recommends that the certified entity is the link with most negotiating power in the supply chain (e.g. a retailer or manufacturer). Costs resulting from verification of interim supply chain links should be agreed and amongst all supply chain links and charged onwards between these parties)

Table 2: Explanation Certified Entity

- **'CNG certified clients'** refers to the 'certified entity', that is being verified and certified by an 'eligible CB' (independent 3rd party) and found to be fully compliant with the CNG Standard (for its 'certification scope' and 'emissions scope'), hence may make claims about its compliance status and may make use of the CNG logo's.



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2.2 Process overview

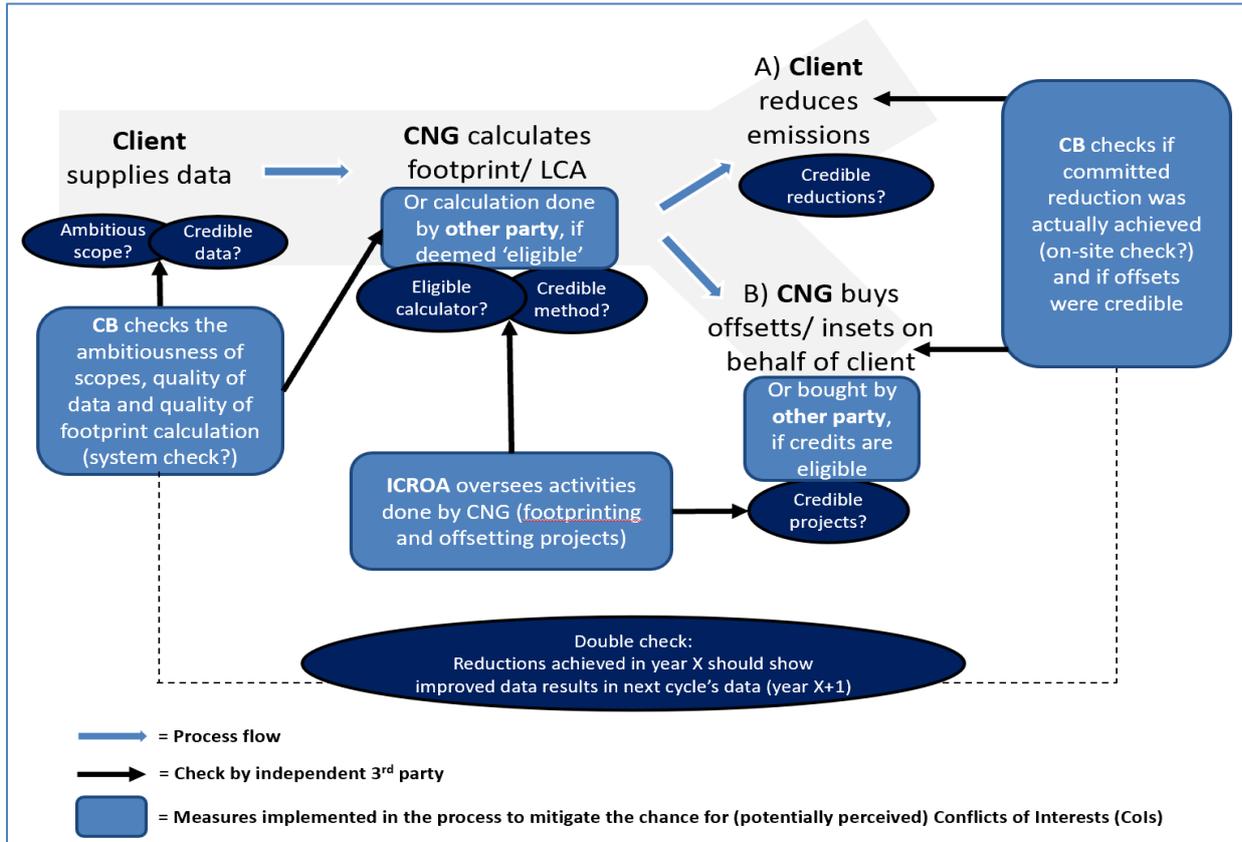


Figure 2: Process overview

FOR 1 ST AUDIT ⁶		Deadline
1.	<p>The client informs Climate Neutral Group (CNG) about their desire for certification (either through their Carbon Advisor (CNG contact person) or via: certification@climateneutralgroup.com). CNG shares all relevant certification documents, provides advice about the Client's certification scope and informs the client about eligible Footprint Calculators (FCs) and Certification Bodies (CBs).</p> <p>NOTE: In the situation the client steps in outside the regular verification and certification cycle, client CNG and CB will collectively agree if the required data-sets and evidence is available so that the 1st audit can take place outside the regular auditing timeframe (and client can thus still be certified for that year).</p>	Any moment
2.	<p>The client contacts one or more eligible FCs (either CNG or any other eligible party) for a quotation of the footprint/ LCA calculation, and eventually selects its preferred FC.</p> <p>NOTE: The footprint/ LCA may be made by the client itself, provided the calculator meets the eligibility criteria mentioned in section 3.1. In that case, step 3 and 4 can be skipped.</p>	Date X – 8 wks (appr. end Jan.)
3.	<p>Eligible FCs must respond to quotation requests within two 2 weeks after request was made by client. Client and FC strive to sign a (legally enforceable) contract within two 2 weeks after quotation process. The contract shall clearly describe:</p> <ul style="list-style-type: none"> the agreed certification scope and emission scope (incl. its boundaries); footprint/ LCA calculation fees and expected delivery date. 	Date X - 4 wks (appr. end Feb.)

⁶ E.g. for new clients, or for clients audited for the first time by an eligible CB.



