Terms of Reference

for the development of the

CNG Certification Program

(DRAFT RELEASE- vs 0.1 - May 2019)

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Important notes and considerations:

- This (draft) Terms of Reference (ToR) document is applicable only to the development process of the CNG Certification Program (vs 1.0), binding for 2020 – 2025, which consists of the revision of the current Standard (vs 3.0, in the past referred to as the KNG Standard vs 2), and the development of a new Assurance Protocol (vs 1.0) and new Claims Policy (vs 1.0). All (draft) documents including this ToR document can be found on the CNG website: *https://www.climateneutralgroup.com/en/cng-certification-program-development-process/*.
- 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.
- Stakeholders are invited to send comments and suggestions in regard to this ToR document at all times to: certification@climateneutralgroup.com. For comments, suggestions or complaints in regard to the development of the CNG Certification Program or any of the Certification Program documents (i.e. the CNG Standard, Assurance Protocol and/ or Claims Policy), stakeholders are kindly requested to follow the procedures stipulated in this document.
- All CNG Certification Program documents are fully reviewed at least every five years in accordance with the ISEAL Code of Good Practices (but an earlier review can be considered).

Climate Neutral Group

Content

Abbreviations

CNG	Climate Neutral Group
CO_2-eq	Carbon dioxide + other gases (converted to the equivalent amount of carbon dioxide)
CoI	Conflict of Interest
COP	Conference of the Parties
FMCG	Fast Moving Consumer Goods
GHG	Greenhouse Gas
ICROA	International Carbon Reduction and Offset Alliance
KNG	'Klimaatneutraal Gegarandeerd'
LCA	Life Cycle Analysis
NDC	Nationally Determined Contributions
ToR	Terms of Reference
TWG	Technical Working Group
UNFCCC	United Nations Framework Convention on Climate Change
VCS	Verified Carbon Standard
QMS	Quality Management System

1 Introduction

Climate Neutral Group (CNG) is a social venture, aiming to accelerate the transition to a net-zero carbon economy. The legal entity ("*BV*") was founded in 2002 by *Stichting Doen* and *Triodos Bank*, and is headquartered in Utrecht, the Netherlands, with a subsidiary in South Africa. CNG's mission is to strive for a climate neutral world, by helping organizations:

- to stay or get "**on track**" towards a net zero carbon economy in 2050 (meaning to achieve 49% reduction in GHG emissions by 2050, in accordance with the latest targets set under the Paris Agreement),

and

- where reductions are not possible yet, to offer credible offsetting credits, so that organisations can claim to be '**climate neutral**' and/ or deliver products or services that are '**climate neutral**' (meaning the organisation's emissions or emissions caused to produce and deliver the product/ service accumulate to net zero).

To do this, CNG currently offers the following services to its clients:

- **Insight**: offering credible calculation methods and insight of client's own GHG emissions, which are resulting from either A) an organisation's own core activities (= carbon footprint calculation), and/ or B) resulting from the production of products or supply of services (= Life Cycle Assessment calculation);
- **Reduction**: offering support and guidance to clients, to reduce their emissions within their own organisation and/ or their supply chain;
- **Offsetting:** where reduction is not (yet) possible, offering the opportunity for clients to offset their remaining emissions from sustainable offsetting projects that: A) represent additional emission reductions made elsewhere, and; B) meet the most stringent credibility and co-benefits requirements as prescribed by ICROA (i.e. CNG currently only offers offsets generated through Gold Standard-[1] or VCS [2] -verified projects).

In 2011, at the request of clients, a first version of a standard (i.e. the '*KNG Standard vs 1.0')* and certification program was launched with the aim to encourage and prescribe good practices around insight, reduction and offsetting in such way that clients A) would have an accurate overview of their emissions, B) would strive to reduce where possible, and C) where not possible, would compensate to a net zero. The Standard was reviewed and updated into a second version[3] (vs 2.0) in 2017 (composed of a handbook and summary document). This latter version remains operational till the new CNG Certification Program will be launched (envisioned for June 2020).

Clients wishing to make claims, can request a verification (including on-site audits) by an in-house expert. When compliant with the current KNG Standard vs 2.0, clients are permitted to make the claim of being "***Climate neutral***", for either:

[1] See: https://www.goldstandard.org/
[2] See: https://verra.org/project/vcs-program/
[3] See: https://www.climateneutralgroup.com/dienst/klimaatneutraal-gegarandeerd/

- their **organisation**, if the agreed certified scope and boundaries included the organisation’s own emissions (= scope 1 and 2, and optionally scope 3, defined by the GHG Protocol).
    - ➔ an **off-pack** claim is permitted, e.g. on company’s website.

and/ or

- a particular **product** or **service** (or a range of products/ services), if the defined scope and boundaries included the emissions resulting from all activities needed in order to deliver (e.g. produce/ supply and optionally dispose) that particular product or service, i.e. from ‘cradle-to-gate’, cradle-to-shelf’, or ‘cradle-to-grave’ (= scope 3, and optionally scope 1 and 2 defined by the GHG Protocol).
    - ➔ an **on-pack** claim is permitted, on that certified product only.

Purpose of this document: In 2019, CNG has decided to revise its standard and certification program. This document describes the terms (i.e. ‘the rules’) of this revision/ development process. This way, all stakeholders (who are directly impacted by this new standard and/ or program, including CNG itself) are well informed in a transparent manner about the process, given the opportunity to share their opinion and feedback, and all roles and responsibilities are clearly stipulated ‘a priori’ to prevent any confusion or disputes.

2 The new CNG Certification Program vs 1.0

2.1 Needs justification

Further triggered by clients' needs and market growth potential, CNG now sees a window of opportunities to improve and invest in its standard and certification program. This enormous market potential is inherently related to the global realization that the effects of climate change are more than ever visual (e.g. rising temperatures, increase of natural disasters, etc). Nations, companies and citizens are starting to understand the 'urgency' to take real actions, which are now also increasingly imposed via (inter)national regulatory changes resulting from the Paris Agreement[4] and expected to be further strengthened and tightened during the Santiago Climate Change Conference (UNFCC COP 25 [5]) at the end of 2019.

Expected regulatory changes, directly impacting the CNG Certification Program: The international community is currently exploring ways how to tighten global regulation so that enough GHG emission reductions are achieved globally to keep temperature rise limited to 1,5°C by 2050 (scenario 1) or well below 2°C (scenario 2). This means that these global emission targets (reflected in the 'Paris Agreement') need to be translated into concrete national targets (for all nations) and industry and sector targets. How this needs to be done and how stringent this enforcement can be, is the leading agenda topic during upcoming UNFCCC COPs. The NDC for the European Union countries may be adjusted or different rules for cap-and-trades may be defined. Certainly, global regulatory changes are envisioned for swift implementation, meaning national governments or industry alliances will need to enforce more stringent emission regulation gradually (yet rapidly). One potential regulatory change could be that reductions created through local offsetting projects will be claimed by host nations for their own national reduction targets (NDCs), hence are not available anymore as credits for the voluntary market (otherwise these emission reductions would be counted twice). All of this, may have an enormous impact on the availability of offsetting credits. Adequate registry of emission reductions to prevent double counting, and proving 'the additionality of emission reductions' will become -more than ever- important.

The CNG's certification program strives to translate these new global targets into ambitious yet practical and feasible targets for companies to implement, so that they can legitimately claim to be 'on track' (either because they voluntary want to contribute, or because this is imposed through e.g. (new) national laws or industry regulation). Through stakeholder consultation and close monitoring of regulatory changes, CNG strives to get clarity on how to (re-)shape the criteria of the Standard. Between March and May 2019, as a starting point, two different (rather opposing) scenarios have been defined by the Technical Working Group (visualised in figure 1a and 1b, each with different levels of stringency (in terms of which internal and external reductions qualify), and with different performance levels and claims.

Text box 1: Envisioned regulatory changes and its challenges

2.2 Envisioned major changes

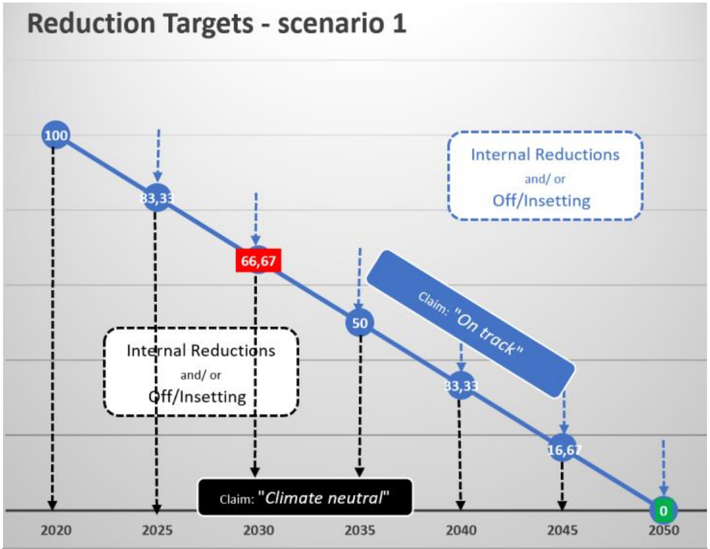
Changes to the Standard: Building on the current KNG Standard vs 2, it is envisioned that the new CNG Certification Program vs 1.0 will also facilitate for certification of **organisations**, as well as **product/ service** certification. Different though, is that for the new Standard:

1) its criteria (requirements) are expected to be more stringent and more precisely defined (SMART),
2) it will (potentially) allow for different levels of performance or efforts by clients, potentially reflected in two additional (new) types of claims ("*On track*" and "*Investing in*", see table 1).

