

Brussels, 30 July 2026
(OR. en)

12283/26

MAR 113
OMI 40
CLIMA 420
ENV 995

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	29 July 2026
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	SWD(2026) 257 final
Subject:	COMMISSION STAFF WORKING DOCUMENT Union submission to the International Maritime Organization's 21st Intersessional Working Group on GHG proposing a framework for the discussions on the chain of custody as part of the requirement to ensure fuel supply chain traceability under the draft IMO Net-Zero Framework and the LCA Guidelines

Delegations will find attached document SWD(2026) 257 final.

Encl.: SWD(2026) 257 final



EUROPEAN
COMMISSION

Brussels, 29.7.2026
SWD(2026) 257 final

COMMISSION STAFF WORKING DOCUMENT

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PURPOSE

This Staff Working Document contains a draft Union submission to the International Maritime Organization's (IMO) 21st Intersessional Working Group on GHG (ISWG-GHG 21). The IMO has scheduled ISWG-GHG 21 from 20 to 24 April 2026.

The draft submission intends to contribute to the discussion of the Group on chain of custody models, as part of the requirement to ensure fuel supply chain traceability under the draft IMO Net-Zero Framework and the 2024 LCA Guidelines, by proposing a framework for further discussions. First, the co-sponsors propose to organise an expert group meeting/workshop before ISWG-GHG-22 on fuel supply chain traceability requirements and chain of custody models. Second, the co-sponsors propose to consider existing ISO terminology on chain of custody models as a starting reference point. Third, the co-sponsors set out a starting list of parameters to be considered when examining existing chain of custody systems. Lastly, it is underlined that existing chain of custody systems should also be assessed against their interaction, links but also leakages amongst them.

EU COMPETENCE

Regulation (EU) 2015/757 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC¹ establishes the legal framework for an EU system to monitor, report and verify GHG emissions and energy efficiency from shipping (MRV Regulation). The regulation aims to deliver robust and verifiable GHG emissions data, inform policy makers and stimulate the market uptake of energy efficient technologies and behaviours. It does so by addressing market barriers such as the lack of information.

The EU Climate Law² sets a binding Union climate targets (compared to 1990) of a reduction of net greenhouse gas emissions—emissions after deduction of removals—by at least 55% by 2030 and by 90% by 2040 (proposal by the Commission). It also includes the aim of climate neutrality by 2050 and an aspirational goal for net negative emissions after this time.

The Directive (EU) 2018/2001 on the promotion of the use of energy from renewable sources³ and the Commission Implementing Regulation (EU) 2022/996 on rules to verify sustainability and greenhouse gas emissions saving criteria and low indirect land-use change-risk criteria⁴ contain the sustainability and greenhouse gas emissions savings criteria as well as the methodologies for certifying sustainable renewable and low carbon fuels against these standards that can be counted by the EU Member States for their national and sectoral decarbonization targets (including for all the types of transport).

Based on the Commission's proposals of the *Fit for 55* package to reduce GHG emissions, the EU

¹ Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and amending Directive 2009/16/EC. OJ L 123, 19.5.2015, p. 55.

² Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law'); OJ L 243, 9.7.2021, p. 1.

³ Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources. OJ L 328, 21.12.2018, pp. 82

⁴ Commission Implementing Regulation (EU) 2022/996 of 14 June 2022 on rules to verify sustainability and greenhouse gas emissions saving criteria and low indirect land-use change-risk criteria. OJ L 168, 27.6.2022, p. 1.

legislators adopted the following legal acts specifically targeting GHG emissions from the shipping sector:

- the revision of the EU Emission Trading System (ETS) Directive (EU) 2023/959⁵ to extend the EU ETS to the maritime transport sector to apply as of 1 January 2024, (together with the necessary amendments to the EU MRV Regulation,⁶ to revise monitoring and reporting rules, also through the revision of the relevant implementing and delegated acts).
- Regulation (EU) 2023/1805⁷ (FuelEU Maritime Regulation) focuses on the use of renewable and low-carbon fuels in the maritime sector and mandates the uptake thereof by ships calling at EU ports to apply as of 1 January 2025.