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	It is the responsibility of the FC to review if the emission scope (and especially the scope's boundaries) reported by the client are sufficiently ambitious and to challenge these. The FC informs the client which data sets will need to be submitted.	
4.	<p>The client collects the required data-sets needed for the footprint/ LCA calculation and submits the entire package latest by end of Q1 to the FC.</p> <p>NOTE: Delays are accepted (e.g. if certain data-sets are not yet available), provided that FC + CNG are informed by email (certification@climateneutralgroup.com) before the end of Q1, and the missing sets or corrections are submitted latest by end Q2. If not, CNG and/ or CB reserve the right to issue a 'non-certification'.</p>	Date X = End of Q1 (possible delay to end of Q2)
5.	Once the data is complete, the footprint/ LCA calculation is made by the FC (following an eligible calculation method/ tool, see NOTE in step 10) and results are shared with the client within 2 weeks.	Date X + 2 wks
6.	Simultaneously (or shortly after step 5), the client contacts one or more eligible CBs for an audit quotation , and eventually selects its preferred CB.	Date X + 3 wks
7.	<p>Eligible CBs must respond to quotation requests within two 2 weeks after request was made by client. Client and CB strive to sign a draft (legally enforceable) audit contract within two 2 weeks after quotation process. The contract shall clearly describe:</p> <ul style="list-style-type: none"> • composition of the certification team (auditor or auditing team + certifier), audit dates and duration; • agreed certification scope and emission scope (incl. its boundaries); • audit fee calculation and total fees + justification for on-site or desk-review; • an explanation of the 'level of assurance', which must be 'reasonable', see ISO 14064-3:2006, section 2.28; • the acceptable 'materiality'⁷ percentage, which as a 'rule of thumb' does not exceed appr. 5% of the total emission scope for 'certification of the organisation' and appr. 20% for 'certification of a product/ service'. 	Date X + max 7 wks
8.	<p>OPTIONAL, BUT STRONGLY RECOMMENDED:</p> <p>The client fills in the self-assessment checklist and submits this together with the required documentation to the CB, latest 3 weeks prior to the audit (or any earlier moment).</p> <p>NOTE: Advantages of doing a self-assessment: (1) The client has better insight in its own compliance status and can use the self-assessment as a moment of reflection of its own performance; (2) The audit duration time can (potentially) be reduced (to be reflected in a revision of the audit contract, and (3) If after review of the self-assessment the CB decides the client is not ready for the audit, the audit is stopped (meaning no unnecessary audit costs, suspensions or de-certifications).</p>	Date Y – 3 wks
9.	<p>CB reviews the following documentation:</p> <ul style="list-style-type: none"> • self-assessment checklist filled in by client (if submitted by client); 	Date Y – 1 wk

⁷ Materiality refers to the concept that individual errors or the aggregation of errors, omissions and misrepresentations could affect the footprint/ LCA and influence decisions made from this information. Therefore, materiality is used to identify information that, if omitted or mis-stated, would significantly misrepresent the footprint/ LCA as a whole and ensure that such material discrepancies are omitted/ minimised.



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	<ul style="list-style-type: none"> the calculation method/ tool used by the FC, and the actual footprint/ LCA calculation made by the FC; the 'prove of eligible offsetting'. <p>Based on this documentation, the CB prepares a (draft) audit plan for the execution of the audit and shares this audit plan (and if applicable, any amendments to the earlier signed draft audit contract) within 1 week with the client.</p> <p>NOTE: In the exceptional situation that the CB deems the client not to be 'ready' for the audit (meaning an audit would be a useless investment), the CB first aligns with CNG, after which CNG advises client how to proceed.</p>	
10.	<p>CB commits to perform the 'first audit', as per ISO 14064-3:2006, before the end of Q2. Summarized, this audit entails the following verifications (more concrete Guidelines for Interpretation and Review of Standard Requirements are outlined in Annex 1).</p> <p>Review of FC's 'emission calculation', , either on-site or desk-review:</p> <ol style="list-style-type: none"> If the actual footprint/ LCA calculation <u>method or tool</u> was credible (e.g. holistic tool with correct calculation formulas and conversions (if applicable), resulting in the correct calculation output and correct baseline calculation); If <u>data input</u> was correct and complete (i.e. all data is put in correctly, all emissions are included, emission factors and emission data are correct, etc). <p>NOTE: Eligible FCs may make use of their own preferred footprint/ LCA calculation methods. All calculation methods or tools shall be reviewed, to check if the method/ tool itself is sufficiently credible to become 'eligible'. As the method/ tool itself is not expected to change often, the CB will do the review of the method/ tool as part of the regular audit, but only once every 3 years (unless the FC informs the CB that the method/ tool has changed). Data input remains to be checked during each audit. If the tool/ method is approved by the CB, the CB will communicate its findings to CNG, who keeps record of 'verified and approved calculation methods/tools' (referred to as 'eligible methods/ tools'), so that in the future recognition for other clients can be considered.</p> <p>Review of client's performance, either on-site or desk-review:</p> <ol style="list-style-type: none"> If the agreed boundaries are sufficiently ambitious for the activities the organisation undertakes, and if the emission scope includes all emissions (also of sub-contractors and other sites); If the submitted data-sets submitted to the FC were true and complete (representative for the agreed emission scope and its boundaries); If the client's 'Reduction Plan' is feasible and sufficiently ambitious for the future; If the client has sufficiently offset/ inset, as requested for the claims the client wishes to make, and if the client has received (tentative) claims- and logo-use approval from CNG; For Product Certification Only: If the Supply Chain Map for the certified product is true and complete (and if all emissions of supply chain partners are included) <p>For product certification only: Review of suppliers or other supply chain partners, either at their premises or desk-review:</p> <ol style="list-style-type: none"> If the submitted data-sets submitted by each supply chain partner were true and complete (for their part of the product's emissions). 	Date Y = End of Q2



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	NOTE: For products with complex supply chains and many ingredients, LCAs will assumingly be made using averages, available from general databases or literature. However, client shall strive to mobilise its supply chain to obtain factual data on the biggest 'emitters' in the product's supply chain, nevertheless a 20% LCA accuracy error (materiality) is acceptable.	
11.	<p>Once the audit is completed, the auditor (or auditing team) makes a formal 'certification recommendation' to the CB's 2nd reviewer (certifier), which includes a recommendation for:</p> <ul style="list-style-type: none"> • the '<i>baseline year</i>' (= reference year) and '<i>baseline reduction target</i>' (=X emissions that client needs reduce annually, compared to the reference year); • the <i>audit frequency</i> and <i>audit intensity</i> for next year's cycle; • a positive or negative certification decision for that year; <ul style="list-style-type: none"> - If a positive certification decision, the auditor shares the draft audit results (report) with the certifier for signature, and the report (reviewed and signed by the certifier and with signed certificate) is issued to the Client + CNG latest 2 week after the last audit day. <p>NOTE: In the case the certifier doubts the recommendations of the auditor, this timeframe can be extended to 4 weeks. In the event the auditor's recommendation is overruled with another certification outcome, the audit is declared to be invalid and needs to be re-done at the cost of the CB.</p> <ul style="list-style-type: none"> - If a negative certification decision, section 2.4 scenario B or C applies. <p>NOTE: The certifier signs off the final certification decision, and is therefore ultimately responsible for the certification process. The certifier role can also be executed by an independent committee, see section 5.4 of ISO 14065:2013). In principle, CNG does not intervene in certifier's certification decisions. However, as part of the Oversight Mechanism, CNG reserves the right to review certification decisions, either before or after the certification decision and final audit report are shared with the client.</p>	Date Y + 2 wks

FOR CB INPUT:

- Is the materiality percentage reasonable, and how to check, especially for scope 3?
- Any additional rules needed as to when supplier sites or premises shall be physically audited?