[4] See: https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement
[5] See: https://unfccc.int/santiago

	Permitted claim	When allowed?	Applicability	Status
1	*"Climate Neutral"*	If client has net zero emissions, achieved through reduction, offsetting (and potentially insetting)	Organisation and/or Product/ service	Confirmed
2 NEW	*"On track"*	If client achieves the required number of annual emission reductions in line with Paris Agreement targets[6], achieved through own reductions (and potentially external reductions i.e. offsetting and insetting)	Organisation and/or Product/ service	Subject to feasibility[7] and stakeholder interest
3 NEW	*"Investing in…."* or *"Contributing to"*	If client makes investments so that x number of emission reductions are achieved in its own supply chain (or sphere of influence), potentially to be used for its own scope 3 emission	Product/ service	Subject to feasibility and stakeholder interest

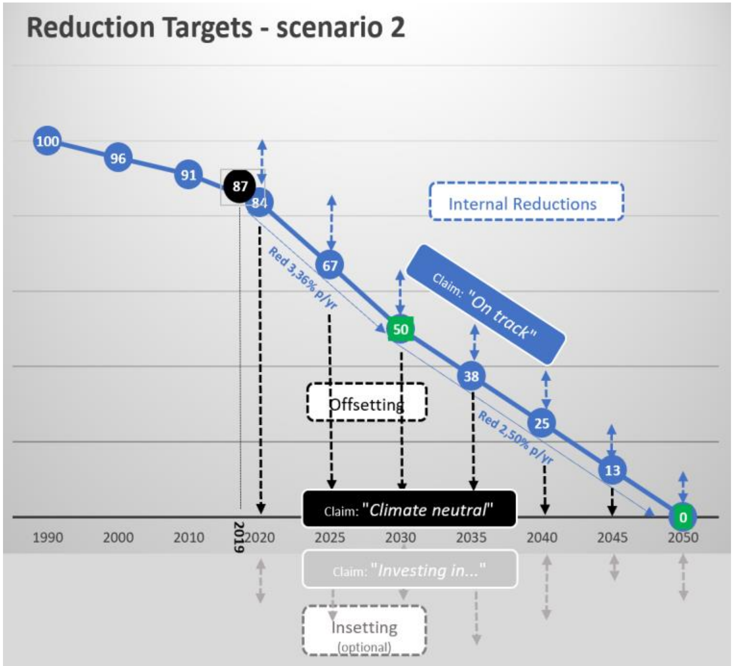
Table 1: Envisioned claims - CNG Certification Program



- **'On track' through <u>internal + external</u> reductions**
- **One linear reduction %, for year x (baseline year)- 2050**
- **Baseline year = 1st certification year**

Example: Assuming baseline yr is 2020 => (30 years) => 3,33% p/yr <u>(internal + extrenal)</u>

Figure 1a : Most flexible scenario



- **'On track' through <u>internal</u> reductions only**
- **Two different linear reduction %, for 1990-2030 and 2031-2050**
- **Baseline year = 1990**

Fixed calculation for the NL: Between 2020 - 30: 3,36% p/yr and between 2031-50: 2,50% p/yr (internal only)

Figure 1b : Most stringent scenario

[6] The annual reduction target between YR 2019 – 2030 (50% by 2030) and YR 2031 - 2050 (0% by 2050) is calculated based on total reduction figures in the Netherlands achieved so far (13%) between 1990 (reference year) and 2019 (current year).
[7] That is, new agreements concerning NDCs reflected in new global and national reduction target rules as well as refined regulation for insetting and offsetting, which should be more concrete by early 2020 after COP25.

Additional changes to the certification program: In addition to the revision of the Standard into vs 3.0, also a so-called '*Assurance System*' to protect the credibility of client's compliance is developed in parallel (documented in an 'Assurance Protocol vs 1.0'), as well as a 'Claims Policy vs 1.0' to reflect the new types of claims is developed. These three core documents together make up 'the heart' of the new CNG Certification Program (vs 1.0).
Note: it is currently not envisioned that the development of a 'Chain of Custody' is needed, or that interim supply chain partners need to get certified as stand-alone entities. That is, as long as the information received from the supply chain is transparent, only the final entity, or the entity making the claim, has to undergo the certification requirements.

Last, as part of the development trajectory of the program, also other norms and standards (e.g. ISO- and PAS-norms, as well as the Greenhouse Gas Protocol) are considered as the basis for the new CNG Standard, to assure that the program meets international regulations (see greyed boxes in figure 2 below). Where these international standards require local adaptability (e.g. because national reduction targets will vary from nation to nation) or sector adaptability (e.g. because reduction targets could be more stringent in one sector or industry compared to another), concrete guidelines will be developed suitable for these contexts through the same multi-stakeholder development process. For the latter, the Science Based Targets could apply.

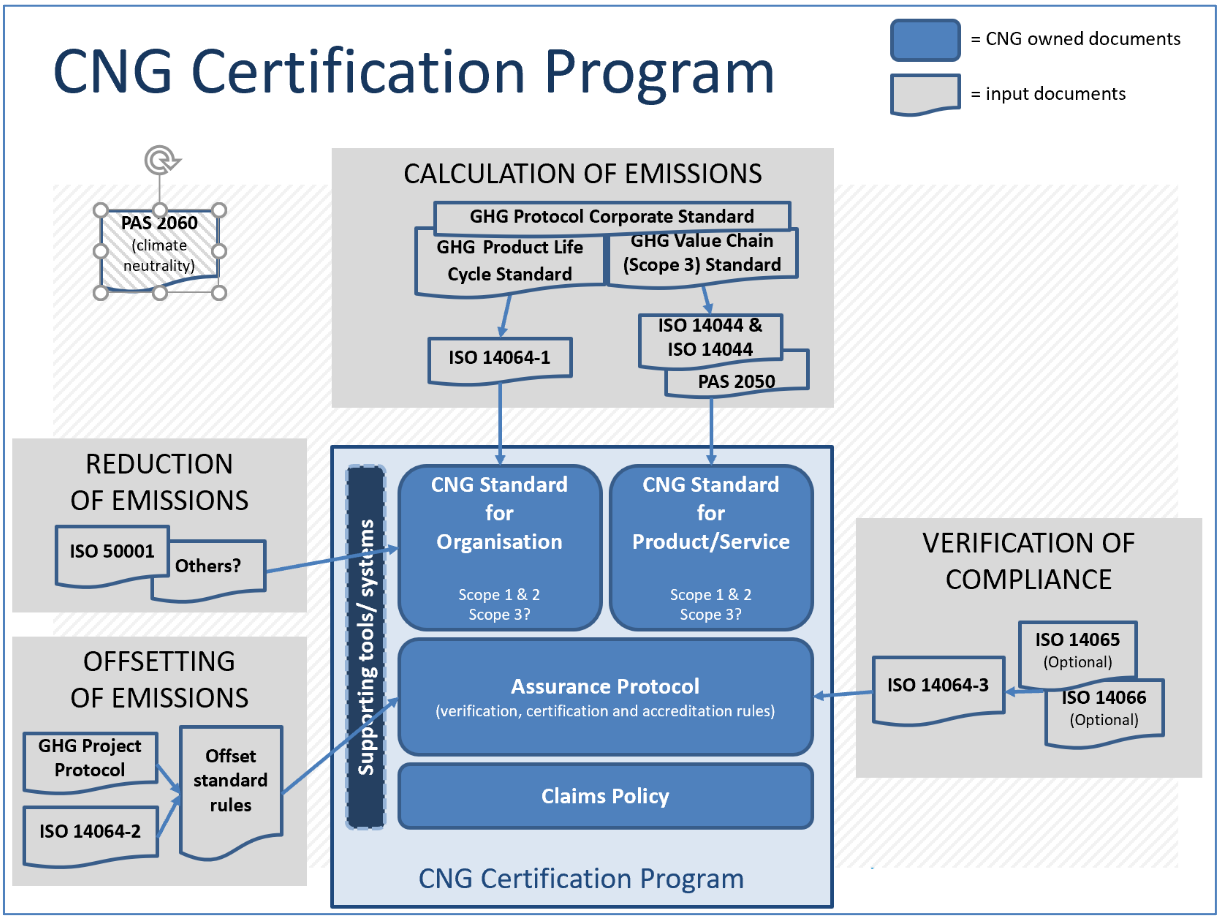


Figure 2: Other norms and schemes applicable to the CNG Certification Program

2.3 Mission and desired key features

Mission of the CNG Certification Program: Encourage organizations to get 'on-track' and/or to become 'climate-neutral', by offering a holistic and certifiable insight-reduction-offsetting/insetting program, aligned with client needs and market trends.