FOR CONSECUTIVE AUDITS ⁸	
12.	<p>The same above steps are followed (although possibly with lower audit intensity and frequency, see section 2.5), however the CB shall now also validate:</p> <p>Review of client's performance, either on-site or desk review</p> <ul style="list-style-type: none"> i. If the client achieved sufficient reduction compared to the baseline year. If not, a negative certification decision could apply. j. If the client's 'Reduction Plan' will accommodate for achievement of the annual reduction target in the future.

Table 3: Process steps and timelines

2.3 Order and content of the audit

During an audit (whether on-site or desk-review), the auditor(s) shall commence and close the audit with an opening and closing meeting respectively. Both during the opening and closing meeting, client's management

⁸ 2nd audit, 3rd audit, etc



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team and/ or management representatives shall participate. As a minimum, the auditor and auditee shall abide by the following rules:

Activity	'Rules' to abide								
Opening meeting → With management	<ul style="list-style-type: none"> • Introduction of auditing team and auditee(s) • Explanation of the process, time-planning and expectations • Recap of self-assessment (optional) and previous audit results • Recap of certification scope, emission scope and boundaries – any changes or information missing? • Additional topics, e.g. confidentiality, safety during audit, availability of resources and staff members for interviews 								
Actual verification and checks	<p>The auditor reviews if the client is compliant with <u>all</u> requirements of the Standard. During the audit, the auditor shall indicate on the Audit Checklist (to be developed)⁹ for each requirement (one-by-one):</p> <p style="margin-left: 40px;">A) his/ her compliance conclusion for that requirement + B) which evidence (or lack of evidence) justifies this compliance conclusion.</p> <p>Annex 1 provides guidelines as to how each requirement should be interpreted and how the auditor should judge compliance.</p> <p>The auditor may use the following methods, so that substantial evidence can be collected to justify the compliance conclusion for each requirement:</p> <table border="1" data-bbox="470 1075 1388 1265"> <thead> <tr> <th data-bbox="470 1075 933 1108">Audit method</th> <th data-bbox="933 1075 1388 1108">Type of evidence</th> </tr> </thead> <tbody> <tr> <td data-bbox="470 1108 933 1153">Interviews with responsible staff</td> <td data-bbox="933 1108 1388 1153">Interview notes or recording</td> </tr> <tr> <td data-bbox="470 1153 933 1220">Observations (e.g. of processing environment and activities)</td> <td data-bbox="933 1153 1388 1220">Photos</td> </tr> <tr> <td data-bbox="470 1220 933 1265">Review of documentation and records</td> <td data-bbox="933 1220 1388 1265">Copies of documents and records</td> </tr> </tbody> </table> <p>The CB reserves the right to sample (e.g. selective number of interviews or records to be checked), in order to collect a representative collection of evidence, provided the sampling method meets a '<i>reasonable level of assurance</i>', see ISO 14064-3:2006, section 2.28. CNG recommends evidence checks of at least the 5 biggest emitters/ emissions, plus a random selection of evidence checks on low(er) emitters/ emissions.</p> <p>All evidence (where permitted, e.g. interview notes, photos, documents) is added to the audit file by the auditor. CNG strives to provide a tool or app that allows for rapid uploading of evidence connected to the 'Information Management System (see section 4.2).</p> <p>In the event the auditor deems a) the client to not be compliant with a certain requirement, and/ or b) if the client cannot provide the requested evidence during the audit that proves compliance, and/ or c) if it appears that the emission scope and its boundaries were insufficiently ambitious, the auditor reserves the right to issue either a major or minor non-conformity (NC)¹⁰. Major NCs can only be issued for 'core'</p>	Audit method	Type of evidence	Interviews with responsible staff	Interview notes or recording	Observations (e.g. of processing environment and activities)	Photos	Review of documentation and records	Copies of documents and records
Audit method	Type of evidence								
Interviews with responsible staff	Interview notes or recording								
Observations (e.g. of processing environment and activities)	Photos								
Review of documentation and records	Copies of documents and records								

⁹ To be developed, as part of the revision of the Standard

¹⁰ And reports its finding to CNG, for CNG to review the performance of the FC



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	requirements (indicated in the Standard with the sign “*CORE*”), or deliberate fraud, and are irreversible. Minor NCs can be corrected.
Closing meeting → With management	<ul style="list-style-type: none"> • Discuss and share first findings (e.g. checklist filled in + all evidence collected) • Clearly formulate major and minor NCs, and reasons why (justifications). • Discuss next steps (certifier will review auditor’s recommendation): <ul style="list-style-type: none"> ▪ If no NCs – when client can expect final audit report and certificate ▪ If minor NCs – discuss options and requirements for the NC Review ▪ If major NCs – inform about consequences of non-certification, the grievance procedure and discuss options for next review cycle <p>NOTE: In the case of minor NCs, the auditor may not provide technical advice, e.g. inform how the client can become compliant and which corrections and corrective actions need to be implemented.</p>

Table 4: Explanation of order and content of the audit

FOR CB INPUT:

How will CBs do the sampling, taking into account the requirement for a reasonable assurance level?