Text box 2: Mission of the CNG Certification Program

In order to achieve this mission, the program should be:

- **Credible:** transparent, data-driven, (partly) verified by 3rd party
- **Practical:** user-friendly, comprehensible, improvement-driven
- **Scalable:** facilitate for rapid uptake
- **Cost-efficient:** value for money, offering additional benefits/ rewards to clients
- **Distinctive:** satisfies different levels of clients ambitions, allows clients to distinguish from their competitors

2.4 Certified scope

Any type of organisation or any type of product/ service could be certified, although CNG strives to gain market growth particularly in the following domains:

- **Organisations:** e-commerce companies, FMCG
- **Products / services:** exotic agricultural commodities (such as coffee, cocoa, bananas, tea, rice), packaging material

A crucial element of the Standard's development trajectory is to define: A) which emissions should be included in the scope and boundaries of the footprint/ LCA calculation, and B), which reductions ('*reduction mix strategy*', i.e. internal and external reductions) then qualify to bring the ascertained number of emissions down to deserve the 'on track' and/ or 'climate neutral' claim, see also figure 1a and 1b for different plausible scenarios. A first proposal will be presented to stakeholders in the '*Proposition Paper – Reduction*' and '*Proposition Paper – Eligible offsetting and insetting*'. Leading in this, are the 'GHG emission scopes' defined by the GHG Protocol, see figure 3. CNG strives to incentive clients to reduce themselves where possible, for any of the GHG scopes.

Text box 3: Exploring which emissions to include and which reductions qualify

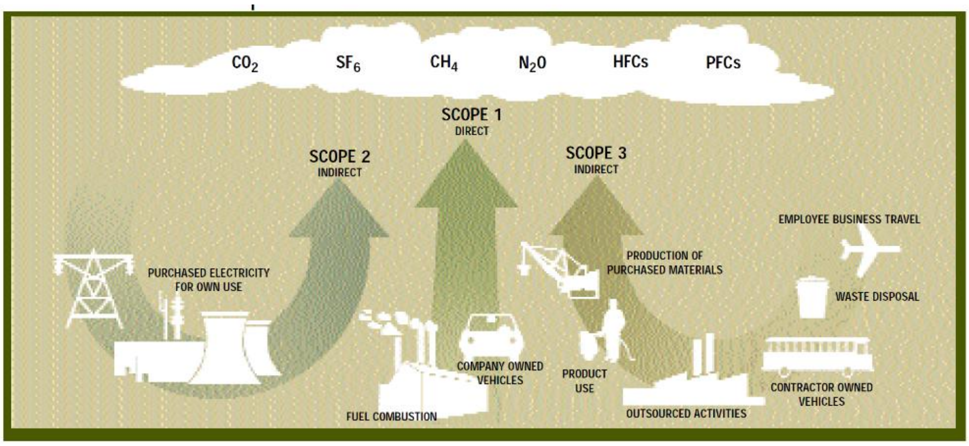


Figure 3: Overview of emission scopes across a value chain
From: The Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard (revised edition), page 26

2.5 Geographic application

Client growth is initially envisioned in the Netherlands, but rapid uptake to other European countries is anticipated. In addition, it is expected that emissions occurring in global value/ supply chains will be increasingly reduced, either as part of the certification scope of a particular product/ service (GHG scope 3) of an already certified clients or because of increased need to also separately certify other preceding links in the chain for their own emissions (GHG scope 1 and 2). That is, CNG aims to create a snowball effect, whereby upward and downward supply chain partners are requested (through criteria in the Standard) to reduce their emissions as well. To clarify on the latter: if Company X is a cocoa cooperative that cultivates cocoa beans and sells cocoa ingredients (for which it has its own GHG scope 1 and 2 emissions) to onwards buyers, and Company Y (= CNG client) produces chocolate bars for which it sources its cocoa ingredients from Company X, then one crucial GHG scope 3 emission of Company Y (besides emissions from transport), is the equivalent of Company Y's scope 1 and 2 emissions.

2.6 Desired outcomes

Through the CNG Certification program, CNG aims for the following desired outcomes:

- **Environmental:** incentivize organisations to reduce their own emissions, emissions in their direct value/ supply chains or emissions made elsewhere, and thereby contributing to global emission reductions, needed in order to protect and safeguard the future of our planet.
- **Economic:** incentive organisations to implement cost-efficient reduction measures, that (in the long run) save costs and/or increase business efficiency and profitability (e.g. lower energy costs, material savings, waste reduction, etc) but also spur innovation and provide access to (governmental) subsidies.
- **Social**: incentivize organisations to offset or inset -when reduction is not possible (yet)-, and thereby invest in so called socio-economic and environmental 'co-benefits' that voluntary carbon offset/ inset projects are required to deliver (based on the Sustainable Development Goals) in addition to the carbon reductions they achieve. For more information, see e.g. here[8].

2.7 Key components of the revised Standard vs 3.0

In order to achieve the mission and desired (environmental, economic and social) outcomes of the CNG Certification Program, CNG envisions that the Standard needs to:

A. Be **flexible** enough to adjust to the uncertain, yet rapidly changing regulations (see text box 1) and how these may impact the future of global and national emission laws, as well as the newly to be agreed industry rules for offsetting and insetting ("market trends"). It is envisioned that more clarity can be expected after COP 25, in early 2020;
B. For requirements setting, **incorporate** the Paris Agreement and forthcoming COP decisions, the Science Based Targets and other **best practices** reflected in ISO and PAS norms, to set targets for clients' "on track" objectives;
C. Prevent the sense of '**greenwashing**', i.e. requirements of the Standard shall be **stringent** enough in order to really incentivize clients to take substantial action to **reduce emissions themselves** and/ or to use credible offsets only (that represent additional reductions elsewhere), allowing them to make credible claims that fairly represent their efforts and investments made;
D. Include criteria that require and/ or incentive that upwards or downstream **supply chain partners** (i.e. organisations that supply to or buy from the certified client) also make efforts to **reduce emissions in their operations** (their own GHG scope 1 and 2);

[8] See: https://www.icroa.org/Offsets/

E. Allow for a steps-based approach, through the 'plan-do-check-act cycle', to encourage **continuous improvement of clients performance;**

F. Allow for **different levels of performance and efforts** made, also through permitting different types of claims ("Climate Neutral", "On Track", "Investing in", as mentioned in section 2.2), or even a 'gold-silver-bronze – type of system'.

A first draft structure of the new CNG Standard with chapters and main criteria is displayed in figure 4. Note that all underlined text are new sections compared to the current KNG Standard vs 2.0. This draft structure will be the starting point for the development trajectory, to be done in close alignment with stakeholders.

CNG Standard for:
Organisation

CNG Standard for:
Product/ Service

CH 1. Development and implementation of Quality Management System (QMS)
- Internal and external climate policy
- Dedicated owners, SOPs and policies, e.g. for documentation management, M&E activities and corrections and corrective actions
- Conduct self-assessment

CH 2. Definition of client's activities, scope and boundaries
- Rules for scope 1 and 2 (and 3 if applicable)
- Roadmap/ process map of product, service (from 'cradle-to-gate' or 'cradle-to- grave') -> FOR PRODUCT STANDARD ONLY
- Mandatory data set inclusions, defined per industry/ sector
- Optional data set inclusions

CH 3. Calculation of GHG footprint/ LCA
- Permitted emission factors / sources
- Permitted calculation methods
- Requirements of interim verification of GHG footprint/ LCA by external party

CH 4. Development and implementation of GHG Reduction Plan
- Strategy development & timeline planning
- Commitment 'Reduction Mix'
- Rules for reduction & minimum reduction targets (e.g. How to reduce, but also sourcing requirements -> FOR PRODUCT STANDARD ONLY)
- Rules for offsetting & eligible VERs/ CERs endorsed by ICROA (e.g. no double-counting/ double-selling)
- Rules for insetting & eligible projects

CH 5. Progress monitoring and reporting of implementation achievements
- Periodic internal management review of target implementation achievements
- Requirements of interim verification of target implementation achievements by external party
- Rules for public disclosure of scope, methods, footprint improvement achievements
- Rules claims and logo use (Claims Policy)

Figure 4: Draft structure of the new CNG Standard

→ **Annex 1 provides a list of key questions to explore during the Development Trajectory of the Standard.**

In sum, the new Standard requires the following steps (activities) to be undertaken by clients:

1) Development and implementation of a **Quality Management System (QMS)**, to assure that sufficient dedicated capacity and resources are made available in the organisation so that the client can be compliant with the standard and improve were falling short.
2) Review of the organisation's activities, **emission scope** (derived from GHG scope 1, 2, 3) and its **boundaries**, to define and agree which emissions are included and/ or excluded (and hence do not need to be reduced either internally or externally).
3) **Calculation of total emissions** (i.e. footprint or LCA calculation) that are produced within the frame of the agreed scope and boundaries.
4) **Development and implementation of a reduction plan** that defines the mix of activities to be executed by the client to bring the ascertained number of emissions down (either through the implementation of measures to reduce own emissions (internal reductions) and/ or through external reductions (offsetting/ insetting).
5) **Progress monitoring,** to assess the success of the reduction plan and the progress of own reductions achieved. Where not meeting desired targets or successes, through the Quality Management System, corrections and corrective actions are implemented. When deemed sufficiently compliant (e.g. through external verification), **claims can be made.**

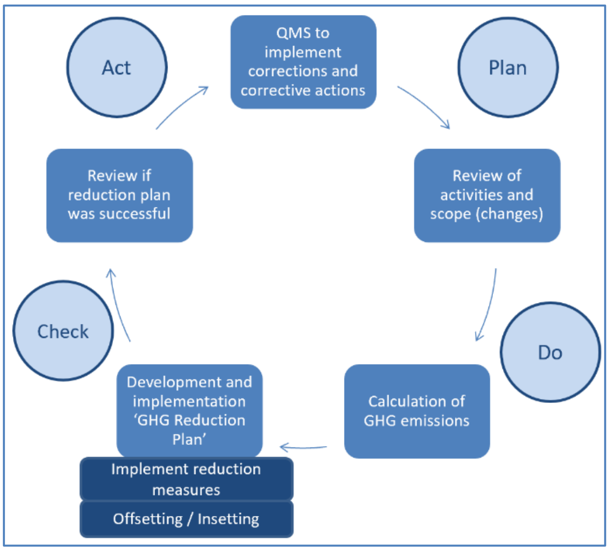


Figure 5: Activities requested in the Standard to be undertaken

2.8 Key components of the new Assurance Protocol vs 1.0

In order to achieve the mission and desired outcomes of the CNG Certification Program, CNG envisions that the new Assurance Protocol needs to:

A. Find the 'right balance' between **scalability**, **credibility** and **cost-efficiency** of the program (see figure 6), by facilitating for a program that is:
   - Sufficiently attractive, accessible and flexible for (potential) clients, allowing for rapid uptake and scalability (so that large-scale impact can be achieved)

   Versus
   - Strict enough and applied consistently amongst clients, to protect credibility of the program (meaning 3rd party verification and rigid rules)

   Versus
   - Cost-efficient, so that verification and certification costs and fees are not too high for clients, while allowing CBs and CNG to cover for their own operating costs.

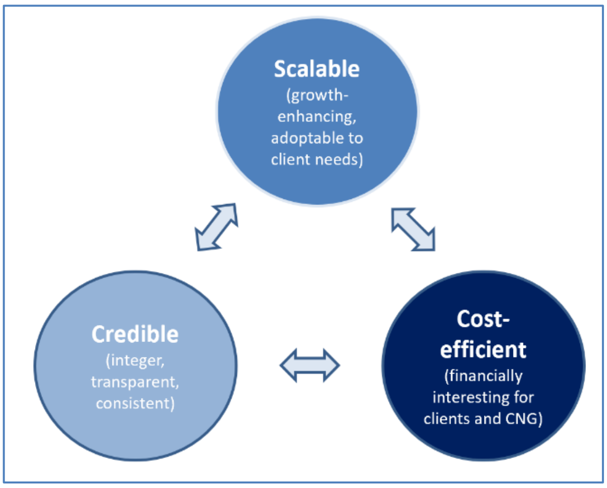


Figure 6: Credibility vs scalability vs cost-efficiency

B. Mitigate (potentially perceived) **Conflicts of Interest**, not only for CNG, but also for external parties implicitly or explicitly involved in the verification and/ or certification process. Several measures (visualised in the light blue text boxes in figure 7) shall be implemented in the verification and certification process to reduce the chance for such conflicts, the two main ones being:
   - Outsource verification of compliance with the Standard (partly) to credible 3rd parties;
   - Oversight over CNG's activities through ICROA membership and audit.

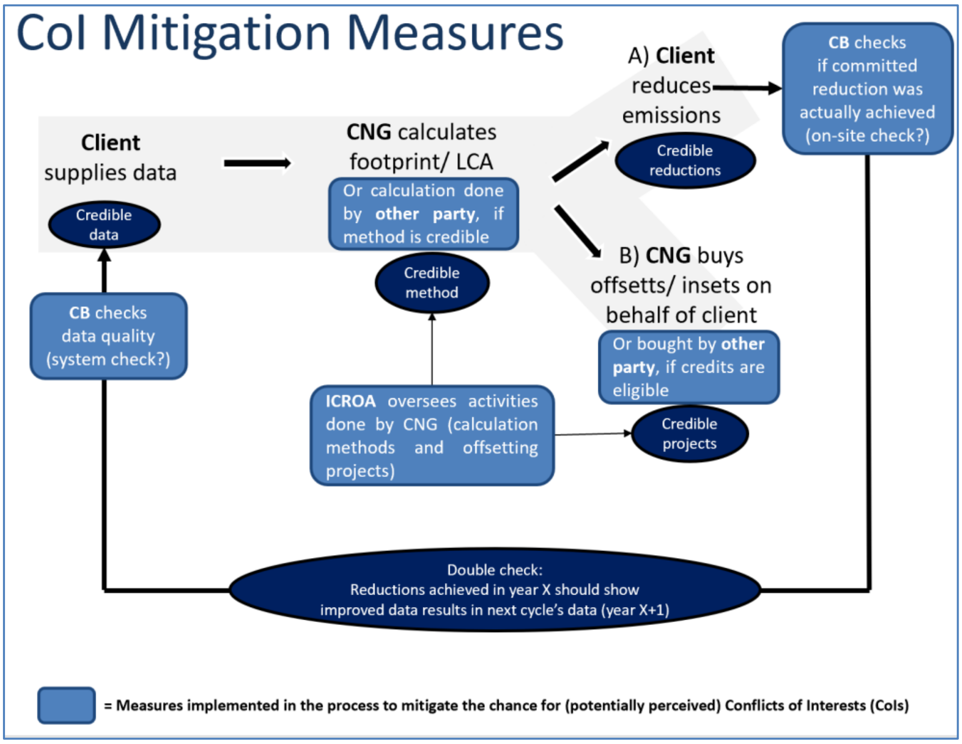


Figure 7: (Potential) conflicts of interest mitigation measures

A first draft structure of the new Assurance Protocol with chapters and main criteria is displayed below. This draft structure will be the starting point for the development trajectory, to be done in close alignment with stakeholders.

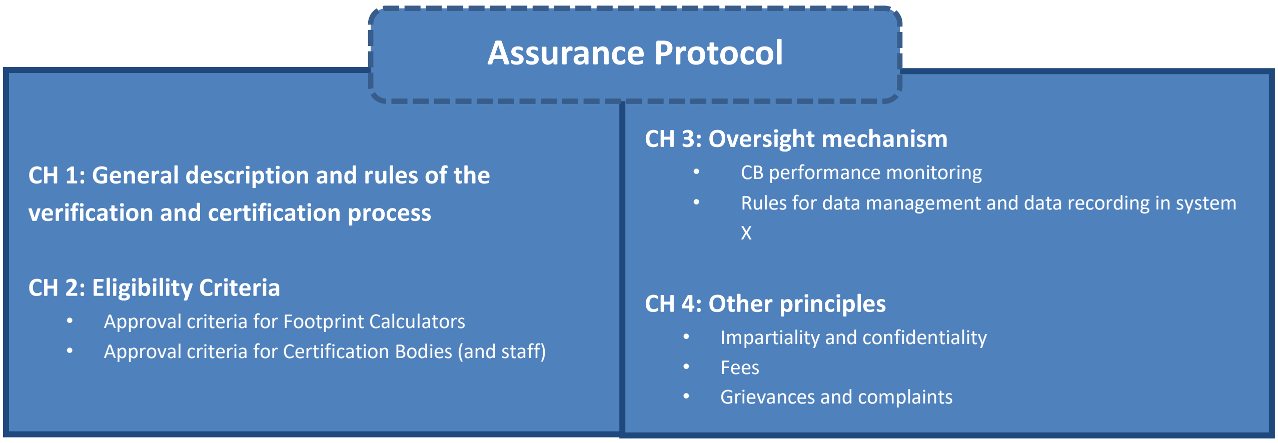


Figure 8: Draft structure of the new CNG Assurance Protocol

→ **Annex 2 provides a list of key questions to explore during the Development Trajectory of the Assurance Protocol.**

2.9 SWOT analysis, risks and mitigation measures

Strengths - internal
1. Market leader position in climate change and impact ➔ Appr. 16 years of experience in a variety of climate-related projects and initiatives; vast international network; unique selling proposition in the Netherlands; active contributor in international climate policy-making. 2. Distinctive content and claims ➔ CNG wants to go further than the 'climate neutral' claim that other certification programs (see section 2.10) facilitate, e.g. by wanting to translate the Paris Agreement in concrete reduction targets for companies so that they can make the claim of being 'on track'. 3. Outsource verification ➔ Many of these schemes also have not outsourced verification to 3rd parties. CNG wants to offer an Assurance System that enhances both credibility and scalability, and is cost-efficient for all parties involved. 4. ICROA membership ➔ CNG is a full ICROA member, meaning our footprint/ LCA calculation and offsetting activities are annually reviewed by an external party contracted by ICROA.
Weaknesses – internal
1. SMART reduction targets in accordance with Paris Agreement are needed • *Risk:* Challenge to translate national reduction targets (NDCs) and industry or sector reduction targets (derived from Paris Agreement targets), into concrete, measurable and achievable reduction criteria in the Standard. • *Mitigation:* A Technical Working Group with internal experts is appointed to explore reduction criteria and to develop a proposition, to be shared with all stakeholders for their input, and to be validated in pilots. 2. Auditability of the standard's criteria • *Risk:* Especially for the envisioned new reduction requirements, flexibility in the evaluation of performance results (and compliance) may be required. • *Mitigation:* 1) Closely involve Certification Bodies in the development of the Standard and Assurance Protocol (and build in local/ sector interpretation and guidance documents for compliance evaluation; 2) Set up test audits already in 2019 and 2020 to check if requirements can actually be audited so that a justifiable and fair certification decision can be made. 3. Rapid upscaling of client portfolio needed • *Risk:* Not reaching large-scale growth while momentum is high. • *Mitigation:* CNG to critically look at its sales strategy and available capacity in relation to growth opportunities (nationally and internationally). 4. Urgency to deliver within short timeframe • *Risk:* To not miss out on this unique momentum, very ambitious timelines and deliverables for the development trajectory are set, which may not be feasible or need to be delayed. • *Mitigation:* Clear expectation management with our stakeholders that we aim for these timelines, but are constrained by internal and external factors such as stakeholder involvement, internal resources and capacity constraints and depend on upcoming regulatory changes.