2.4 Certification decision outcomes

The first or consecutive audits will either result in a formal positive or negative certification decision (with nuance in the severity in the NCs ascertained), with the following implications:

Scenario	Certification decision	Implication
A	Positive	<p>The client receives a certificate (signed by the certifier) for 1 year, and is permitted to make claims during this period.</p> <p>NOTE: If client is considered to be a ‘Good Performer’, for the next year an audit exemption can be granted, meaning CB shall issue a 1-year extension of the current certificate.</p>
B	Negative with minor NCs only	<p>The client receives a ‘second chance’ to still get certified for that same year (retro-actively). Steps:</p> <ol style="list-style-type: none"> 1. During or after the verification audit, the client and auditor + certifier agree on corrections and corrective actions¹¹ to be implemented by the client within max. 3 months after last day of the audit. 2. At any moment within this 3 months period, when the client deems to be ready for the NC Review, the client contacts the CB to agree on the NC Review date and expenses. 3. During the ‘NC Review’, the auditor reviews if the corrections and corrective actions led to the desired results and if client deserves certification. <ul style="list-style-type: none"> • If deemed positive, scenario A applies (= the auditor makes a recommendation to the certifier, and if positive, the client still receives a certificate and is permitted to make claims for the current year). • If not deemed positive, scenario B applies (= the client is not certified for this year and needs to re-apply for the next cycle, meaning the client will have a gap in its certification status).

¹¹ Correction = correcting what went wrong in the past. Corrective Action = prevent the same mistake is made again in the future.



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C	Negative with at least 1 major NC	The severity of the NC is serious, and cannot be corrected anymore. The client does not deserve the status of certification (and if the client still has a valid certificate, it will be suspended). The client can only re-apply for the next cycle. CNG, CB and Client decide together on potential consequences, such as claims removal, product recalls, use of remaining packaging material, penalty fees, etc.
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Table 4: Certification decision scenarios

2.5 Audit frequency and intensity

The audit frequency and intensity may vary. A distinction is made between:

- **New clients:** new clients, clients previously verified against the KNG Standard vs 2.0, or clients audited for the first time by an eligible CB -> shall undergo a full fletch on-site audit in their first year of certification (applicable also to new 'small volume clients').
NOTE: If during any year a negative certification decision is issued, client 'returns' to status of 'New Client'.
- **Small volume clients:** clients of which their baseline footprint (for organisation or product/ service) is ascertained at <1000MT -> always qualifies for a desk review, except for their first year of certification.
- **Certified clients:** clients in year 2, 3, etc -> shall undergo at least one on-site audit every three years (ideally, in those years that compliance is reviewed as per the 'compliance flexibility rule'¹²). In the interim years, clients may choose for a desk-review.
- **Good performers:** clients who have not had any major + minor NCs for the past two years in a row, or who had reduced internally more than required for the 'on track claim' for the past two years in a row, may decide for audit exemptions. If 'good performers' request (and qualify for) an exemption, the CB extends the last certificate with one year at no cost.

Below figure showcases different possible progress tracks but more scenarios are possible.

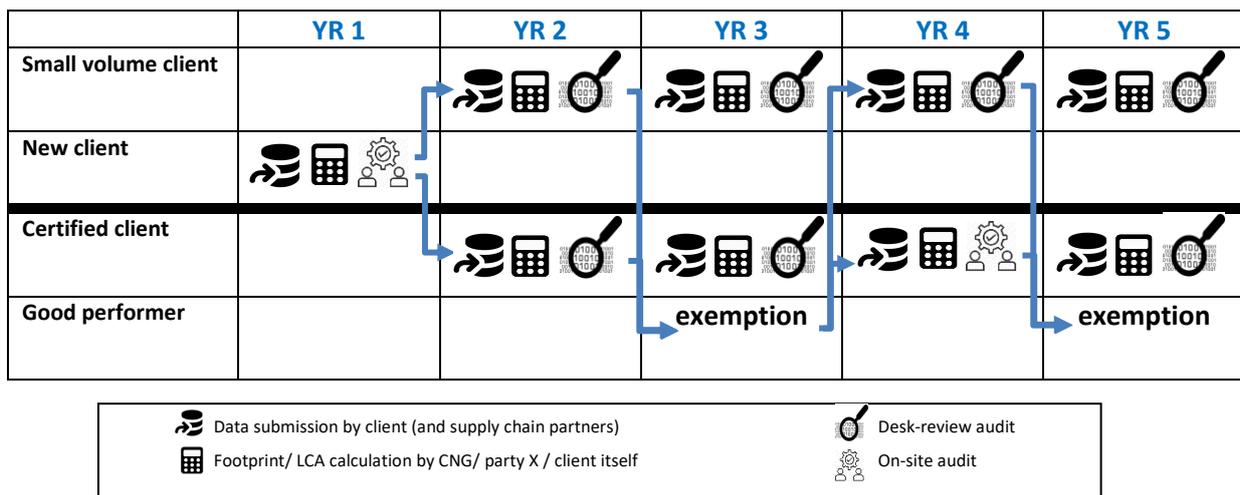


Figure 3: Audit frequency and intensity scenarios

¹² See explanation of 'Compliance flexibility rule' also in 'Proposition Paper – Reduction Criteria': To facilitate compliance, clients are given a 3-years-period to demonstrate they achieve the annual (internal) reduction targets. That means that in year 1 an ambitious internal reduction plan shall be made, but the actual emission reduction results only need to be achieved and demonstrated after 3 years. However, after these 3 years, the required reductions has accumulated for 3 years, meaning 3 * annual reduction target needs to be demonstrated to remain compliant.



2.6 Audit duration and audit fee calculation

The minimum and maximum **audit duration timeframe** depends on A) the certification scope, B) the agreed emission scope and its boundaries and C) the client's self-assessment and is calculated as follows:

TYPE	Certification of the Organisation		Certification of a Product / Service	
	Footprint of the organisation (in T CO2/yr)	# of workdays ¹³	Footprint of the product (in T CO2/yr)	# of workdays ¹⁴
Desk-Review Audit	<1000	0,25 workday	Differs per type of product/ service	1 – 2 workdays, depending on complexity of supply chain and calculation methodology (including reviews of supply chain tiers)
	1000-10,000	0,5 workday		
	>10,000	1 workday		
On-Site Audit	<1000	0,5 workday	Differs per type of product/ service	1 – 3 workdays, depending on complexity of supply chain and calculation methodology (including reviews of supply chain tiers)
	1000-10,000	1 workday		
	>10,000	1,5 workdays		

Table 5: Minimum and maximum audit duration

The CB is bound to the following **audit fee calculation** rules:

Activity	# workdays that may be charged	Expenses
Audit preparation, including review of footprint/ LCA calculation	Max. 0,5 workday if self-assessment was submitted and max. 1 workday if self-assessment was not submitted	A. 1 * daily auditor rate = X EUR
Regular audit (on-site or desk-review)	See table above for audit duration timeframe	B. duration in hrs * daily auditor rate = X EUR
Audit report-writing	Max 0,5 workday	C. 1 * daily auditor rate = X EUR
Travel time	based on actual travel time	D. X hrs * <u>70%</u> of daily auditor rate
Total fee CB may charge to client		A + B + C + D

Table 6: Calculation of audit fee

Additional rules:

- The CB reserves the right to amend the contract (and fee), after the self-assessment review and even after the verification audit took place, in the following situations:
 - If the auditor could not complete the audit within the audit duration timeframe, but only after having shared proper justification with CNG.
 - If minor NCs were detected during the regular audit, the CB conducts a second review (*NC Review*) with the purpose to check if corrections and corrective actions implemented by the client served their purpose. In principle, this is a desk review (<1000T category), but in exceptional situations (e.g. when proper justification is shared with CNG), this can be an on-site review (and against another volume category).

¹³ A workday is considered to be 8 hours per day.

¹⁴ Idem



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- The daily auditor rate is defined by the CB (and usually depends on auditor experience/ seniority, overhead costs, etc). If the auditing team is composed of multiple auditors, different auditor rates may apply. CNG does not intervene in price setting, nor does international auditor rate regulation exist, but CNG deems the following rates reasonable (in EUR, excl VAT):

Daily auditor rate	Europe, North America, Australia	Africa, Asia, South America
Junior Auditor	700 – 1200 EUR	400 – 900 EUR
Senior Auditor	1000 – 1500 EUR	600 – 1100 EUR

Table 7: Reasonable daily auditor rate

- Additional costs made during the audit, e.g. for food, transport, lodging, communication may be charged onwards to the client (at actual expense incurred), but should be clearly mentioned on the CB's invoice and supported by copies of receipts.
- Auditor travel time may be charged to client, but only at 70% of daily auditor rate.
- Clients should pay the CB's invoice within 1 month after the invoice date indicated on the CB's invoice. If the client fails to pay the invoice within due time, the CB reserves the right to suspend the client.
- For an NC review, CB may send a separate invoice.

FOR CB INPUT:

- Are above audit duration, calculations and auditor rates reasonable to conduct an audit and to generate sufficient profit, in order for CBs to remain committed to the program?



3 Eligibility Criteria

NOTE: CNG reserves the right to amend the eligibility criteria in future releases of the Assurance Protocol (e.g. to request certain accreditations, auditor performance requirements, additional requirements for FCs, et cetera).

3.1 Eligibility criteria for Footprint Calculators (FCs)

The footprint/ LCA calculation shall only be made by 'eligible footprint calculators', which may be CNG staff members, another 3rd party (individual/ organization) or the client itself, who meet the following eligibility criteria:

<p>Knowledge of other standards Can be proven through:</p> <ul style="list-style-type: none"> • certificate of attendance of training on the requested standard or • through personal interview with CNG staff 	<p>1. Proven knowledge of GHG protocols, i.e. GHG Corporate Standard and GHG Corporate Value Chain (Scope 3) Standard (or SKAO Handbook)</p> <p>2. Depending on the certification scope, proven knowledge of:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; font-size: small;">For 'Certification of the Organisation'</th> <th style="text-align: center; font-size: small;">For 'Certification of a Product/ Service'</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • ISO 14064-1:2018 </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • GHG Protocol Product Life Cycle Standard • PAS 2050 or ISO 14044:2006 + 14040-2006 • The major emissions in the supply chain of the certified product or service. </td> </tr> </tbody> </table>	For 'Certification of the Organisation'	For 'Certification of a Product/ Service'	<ul style="list-style-type: none"> • ISO 14064-1:2018 	<ul style="list-style-type: none"> • GHG Protocol Product Life Cycle Standard • PAS 2050 or ISO 14044:2006 + 14040-2006 • The major emissions in the supply chain of the certified product or service.
For 'Certification of the Organisation'	For 'Certification of a Product/ Service'				
<ul style="list-style-type: none"> • ISO 14064-1:2018 	<ul style="list-style-type: none"> • GHG Protocol Product Life Cycle Standard • PAS 2050 or ISO 14044:2006 + 14040-2006 • The major emissions in the supply chain of the certified product or service. 				
<p>Experience Can be demonstrated though: Log of Footprint/ LCA calculations made in the past, filled in as per CNG's Log Template (to be developed)</p>	<p>3. Proven past experience with making footprint/ LCA calculations:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; font-size: small;">For 'Certification of the Organisation'</th> <th style="text-align: center; font-size: small;">For 'Certification of a Product/ Service'</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • Track record of footprint calculations made </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> • Track record of LCA calculations made </td> </tr> </tbody> </table>	For 'Certification of the Organisation'	For 'Certification of a Product/ Service'	<ul style="list-style-type: none"> • Track record of footprint calculations made 	<ul style="list-style-type: none"> • Track record of LCA calculations made
For 'Certification of the Organisation'	For 'Certification of a Product/ Service'				
<ul style="list-style-type: none"> • Track record of footprint calculations made 	<ul style="list-style-type: none"> • Track record of LCA calculations made 				
<p>CNG Training Can be proven through: Certificate CNG Training</p>	<p>4. Participation in CNG Training Program</p>				
<p>Formal agreement Does not need to be shared with CNG</p>	<p>5. Client and Footprint Calculator have signed a formal agreement or contract, unless client makes own footprint/ LCA.</p>				

Table 8: Eligibility criteria for Footprint Calculators

FOR STAKEHOLDER INPUT:

If the footprint is done by the client itself, are the above eligibility criteria too stringent? On the other hand, if we do not apply strict rules, there is the risk that one client does a very good calculation, whereas the other client does not. Where to draw the line: maybe less stricter rules, on the condition that CNG should checks the footprint first?