Opportunities - external
1. Generic standard in order to expand rapidly ➔ The momentum is there, more than ever, to extend the program to other countries and other sectors. As such the standard's criteria are made generic, optionally with specific guidelines on national interpretation (e.g. national targets) or sector interpretation (sector targets). 2. Blockchain technology ➔ Blockchain technology is 'hot', but not widely used amongst certification programs. CNG is considering to use an external data management system based on blockchain technology, to demonstrate evidence of client's compliance (supporting or in addition to 3rd party audits). 3. ISEAL membership ➔ To further enhance credibility and professionalism of the program, CNG has initiated the ISEAL membership application process to become a full ISEAL member. As a first step, this ToR and the development trajectory are based on ISEAL Code's of Good Practice.
Threats - external
1. Limited stakeholder involvement • *Risk:* If we receive limited feedback or support from stakeholders (e.g. limited participation in events, no buy-in for Advisory Committee) the new program can proceed, but its success can only be determined after formal release based on uptake (growth) afterwards. • *Mitigation:* 1) pro-actively approach stakeholders at the start of the development trajectory; 2) schedule another revision round of the program (earlier than 2024), once uptake has been reached and more stakeholders can commit and/ or see the advantages of participation. 2. International regulation will change, but uncertain how • *Risk:* some criteria of the standard (e.g. on reduction targets/ offsetting/ insetting possibilities) depend on new regulatory developments (see text box 1), which require consensus within the international climate community. If this process is delayed, potentially these criteria cannot be finalised. • *Mitigation:* 1) release the new standard as planned, but with interim criteria that will be separately reviewed once there is direction/ clarity, or delay release and extend validity of the current KNG Standard vs 2.0 with additional guidance for implementation; 2) CNG has hired a new content expert lobbyist, to closely monitor key developments in carbon markets and emissions trading, and to participate in policy making, e.g. attending the IETA-led European Climate summits, member of ICROA workgroups, etc

Table 2: SWOT analysis of the CNG Certification Program

2.10 'Competitor' analysis

Standards operating in the same domain will be informed about the development of the new CNG Certification Program, and are included in stakeholder category 4, hence considered to be invited to provide input during the development trajectory. Whereas these scheme owners could be perceived as competitors, we rather seeks ways to unite strengths and to collaborate , e.g. to provide services to one another, learn from each other and/ or divide market potential (as potential uptake is beyond CNGs capacity or the capacity of any other scheme). The below 'competitor categories' have been defined, including ways we could potentially collaborate (note that competitor names have been left out deliberately):

A. To our knowledge, there are a few schemes offering a certification program that covers the holistic 3-in-1 package of insight, reduction and offsetting activities, yet these are based in other countries and initially focus on local market growth, hence not perceived as a direct competitor (for now).

-> collaboration: exchange thoughts on how to develop criteria of the standard, exchange potential leads or clients for the niches in which the scheme operates.

B. In addition, some of CNG's fellow ICROA members[9] are working in the same domain (i.e. active in the field of credible insight carbon calculation and offsetting), yet often do not offer a certification program, hence we do not perceive them as a direct competitor for the certification program, but as a general competitor for other business activities of CNG.

   -> collaboration: define a commonly agreed position towards credible offsetting and insetting regulation

C. Then, there are international programs initiated by overarching entities and/ or regulatory bodies such as UNFCCC, but these are for many of our small- to medium-sized clients one bridge too far or insufficiently practical, hence not perceived as a direct competitor (for now).

   -> collaboration: use their guidelines/ standards as input for the development of our program.

D. There are also international schemes with certification programs that cover the 3-in-1 package of insight, reduction and offsetting activities (see category A, but operating internationally). These could be potential competitors if CNG wants to go global, but only if we operate in the same commodities/ industries.

   -> collaboration: use their guidelines/ standards as input for the development of our program.

E. Last, there are some other (local) schemes currently present or rapidly growing in the Netherlands, and although these programs seek other focus, commodities and impact, there are close links and/ or overlap with CNG's operating domain, which potentially could be perceived by end-consumers 'as the same thing', especially if two similar labels will be used on-pack.

   -> collaboration: stay informed of the 'agenda' of these schemes and provide input to their programs where we feel this is needed, but make transparent decisions and stick to our course in line with CNG's mission and this ToR.

[9] See: https://www.icroa.org/page-18187

3 Stakeholder Mapping

As a multi-stakeholder initiative, CNG wants to ensure that participation in the development process reflects a balance of interests among parties involved and/ or impacted directly through CNG's Certification Program. Different categories (and sub-categories) of stakeholders, each with their own roles and interests have been defined, and -as a starting point- names have been allocated to these categories, based on CNG's current network of contact persons.

As such, this stakeholder mapping is not static, and more stakeholders can be added over time. CNG maintains a detailed database including contact details of all stakeholders and other interested parties (plus a track record of their status of involvement in the development process).

Category 1: Stakeholder Bodies	
Sub-category	**Role in the development trajectory**
CNG's Shareholders	• Provide strategic direction for the organization.
CNG's Executive Team	• Operational decision-making authority, responsible for daily management of the organization. • Oversees if organizational strategic direction is reflected correctly in the CNG Certification Program (and steers its content). • Approves the final version of the Terms of Reference and all interim and final versions of the Certification program documents (a.o. Standard, Assurance Protocol, Claims Policy).
Development Team	• Coordinates content development of the CNG Certification Program, in alignment with this ToR . • Facilitates the Technical Working Group.
Technical Working Group	• In-house, technical experts that co-develop the content of the Standard (i.e. requirement-setting for complex topics). • Members hold detailed content discussions and seek opinion and advise of Advisory Committee members.
Advisory Committee	• External, technical experts (senior representatives from -at least- stakeholder categories 2 and 3), appointed or elected as formal AC member, to take seat for a certain duration. • Members hold detailed content discussions at least twice per year, and provide strategic advice to Technical Working Group. • Approves the final version of the Terms of Reference and all interim and final versions of the Standard, Assurance Protocol and Claims Policy, based on a detailed assessment of content and procedures. • Final decision-making authority on stakeholder feedback in case consensus cannot be reached (with restricted overruling options by CNG). *Note: CNG staff takes seat in the Advisory Committee, but has no voting rights.*

Category 2: Key Stakeholder Groups		
Sub-category	**Interest**	**Role in the development trajectory**

CNG Clients (already certified or interested to become certified either for their organisation and/ or product/ service), such as: Producers, Processors, Manufacturers, Traders, Retailers, E-commerce companies, Municipalities, NGOs	A program that reflects client needs, i.e. helps organisations to reduce emissions and/ or become climate neutral, in a cost-efficient, but sufficiently credible manner.	*Feedback on Certification Program Documents is **pivotal**:* • Participate in the stakeholder events (for limited number of seats only). • Invited to provide feedback during the (public) consultation rounds. *Note: For the first consultation session (stakeholder event, June 2019), a selection of **key stakeholder representatives** has been invited. The list is available from:* certification@climateneutralgroup.com
Category 3: Key Content Resources		
Certification Bodies (and potentially Accreditation Bodies)	A program that allows for credible verification and generates sufficient income for CBs to stay committed.	*Feedback on Certification Program Documents is **highly desired**:* • Participate in the stakeholder events (for limited number of seats only). • Invited to provide feedback during the (public) consultation rounds. *Note: For the first consultation session (stakeholder event, scheduled for June 2019), a selection of **key content representatives** has been invited. The list is available from:* certification@climateneutralgroup.com
Governmental, regulatory and/ or governance bodies	A program that is aligned with and allows for the practical execution of national regulations (derived from the Paris Agreement and forthcoming COP decisions).	
NGOs	A program that creates large-scale environmental (and social) impact (see chapter 2).	
Category 4: Appreciated Stakeholder Input		
Consulting firms	A program that is welcomes external technical expertise for the sake of requirement setting.	*Feedback on Certification Program Documents is **optional**:* • Participate in the stakeholder events (for limited number of seats). • Invited to provide feedback during the (public) consultation rounds. *Note: For the first consultation session ("Stakeholder Event", June 2019), a selection of **appreciated stakeholder representatives** has been invited. The list of invitees is available from:* certification@climateneutralgroup.com
Service providers	A program that generates sufficient income for Service providers to stay committed.	
Universities and/ or research institutes	A program that welcomes scientific expertise for the sake of requirement setting.	
Other Certification Scheme	A program that does not overlap, has acquired its own unique market position / niche and allows for a 'healthy' competitive and collaborative environment amongst scheme owners.	

Table 3: 'Competitor' categories

4 Organisational Aspects

4.1 Organisational structure

As mentioned in Chapter 3, under section "*Category 1: Stakeholder Bodies*", several stakeholder bodies, are expected to play a role in the development process, visualised in figure 9:

- At operational level, especially the **Development Team** and the **Technical Working Group** will be responsible for development of the content of the program and requirement setting;
- At strategic level, the (external) **Advisory Committee** and (internal) **Executive Team** will act as approval entities, and (if desired) CNG's **Shareholders** can provide strategic direction.