3.2 Eligibility criteria for Certification Bodies (CBs)

CBs shall formally apply (as an organisational entity) to become an eligible CB. CB's may choose their certification scope(s) itself, being 'certification of organisations' and/ or 'product/ service certification'. Only 'eligible CBs'



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(organisations), that A) meet the below eligibility criteria (for their chosen scope) and B) are formally endorsed by CNG, may conduct audits and issue certifications for the CNG Certification Program

<p>Account Manager Can be proven through:</p> <ul style="list-style-type: none"> • CV with contact details and • Certificate CNG Training 	<p>1. A dedicated person is appointed (directly employed by the CB) to be responsible for central account management of CNG clients and responsible for CB's adherence to all rules and processes described in this Assurance Protocol. This person has attended the CNG Certification Program Training. NOTE: This person is not responsible for the certification decision itself</p>				
<p>Accreditation Can be proven through: valid accreditation certificate</p>	<p>2. Valid accreditation for the CB's chosen certification scope(s), issued by an Accreditation Body that is an IAF member or ISEAL full member:</p> <table border="1" data-bbox="507 638 1401 795"> <thead> <tr> <th data-bbox="507 638 943 674">For 'Certification of the Organisation'</th> <th data-bbox="943 638 1401 674">For 'Certification of a Product/ Service'</th> </tr> </thead> <tbody> <tr> <td data-bbox="507 674 943 795"> <ul style="list-style-type: none"> • ISO 14065:2013 or ISO 17021-1:2015 with relevant sub-scopes¹⁵ </td> <td data-bbox="943 674 1401 795"> <ul style="list-style-type: none"> • ISO 14065:2013 or ISO 17065:2012 with relevant sub-scopes¹⁶ </td> </tr> </tbody> </table> <p>3. Implementation of ISO 14065:2013 within the operational activities of the CB for the CNG Certification Program. The CB shall establish competent teams as defined in section 6.3 of ISO 14065:2013.</p>	For 'Certification of the Organisation'	For 'Certification of a Product/ Service'	<ul style="list-style-type: none"> • ISO 14065:2013 or ISO 17021-1:2015 with relevant sub-scopes¹⁵ 	<ul style="list-style-type: none"> • ISO 14065:2013 or ISO 17065:2012 with relevant sub-scopes¹⁶
For 'Certification of the Organisation'	For 'Certification of a Product/ Service'				
<ul style="list-style-type: none"> • ISO 14065:2013 or ISO 17021-1:2015 with relevant sub-scopes¹⁵ 	<ul style="list-style-type: none"> • ISO 14065:2013 or ISO 17065:2012 with relevant sub-scopes¹⁶ 				
<p>Experience Can be proven through:</p> <ul style="list-style-type: none"> - Log of CB's involvement in carbon-related activities, filled in as per CNG's Log Template (to be developed) 	<p>4. CB can demonstrate solid experience and track record in (validation and/ or verification of) carbon footprinting, emission reductions and/ or offsetting, either as auditing body, technical advisor or project contributor.</p>				
<p>Formal agreement Also owned by CNG</p>	<p>5. CB and CNG have signed a Memorandum of Understanding and/ or Framework Agreement</p>				

Table 9: Eligibility criteria for Certification Bodies

3.3 Eligibility criteria for certifiers and auditors

Certifiers and auditors shall formally apply (as individuals for their roles respectively) and may also choose their scope(s) ('certification of organisations' and/ or 'certification of a product/ service'). Individuals can be endorsed for both roles (as certifier and auditor), nevertheless shall never perform both roles for one client (to comply with the 4-eyes-principle). Only 'eligible auditors and certifiers', who A) meet the below eligibility criteria (for their role and chosen scope) and B) are formally endorsed by CNG, may conduct audits and/or issue certifications for the CNG Certification Program:

<p>Knowledge of other standards Can be proven through:</p> <ul style="list-style-type: none"> • certificate of attendance of training on the requested standard <p>or</p>	<p>For both certifiers and auditors:</p> <ol style="list-style-type: none"> 1. Proven knowledge of ISO 14064-3:2019 2. Proven knowledge of GHG protocols, i.e. GHG Corporate Standard and GHG Corporate Value Chain (Scope 3) Standard (or SKAO Handbook)
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¹⁵ For the Development and Implementation Phases (see ToR), CNG accepts any sub-scope.

¹⁶ Idem



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<ul style="list-style-type: none"> personal interview with CNG staff 	<p>3. Depending on the certification scope, proven knowledge of:</p> <table border="1" data-bbox="507 293 1401 589"> <thead> <tr> <th data-bbox="507 293 943 331">For 'Certification of the Organisation'</th> <th data-bbox="943 293 1401 331">For 'Certification of a Product/ Service'</th> </tr> </thead> <tbody> <tr> <td data-bbox="507 331 943 589"> <ul style="list-style-type: none"> ISO 14064-1:2018 </td> <td data-bbox="943 331 1401 589"> <ul style="list-style-type: none"> GHG Protocol Product Life Cycle Standard PAS 2050 or ISO 14044:2006 + 14040-2006 The major emissions in the supply chain of the certified product or service. </td> </tr> </tbody> </table>	For 'Certification of the Organisation'	For 'Certification of a Product/ Service'	<ul style="list-style-type: none"> ISO 14064-1:2018 	<ul style="list-style-type: none"> GHG Protocol Product Life Cycle Standard PAS 2050 or ISO 14044:2006 + 14040-2006 The major emissions in the supply chain of the certified product or service.
For 'Certification of the Organisation'	For 'Certification of a Product/ Service'				
<ul style="list-style-type: none"> ISO 14064-1:2018 	<ul style="list-style-type: none"> GHG Protocol Product Life Cycle Standard PAS 2050 or ISO 14044:2006 + 14040-2006 The major emissions in the supply chain of the certified product or service. 				
<p>Relevant work experience</p> <p>Can be proven through:</p> <ul style="list-style-type: none"> CV with work experience details and Audit log, listing all relevant past audits, filled in as per CNG's Log Template (to be developed) 	<p>4. Proven relevant work experience:</p> <ul style="list-style-type: none"> For certifiers: min. 15 relevant audits* + 5 certification reviews (acting as certifier for any other scheme) For auditors: min. 10 relevant audits* <p>*Relevant audits are: audits focussing on the verification of carbon footprints or LCAs, audits for other ICROA approved carbon neutrality schemes or programmes, or audits validating offset or inset projects that meet ICROA criteria. Instead of</p>				
<p>CNG Training</p> <p>Can be proven through: Certificate CNG Training</p>	<p>5. Participation in CNG Training Program</p>				
<p>Formal agreement =</p> <p>Does not need to be shared with CNG</p>	<p>6. Formalised working relationship between CB and certifier/ auditor, documented in a contract:</p> <ul style="list-style-type: none"> For certifiers: shall have long-term relationship with CB and is directly employed by CB For auditors: may be directly employed by CB, may act as free-lancer or may be temporarily hired via other CB or inspection body; 				
<p>Language skills and understanding of client's context</p> <p>Can be proven through:</p> <ul style="list-style-type: none"> CV with language details or personal interview with CNG staff 	<p>7. Understands the client's context:</p> <ul style="list-style-type: none"> For certifiers: be able to read and understand client's compliance evidence (data sets and documentation) For auditors: idem as certifier + capable to conduct the audit in a language that is familiar to the client + good knowledge of client's sector (industry regulation and competitor trends) to make a fair judgement about client's ambitiousness) 				

Table 10: Eligibility criteria for certifiers and auditors

FOR CB INPUT:

- Should CNG prescribe which accreditation sub-scopes qualify?
- Are auditor / certifier eligibility criteria feasible/ sufficiently demanding? Instead of requiring audit experience for auditors/ certifiers, would the making of footprints/ LCAs also count as relevant 'work experience'?



4 Oversight Mechanism

This chapter will be worked out in detail, for a next release of this document.

4.1 CB performance monitoring

All eligible CBs are expected to have a valid ISO 17065, ISO 17021 and/ or ISO 14065 accreditation for a relevant sub-scope. To complement on this proxy-accreditation, CNG enforces the below additional oversight activities:

1	<p>A 25% sample check of certification decisions (and audit results), which is done by CNG to check overall performance of the CB. The sample is selected by CNG based on a risk assessment of clients. This check can be done in the form of:</p> <p>A) 5% - Parallel or shadow audits conducted by a CNG auditor to check if the findings and conclusions of the auditor and certifier were accurate.</p> <ul style="list-style-type: none">• Shadow audit -> CNG's auditor joins an audit and observes the performance of the CB's auditor• Parallel audit -> CNG's auditor conducts the same audit within 1 month after the CB's auditor has conducted the audit (so that results are similar) <p>B) 10% - Review of audit results and certification decisions, either before the CB shares the final report with certification decision with the client (see step 8), or afterwards, to check if the audit findings are accurate (for the evidence gathered), if NC's were properly addressed and resolved, if the certifier's review was done properly, etc.</p> <p>C) 10% - Random system checks of the client's account information in the 'Information Management System' at any moment in time, e.g. to check if all compliance evidence is present, if the verification and certification timeframes are adhered, if the client shows sufficient reduction improvement over time, etc.</p>
2	<p>Once every two years, the CB receives an office audit from a CNG auditor to check if the CB has adhered to ISO 14065:2013 for its verification and certification activities applicable to the CNG Certification Program. As part of chapter 6 of ISO 14065:2013, the CB shall assure its staff has the required competences. In addition, CNG requires CBs to periodically review competencies and performance of its staff involved in the CNG Certification Program, to document performance findings and (if applicable) performance shortfalls and to take appropriate action if eligible auditors or certifiers are lagging behind. All of this shall be documented in a Competence and Performance Plan (template to be developed) for each individual staff member.</p>

Table 11: CB performance monitoring activities

FOR CB INPUT:

- This means that CB's performance is monitored by standard-setting organisation, but at the same time, the CB checks the footprint activity of CNG does it, so we check each other partly. How do CBs feel about this?

CNG maintains a file for each eligible CB (and its staff), used to record and document all findings on CB, certifier and/ or auditor performance resulting from the above oversight activities. This file is periodically updated, shared and discussed with CBs for improvement. Where no improvements are noticed, CNG reserves the right to issue sanctions, which can eventually lead to disqualification of CB staff or disqualify the CB entirely. For this, CNG aims to develop a sanction system (**KPIs to be developed**) with key performance indicators for CBs and its staff, which can be enforced in the case of repetitive performance issues.



4.2 Information Management System

Another means of adding credibility to the CNG Certification Program is through a reliable Information Management System that captures A) factual data on the compliance status of certified clients (and clients improvements achieved over time, B) factual data on the actual process of verification and certification demonstrating adherence to this protocol by all parties involved, and C) factual data that demonstrates performance of CBs and its staff and FCs. CNG therefore intends to make use of an Information Management System (to be reviewed/ developed), composed of a module for client accounts and a module for 3rd party accounts (for CBs and FCs):

For each client's verification and certification process, at least the following activities are completed in the system, under '**Module 1 - Clients Accounts**', recording the following data outputs':

System activity	Activity owner	Data output
Quotation process and contract management	Client (and CBs)	Signed audit contract, specifying audit duration and fees
Footprint calculation	FC (and Client)	Signed contract for footprint calculation + emission data sets + evidence used for footprint calculation + calculation and baseline results
Self-assessment	Client	Self-assessment checklist + internal records
Logging of reduction achievements	Client	Reduction Plan + records of reductions achieved + records of purchased offset credits
Audit execution, including recording of compliance results and NCs + issuance of certificate	CB	Compliance checklist + all evidence + documentation how NCs were resolved + signed audit report + certificate of compliance

Table 12: Data management activities – Module 1

For the endorsement and performance monitoring of 3rd parties (FCs and CBs and their staff), at least the following activities are completed in the system, under '**Module 1 - 3rd Party Accounts**', recording the following data outputs':

System activity	Activity owner	Data output
Endorsement process of FCs and CBs and individual staff members	CB / FC and CNG	Evidence of compliance with eligibility criteria
Contract management	CB / FC and CNG	Signed MoUs/ Framework agreements between CB/ FC and CNG
Oversight management	CNG	Performance results of FC, CB and its staff (as per pre-defined KPIs)

Table 13: Data management activities – Module 2

When all steps of the verification and certification process are handled and recorded in the system, the system forms the basis of CNG's Monitoring and Evaluation System and Reporting System, i.e.:

- record client's compliance status for each individual requirement of the Standard and upload supporting evidence (e.g. during the client's self-assessment and during the audit).
- record client's Reduction Plan and record future projections;
- record evidence of CB's or FC's compliance for their respective eligibility criteria;
- review certified clients' year-after-year (internal) reduction results and progress made, i.e. if targets were achieved in accordance with the baseline, review of (potentially future) shortcomings (e.g. through a dashboard functionality).