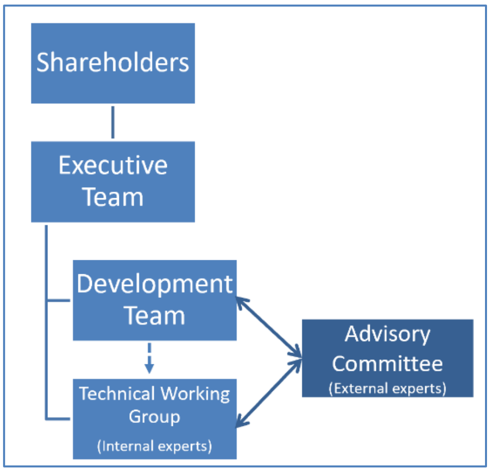


Figure 9: Organisational structure

4.2 Envisioned roadmap and timeline

The roadmap for the CNG Certification Program is visualised below and composed of two phases: Phase 1: Development phase and Phase 2: Implementation phase.

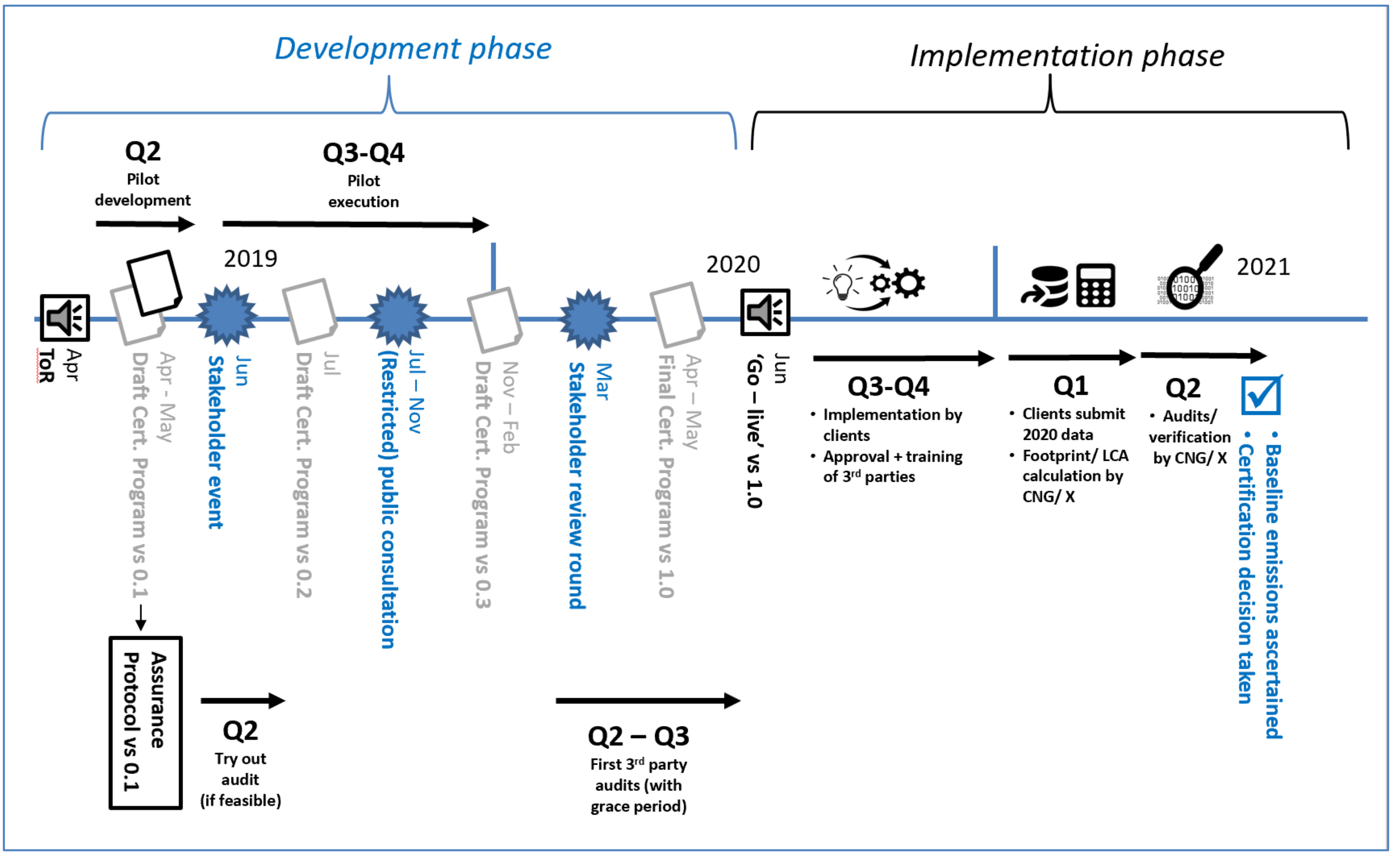


Figure 10: Envisioned roadmap and timelines

4.3 Development and implementation process and procedure

Phase 1: Development Phase

This phase includes all steps needed in order to come to the final release (vs 1.0) of the Certification Program, which entails (at least) the delivery of the following documents:

- Terms of Reference for the Development of the CNG Certification Program vs 1.0
- CNG Standard vs 3.0
- CNG Assurance Protocol vs 1.0
- CNG Claims Policy vs 1.0

Priority has been given by CNG's Executive Management to two key components of the program, both also requiring stakeholder alignment as soon as possible. These priorities are:

1. The development of a **new Assurance System**, which can already be deployed while the current KNG Standard vs 2.0 is still operational.
    a. <u>Why?</u> This request comes from current and potential clients who have asked CNG to increase credibility levels in such way that the scheme can be either considered as 'Topkeurmerk' and / or qualifies for ISEAL Membership.
    b. <u>How?</u> It has been decided to outsource verification (partly) to CBs, hence the Development Team (in collaboration with a small selection of CBs) aim for a few first test audits for the verification and certification cycle in 2019, and incorporate lessons learned in the design of the new Assurance Protocol, (optionally) to be used for the 2020 cycle (meaning first formal audits by 3rd parties commence from Q2-2020 onwards).

2. The development of a clear position paper as to how **criteria related to reduction and offsetting/ insetting** can be incorporated in the CNG Standard, knowing also that the standard may need to abide by regulatory changes imposed through national and/ or international laws.
    a. <u>Why?</u> This need arises from the expected upcoming regulatory changes which may potentially impact the design of the criteria of the standard and the overall program.
    b. <u>How?</u> The Technical Working Group will meet periodically to develop several test scenario's (which could potentially become real) to be piloted in the second half of 2019.

➔ **Annex 3 outlines the detailed development procedure pertaining to the development phase.**

In sum:

1. It is envisioned to have two position papers ("*Outline new Assurance Protocol vs 0.1*" and "*Position Paper on Reduction and Insetting Criteria vs 0.1*") ready for stakeholder input during a first stakeholder consultation session (Stakeholder Event) scheduled for June 2019.
2. These will lead to a newer interim release of all documents (vs 0.2), that will then go into a (restricted) public consultation (announced on CNG's website), open to all stakeholders for a minimum period of two months (July – November 2019).
3. After this consultation round, a more detailed version of all documents (vs 0.3) is expected, ready by February 2020. Depending on the progress made and the stakeholders' needs at that time, either another stakeholder event or a stakeholder consultation round can be organised in March 2020. This timing nicely coincides with expected timeframe that (assumingly) also more clarity around future regulation after COP25 is available, to be translated in national and international new laws in forthcoming years.

a. If there is no clarity yet by March – April 2020, potentially the release of the Certification Program could be delayed. Another reason for delay could be the need for additional stakeholder input on certain topics, or when consensus is not reached;
b. If enough guidance is available and general consensus amongst stakeholders has been achieved, final input can be incorporated and the new Certification program vs 1.0 can be formally released by June 2020, ready for deployment for the verification and certification cycle in 2021.

Phase 2: Implementation Phase

Each annual verification and certification cycle is bound by certain time constraints. Under normal conditions, data submission by the client for the footprint/ LCA calculation is to be submitted by end of Q1, so that the calculation can also be made (either by CNG or any other eligible party for which criteria are included in the Assurance Protocol) in Q1 and the verification (by Certification Bodies) can be completed by (latest) end of Q2.

In the transition year 2021, when the program is transitioning from the KNG Standard vs 2.0 to CNG Standard vs 3.0, there will be a 9 months implementation period (from Q3-2020 to Q1-2021) for clients to implement new practises as per the new Standard till the new audit is supposed to take place. This implies that 2020 data for the footprint/ LCA calculation to be by clients submitted in Q1-2021, is partly subject to the former KNG Standard vs 2.0 and partly subject to the new Certification Program. As such, CBs will be trained by CNG to review results during the 2021 audit with a higher level of flexibility, and audit validity is extended to Q3, meaning audits can be delayed so that clients have more time to implement new practises.

Audit intensity and audit frequency, as well as the validity of certificates can vary per client, depending on past performance, etc. Rules binding to the verification and certification process need to be defined together with stakeholders, and will be included in the Assurance Protocol.

4.4 Decision-making procedure

During the development process of the Certification Program, each stakeholder is given the chance to provide feedback and input on draft versions of the Standard, Assurance Protocol and Claims Policy, either during stakeholder events or (restricted) public consultation rounds, or is invited to participate in pilots. In the process of feedback and input review, analysis and incorporation, CNG's Development Team takes into account the views of all stakeholders, in particular those directly impacted and/or belonging to a 'weaker' stakeholder group, and to reconcile any conflicting arguments.

For this, CNG strives to reach consensus, which is defined as the absence of sustained opposition but does not require unanimity. Whenever a consensus is not possible, decisions are taken by majority vote with any dissenting views noted if wished. In the case of remaining opposed views that cannot be solved even in a voting round, the Advisory Committee, being impartial and transparent, has the final decision-making authority taking into account the overall benefit of the new Program and on the condition of proper justification for its decision to all stakeholders[10]. The objective is that eventually the final version of program's documents are balanced and reflects the different stakeholders' interest and views.

[10] As per the Terms of Reference of the Advisory Committee (vs 0.1), CNG's Executive team reserves the right to overrule decisions made by the Advisory Committee, but only in case it can demonstrate evidence that the outcome of the decision made will (negatively) impact's CNG's overall business integrity and/ or business model.

In addition, the Advisory Committee approves the final version of this ToR document (which may still be still subject to change afterwards). Prior to each new interim release of new versions of program documents, the Advisory Committee reviews if this ToR was appropriately adhered to, and then approves or rejects the new interim versions.

4.5 Record keeping

The Development Team maintains proper document and version control, and all documents are stored for a minimum of five years:

- As per ISEAL's Code of Good Practise, **all feedback and input received from stakeholders** (either gathered through stakeholder events or consultation rounds) shall be documented. For practical reasons, input or feedback is collected and grouped per 'stakeholder category', to maintain structure to feedback processing. The Development Team periodically updates a so called '**Feedback Analysis Database'**, with new input and feedback received after each opportunity for stakeholders to give feedback (see Annex 3). This database also specifies whether and how the received feedback is either A) '*accepted*', meaning somehow integrated in a new version of a program document, or B) '*rejected*', e.g. if there was insufficient buy-in or consensus. This 'Feedback Analysis Database' is made public, without mentioning names of feedback providers.
- **Interim versions of program documents** are indicated as e.g. vs 0.1, 0.2 or 2.1, whereas final versions (for release) are indicated as vs 1.0, vs 2.0, etc. A periodic progress update (**Work Plan**), summarizing progress and potential risks or delays is made available to stakeholders at least one per year. Also, **pilot results** are made available in summary format.
- **Agenda's and minutes** of meetings (such as Stakeholder Events) will be shared with all participants and/ or stakeholders. In particular, the minutes will include a detailed section on the expressed interests and opinions of the various stakeholders categories. This, to properly keep record of potentially opposing views and justification for the Development Team to make a particular final decision.

Summarizing, the following documents are produced, and the majority is publicly available on the CNG website:

Type of document/ record	Availability
This Terms of Reference document	CNG website
Interim/ final versions of the program documents: CNG Standard, CNG Assurance Protocol and CNG Claims Policy	CNG website
Periodic Work Plan	CNG website
Contact list of stakeholders + interested parties (and status of their involvement in the development process);	Not shared, due to confidentiality
Agenda and minutes of the stakeholder events, and any other documents used or produced during stakeholder events (such as feedback forms filled in by stakeholders);	CNG website, but personal stakeholder feedback is not shared
Input/ feedback received from stakeholders during consultation rounds	Not shared, due to confidentiality
Pilot results	Not shared, due to confidentiality, but pilot summary will be published on CNG website
The Feedback Analysis Database	CNG website, but made anonymous
Grievance and Complaints Procedure (to be developed)	CNG website
All filed complaints (and resolutions)	Only published on CNG website, if consented by (at least) the complainant
Terms of Reference for Advisory Committee	Available on request
Revision Procedure for CNG Certification Program (to be developed)	CNG website

Table 4: CNG Certification Program documents

4.6 Complaints management

Input or feedback on the content of any of the program documents will be dealt with through the development procedure (see annex 3), and decisions (whether or not to accept input or feedback) follow the decision-making procedure (see section 4.4).

Any procedural complaints (relating to the way in which the program documents was developed) can be submitted to: certification@climateneutralgroup.com (in English or Dutch). CNG strives to reply to each complaint within two weeks. Depending on the issue, CNG strives to resolve the issue and/or provide alternatives within one month. All complaints will be taken seriously, but resolution may be constrained by section 4.2. As per the ISEAL Codes of Good Practise, all complaints (and resolutions) will be documented. Decisions taken on complaints will be disclosed at least to the affected parties (and made public if consented by at least the party filing the complaint).

CNG also aims to develop a general Complaints and Grievance Procedure, which may be used by any party, not only for the development of the new program, but also for any other (business) activity of CNG. When approved by CNG's Executive Team, this procedure will be made public on the CNG website.

4.7 Periodic review of the CNG Certification Program

The revision process of the Standard, Assurance Protocol and Claims Policy (and this ToR) will take place at least every five years as per the ISEA's Codes of Good Practise. Assuming these timelines, the next review is scheduled for 2024 – 2025, yet earlier reviews may be possible, e.g. if requested by the Advisory Committee and/ or decided by CNG's Executive Team. A revision procedure will be developed, specifying the revision process, as well as the conditions under which interim and/ or urgent substantive revision may be requested and/ or enforced.

Stakeholders wishing to provide feedback outside revision periods can submit this via the feedback form available on the CNG website[11], which will be made available once the current development trajectory is formally closed, i.e. in 2021.

[11] See: https://www.climateneutralgroup.com/en/cng-certification-program-development-process/

Annex 1: Key questions/ issues for the development of the Standard

(Questions defined by the Technical Working Group in April 2019, that serve the dialogue with stakeholders)

Assuming scenario 2 (most flexible) , as presented in figure 1a:

A. In order to reach the 'on track' status, both internal reductions and external reductions qualify (offsetting is always possible), even in the case of company growth. Thus, not reaching internal reduction targets is never problematic in terms of compliance. Is then the 'On Track' claim sufficiently ambitious? Should CNG require only internal reductions (see scenario 1), or enforce 'something in between', e.g. a minimum percentage of reductions perhaps?

B. Should we stick to one claim only ('Climate Neutral')?

C. Should CNG require a 'Reduction Plan', for internal and external reduction targets? What 'penalties' could apply, in case this Reduction Plan is not achieved?

Assuming scenario 1 (most stringent), as presented in figure 1b:

D. In reality, most likely **internal reductions will not be as linear** as visualised in figure 11:
   1. If in **red area, insufficient reduction?**
      - Leads directly to de-certification/ suspension?
      - Additional compensation through offsetting permitted, how much (%)?
   2. If in **grey area** (e.g. due to investments or business growth), what are **the options?**
      - What justification / evidence suffices?
      - Within which period should client be back on track?
      - What if these commitments/ promises are not achieved?
   3. If in **green area, additional rewards**/ benefits?
      - Relatively easy to make big reduction steps in the beginning (e.g. office lighting), but how to maintain?
      - Allow for some sort of Gold Status?
      - Relative lower % offsetting needed?

E. What is considered a **good internal reduction achievement** (and can count for reduction targets)? Where to draw the line? How to measure?
   - Buying green energy is not?
   - As a fundamental condition, client must demonstrate 'sufficient effort for own reduction'?

F. What is the **entry level** (starting point), and how to give equal opportunity for reduction? Example:
   a. Company A has already reduced a lot till 2019, and has less potential to reduce more in the coming years (and thus higher chance to <u>not</u> comply)
   b. Company B has not reduced a lot yet, and has therefor lots of potential to meet the reduction targets in the coming years (and thus be compliant).

G. **Annual reduction target** (3,36% and 2,50%) correct for the Netherlands? How to deal with other countries that have different targets?

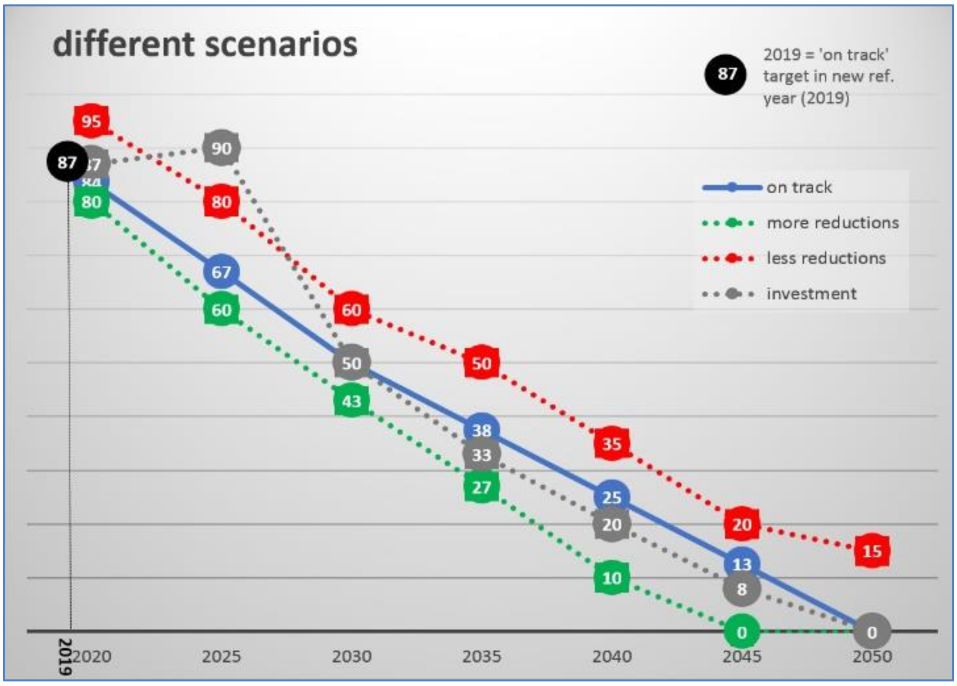


Figure 11: Different reduction scenarios

General topics for discussion:

H. What is the ambition for **scope 3** and how to prevent **double counting** of scope 3? Different options:
   a. Depending on claim type: Reduction targets only applicable to scope 1 and 2. Scope 3 are external emissions, thus outside national targets. If desire to include scope 3 for ‘climate-neutral’ claim, then through off- or insetting?
   b. Depending on Standard: Organisation Standard – only scope 1 and 2, whereas Product Standard scope 1, 2, and 3 are all applicable?