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- review if CBs and FCs adhered to the prescribed timelines of the verification and certification process,
- review the number of clients' NCs, improvements made and lessons learned;
- review the number of CB/ FC performance issues and sanctions issued towards CBs and FCs.

In addition, the system can:

- be interfaced with external databases (e.g. blockchain or track and trace systems for certified products)
- generate a public list of all certified clients (with a summary of their certification results).



5 Other Principles

5.1 Compliance with existing regulation

CNG strives to offer an ambitious but feasible program that really makes impact and can serve as an example for international climate policy making. In this regard, clients, FCs and CBs are aware of, and obey to, existing regulations (e.g. (inter)national laws and sector agreements), and where these prevail in stringency over CNG's rules or requirements (defined in any of the program documents) adhere to these more stringent regulations.

5.2 Impartiality

The CNG Certification Program is designed in such way that potential impartiality issues or potential conflicts of interests are mitigated where possible (see also figure 2), i.e. through the enforcement of the 4-eyes principle between auditors and certifiers, through clear separation of roles for the activities pertaining to the verification and certification process (footprint calculation versus verification of compliance), and/ or by building in additional oversight mechanisms over certain activities (e.g. ICROA oversees CNG's footprint and offsetting activities). CBs, FCs and CNG are expected to fulfil their roles with the highest ethical standard. They shall not carry out any activities that may affect their impartiality or may lead to potential conflicts of interest (whether real or perceived). Should however suchlike situation (potentially) arise, or should CBs or FCs may have any doubts or concerns, these shall be discussed immediately with CNG (certification@climateneutralgroup.com).

5.3 Confidentiality

CBs, FCs and CNG shall strictly observe and respect confidentiality of information and records, resulting from the verification and certification process. These records and documents may only be shared with third parties, if written consent from the client, the FC and the CB is granted. As required by the ISEAL Assurance Code vs 2.0 (clause 6.3.1), CNG however reserves the right to announce certified clients in the public domain and to share a summary report of the client's audit report and/ or compliance status.

5.4 Responsibility to protect the integrity of CNG

In the event that a FC or CB suspects or finds a (potential) scoping or compliance issue or any other (potential) non-conformity outside the regular certification cycle timeframes that might compromise the integrity of CNG or the credibility of the CNG Certification Program, the FC or CB shall inform CNG of its findings immediately, followed in due course by a documented case study that includes the actions to be taken.

5.5 Fees

CNG strives to offer a program that keeps the cost of verification and certification reasonable for clients, yet at the same time generates sufficient revenue for CNG and 3rd parties (i.e. CBs and FCs) in order to stay committed. Annex 2 provides an overview of potential fees that may apply in the future.

5.6 Complaints mechanism

CNG has a complaints mechanism (**to be developed**), to facilitate fair solutions to issues of dispute, concerns or complaints in a transparent way and to prevent the issue from reoccurring. Any stakeholder may submit a formal complaint following the complaints procedure either against CNG, a certified CNG client, an eligible CB and/ or an eligible FC, provided that the issue is about compliance with or adherence to CNG's requirements and rules documented in the Standard, Assurance protocol and/ or Claims Policy. The complaint may not be about contractual obligations agreed between Clients and FCs or CBs, nor can claims be submitted to CNG for financial compensation.



Annex 1: Guidelines for Interpretation and Review of Standard Requirements

To be further worked out when developing the requirements of the Standard and/ or to even integrate with the requirements themselves.

- **1. Quality Management System**, incl. reference to ISO 9001 requirements, management commitment and dedicated ownership, development of internal climate policy, as well as SOPs and operational policies, (e.g. for documentation management, M&E activities and corrections and corrective actions), self-assessment criteria.
- **2. Definition of emission scopes and its boundaries + 3. Footprint/ LCA calculation**, based on the relevant GHG Protocols, ISO Norms and other schemes, including requirements for (sufficiently ambitious) emission scopes and its boundaries, eligible footprint / LCA calculation methods/ tools to calculate baseline, eligible emission factors, sector specific baseline requirements, rules for re-calculation of baseline (volume or SKU level), requirements for roadmap/ process map of product or service, permitted LCA calculation exceptions and permitted margins of errors (and how to calculate these for LCA),
- **4. Reduction Plan**, incl. development of cost-benefit analysis of internal reduction vs external reduction, strategy development & timeline planning for:
 - **Own reduction achievements**, incl. sector specific criteria, clear definitions what is considered to be 'sufficient internal reductions' and grace period management, conditions for exceptions in case of baseline change, due to e.g. growth, new emissions, reduction target not achieved, technical barriers or other internal/ external factors.
 - **Insetting and offsetting activities**, incl. reference to PAS 2060, 14064-2, in accordance with ICROA 'regulation', taking into account International Insetting Platform, eligibility criteria for offsetting, eligibility criteria for insetting
- **5. Progress monitoring and reporting of implementation achievements**, incl. requirement for periodic internal management review, reference to 'CNG Claims Policy' with rules for making claims and logo use



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Annex 2: Potential Fee Structure

To be further worked out when developing next versions of the program documents.

Fee for:	Charged by:	Charged to:
Footprint/ LCA calculation	CNG or FC	Client
Technical support (optional) e.g. development of client's internal deduction plan, cost-benefit analysis of internal vs external reduction and/ or other technical advice	CNG or other party	Client
Offsetting (optional) e.g. purchase of eligible offset credits	CNG or other broker	Client
Insetting projects (optional) e.g. development of inset projects	CNG or other entity	Client
Verification and Certification fee	CB	Client
Program fee e.g. giving the right to use logo and make claims	CNG	Client

Other potential fees are:

Fee for:	Charged by:	Charged to:
First Movers Fee	CNG	First Mover Client
Training and endorsement of eligible FCs e.g. giving the right to make footprint calculations for CNG clients	CNG	FC
Training and endorsement of eligible CBs (and staff) e.g. giving the right to verify and certify CNG clients	CNG	CB
Use of certain technologies developed or owned by CNG e.g. CNG's Information Management System	CNG	User

Table 14: (Potential) fee structure