I. What are the clients needs in regard to **insetting**, and how to integrate credible insetting in the design of the Standard (following ICROA rules, see new document published in Feb by ICROA).

J. How to facilitate different **levels of ambition** amongst clients and different **levels of achievement**, e.g. bronze, silver, gold?

K. **Generic standard**, or not?
   a. For products: commodity specific rules?
   b. For organisations: industry/ sector specific rules, e.g. SBTi[12]?

L. To what degree do we want to be **strict** or **prescriptive** with **footprint/ LCA calculation methods**, e.g.:

[12] See: https://sciencebasedtargets.org/wp-content/uploads/2017/02/Sector-Development-Framework-v1.0.pdf

- KNG clients can continue to use their own excel calculations?
- Is there a need for providing detailed CNG Program Guidelines/ Rules?
- Refer to other eligible standards or methods that we acknowledge, e.g. PAS 2050/ ISO 14044?
- Leave it open for flexibility to choose own method?
- Validity of LCA = 3 yrs?

M. **Other considerations** for calculation:

a. In case of product certification, should we at least require an LCA[13], based on a 'life cycle roadmap' (cradle to cradle/ gate/ grave) and a 'land-use change calculation'

b. Absolute or intrinsic value of emissions (see SBTi)?

c. What emission factors are 'approved'/ recognized? Only these[14]?

d. Do we want to include the target calculation methods of SBTi [15]?

N. **In case of product certification, what are the traceability requirements**:

a. Investment cost for traceability worthwhile, compared to the benefit?

b. Or, realistic averages can also suffice as baseline for LCA calculation?

c. If not, Chain of Custody Standard needed?

[13] See: https://en.wikipedia.org/wiki/Life-cycle_assessment

[14] See: https://www.icroa.org/The-ICROA-Code-of-Best-Practice

[15] See: https://sciencebasedtargets.org/methods/

Annex 2: Key questions/ issues for the development of the Assurance Protocol

(Questions defined by the Technical Working Group in April 2019, that serve the dialogue with stakeholders)

A. How to make sure that clients provide **reliable and complete data** on <u>all</u> possible emissions (prevent intentional or unintentional withholding of info).
   -> Two reviews to be done?
   a. Review data input for and method of **footprint/ LCA calculation**;
   b. Review of **implementation** – e.g. reduction targets achieved, credible credits bought, etc?
   -> How to provide auditors with the best tools / audit techniques to **find 'the black spots'**.

B. **Accreditation:** Yes or no, considering the **cost** and **complexity**?
   - Against ISO 14065, 17065 or 17021?
   - Proxy suffices or CNG Program to be recognised as sub-scope?
   - Or other '**oversight mechanism**', e.g. own CB monitoring program or data-management system also suffices?

C. How to bring audit and verification **costs down?** Partly replace audits through:
   - First, an internal check done by client itself **(self-assessment)?**
   - **Some checks** (e.g. self-assessment evaluation) can be done **by CNG**?
   - Use **blockchain or other technologies** for credible data and evidence collection (as a lot of content and evidence is data-driven?
   - Facilitate also for **auditor desk reviews** in addition to on-site audits, where possible?
   - **Extend verification cycle** and validity of certificate e.g. for good performers: 1 yr, 2 yrs, 5 yrs?
   - **2 possible validity cycles** to suit clients' annual cycles?

D. What's the **validity of the certificate**? Could 'good performers' receive an extended validity and/ or other rewards?

E. How to deal with **(potential) CoIs?**
   a. Which activities (i.e. footprint calculation, offsetting, verification, consultancy) can we keep and which ones to outsource?
      - Verification – completely outsourced or can CNG still play a role, e.g. for the first review?)
      - Calculation - **who reviews us**, and is that sufficient?
      - Offsetting - is the **ICROA audit** sufficient to protect our impartiality?
   b. Allow for other parties to also offer the calculation and offsetting services, and if so, when credible enough?

F. Which footprint/ LCA **calculation methods** and **emission factors** are sufficiently **credible** and acknowledged for use for the CNG Certification Program?

G. If client is **non-compliant** with the CNG Standard (e.g. has minor/ major non-conformities), do we want to give a 2nd chance?

H. Should CNG have a **claims / logo use approval system** in place?

I. To what degree do we allow for **emission averages and flexibility in LCA calculations** if end-products are composed from different origins and different supply chains.

Annex 3: Detailed development procedure

Step	Timeframe	Activity	Deliverable
1.1	**Mar – Apr 2019**	**Defining the 'corner stones':** • Internal alignment on strategy and vision of new CNG Certification Program • Establishment of Technical Working Group - first periodic meetings started to develop Pilot Framework and Position Paper on reduction and insetting criteria • Development of ToR	**Terms of Reference for the development of the CNG Certification Program** (ToR) **Technical Working Group operational** to define specs of reduction and insetting criteria

1.2	Apr 2019 and onwards	**Exploring opportunities:**
		• Initiate formal recognition/ membership processes (with Topkeurmerk/ ISEAL)
		• Starting establishment of partnerships/ collaborations:
		  ▪ **3rd party verifiers (CBs):** inquire about interest for collaboration
		  ▪ **Accreditation Body Raad van Accreditatie (RvA):** investigate need and possibilities for accreditation
		  ▪ **Industry/ alliance partners or other certification schemes:** inquire about interest for collaboration
		  ▪ **(Potential) clients and other interested parties:** lobby for attendance of Stakeholder Event in June
		  ▪ First try-out audits in collaboration with CBs (if feasible)
			Collaboration partners defined

2.1	May 2019	**First release:** • Development of Position Paper on Reduction and Insetting Criteria • Development of Pilot Framework • Development of Assurance Protocol (vs 0.1) • Development of 'Minimum Outline' draft Cert. Program Docs (vs 0.1)	**Cert. Program Docs (vs 0.1)** (high level overview and / or position papers)
2.2	Jun 2019	**Stakeholder event:** • Generate stakeholder feedback on Cert. Program Docs (vs 0.1) • Seek and appoint 'Advisory Committee' members • Seek and appoint Pilot Partnerships	Useful feedback (positive or negative) from stakeholders Interest in **Advisory Committee Membership** Interest in **Pilot Partnership**
3.1	Jul – Dec 2019	**Pilot execution:** • Operationalise Pilot Framework	**Pilot results**, useful for requirement setting on reduction and insetting

		• Validate assumptions (on reduction and insetting) of Technical Working Group through findings from pilot cases	
3.2	Jul 2019	**Second release:** • Review feedback and input from Stakeholder Event • Development of interim draft Cert. Program Docs (vs 0.2): ▪ Standard (vs 2.2) ▪ Assurance Protocol (vs 0.2) ▪ Claims Policy (vs 0.2) • Prepare for stakeholder consultation and publish 2nd drafts	**Cert. Program Docs (vs 0.2)** (Formal interim draft)
3.3	Jul – Sep 2019	**(Restricted) public stakeholder consultation:** • Generate stakeholder feedback on Cert. Program Docs (vs 0.2)	Useful feedback (positive or negative) from stakeholders
4.1	Nov 2019 – Feb 2020	**Third release:** • Review (online) feedback submitted through Stakeholder Consultation • Review decisions/ input after COP25 • Review pilot results • Development of interim draft Cert. Program Docs (vs 0.3): ▪ Standard (vs 2.3) ▪ Assurance Protocol (vs 0.3) ▪ Claims Policy (vs 0.3) • Prepare for stakeholder review round and publish 3rd drafts	**Cert. Program Docs (vs 0.3)** (Formal interim draft)
4.2	Mar 2020	**Stakeholder Review Round:** • Generate stakeholder feedback on Cert. Program Docs (vs 0.3) *Notes:* *1. Depending on needs, this round comprises either another stakeholder event and/or stakeholder consultation;* *2. If regulatory changes have not sufficiently matured, final release could be postponed.*	Useful feedback (positive or negative) from stakeholders
4.3	Apr - Sep 2020	**First formal 3rd party verified audits:** • Audits conducted against current KNG Standard vs 2.0 • Audit timeframe extended to Q3 (3 months extra grace period) • Deadline for CB approvals – March 2020	**CBs formally approved** **First formal 3rd party audits**
5.1	Apr - May 2020	**Final release:** • Review feedback from Stakeholder Review Round • Review follow-up decisions/ input after COP25 • Development of final Cert. Program Docs (vs 1.0): ▪ Standard (vs 3.0) ▪ Assurance Protocol (vs 1.0)	**Cert. Program Docs (vs 1.0)** (Final version) **Training Package**

		▪ Claims Policy (vs 1.0) • Development of training material (for clients, CBs, etc)	
5.2	June 2020	**Dissemination and Publication:** • Dissemination of final release to clients and publication on website • Grace period is appr. 9 months, with possible prolongation of another 6 months: ▪ **Mandatory for client adoption:** from June 2020 onwards ▪ **First review:** verification cycle starting in Q2 of 2021 (delays with max of 6 months are accepted to remain certified)	Cert. Program Docs disseminated to clients

Table 5: Detailed development procedure