Both the EU ETS Directive and the FuelEU Maritime Regulation contain review clauses for the event that IMO adopts a global fuel standard or a market-based measure. More precisely, the FuelEU Maritime Regulation in its Article 30(5) and the EU ETS Directive in its Article 3gg(1).

Compliance with the new obligations stemming from the extension of the EU ETS to maritime transport and the FuelEU Maritime Regulation will build on the monitoring, reporting, and verification system established by the EU MRV Regulation.

Any IMO measure on GHG matters, which will require the monitoring, verification and reporting of GHG emissions from shipping, could affect the EU MRV Regulation as well as the EU ETS Directive and the FuelEU Maritime Regulation.

Therefore, the EU has exclusive competence for GHG emissions in shipping.

In light of all of the above, the present draft Union submission falls under EU exclusive competence, pursuant to article 3(2) TFEU.⁸ This Staff Working Document is presented to establish an EU position on the matter and to transmit the document to the IMO prior to the required deadline of 6 March 2026.

⁵ Directive (EU) 2023/959 of the European Parliament and of the Council of 10 May 2023 amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union and Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading system, OJ L 130, 16.5.2023, p. 134–202

⁶ Regulation (EU) 2023/957 of the European Parliament and of the Council of 10 May 2023 amending Regulation (EU) 2015/757 in order to provide for the inclusion of maritime transport activities in the EU Emissions Trading System and for the monitoring, reporting and verification of emissions of additional greenhouse gases and emissions from additional ship types, OJ L 130, 16.5.2023, p. 105–114

⁷ Regulation (EU) 2023/1805 of the European Parliament and of the Council of 13 September 2023 on the use of renewable and low-carbon fuels in maritime transport, and amending Directive 2009/16/EC, OJ L 234, 22.9.2023, p. 48–100

⁸ An EU position under Article 218(9) TFEU is to be established in due time should the IMO Marine Environment Protection Committee eventually be called upon to adopt an act having legal effects as regards the subject matter of the said draft Union submission. The concept of ‘*acts having legal effects*’ includes acts that have legal effects by virtue of the rules of international law governing the body in question. It also includes instruments that do not have a binding effect under international law, but that are ‘*capable of decisively influencing the content of the legislation adopted by the EU legislature*’ (Case C-399/12 Germany v Council (OIV), ECLI:EU:C:2014:2258, paragraphs 61–64). The present submission, however, does not produce legal effects and thus the procedure for Article 218(9) TFEU is not applied.

FURTHER CONSIDERATION OF THE DEVELOPMENT OF THE IMO LIFE CYCLE GHG ASSESSMENT (LCA) FRAMEWORK

Chain of custody models and requirements

Submitted by Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands (Kingdom of the), Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the European Commission, acting jointly in the interest of the European Union

SUMMARY

Executive summary: This submission intends to contribute to the discussion of the Group on chain of custody models, as part of the requirement to ensure fuel supply chain traceability under the draft IMO Net-Zero Framework and the 2024 LCA Guidelines, by proposing a framework for further discussions. First, the co-sponsors propose to organise an expert group meeting/workshop before ISWG-GHG-22 on fuel supply chain traceability requirements and chain of custody models. Second, the co-sponsors propose to consider existing ISO terminology on chain of custody models as a starting reference point. Third, the co-sponsors set out a starting list of parameters to be considered when examining existing chain of custody systems. Lastly, it is underlined that existing chain of custody systems should also be assessed against their interaction, links but also leakages amongst them.

Strategic direction, if applicable: 3

Output: 3.2

Action to be taken: 15

Related documents: ISWG-GHG 20/WP.1/Rev.1, ISWG-GHG 20/2/23, ISWG-GHG 20/2/24, ISWG-GHG 20/2/28, ISWG-GHG-20/2/30 and ISWG-GHG 20/3/7

Introduction

1 Pursuant to the draft amendments associated with the IMO Net-Zero Framework (IMO NZF) regulation 34, GHG emission factors and sustainability themes or aspects of a fuel should be certified by a Sustainable Fuels Certification Scheme (SFCS) recognised by the Committee, taking into account guidelines to be developed and the 2024 Guidelines on life cycle GHG intensity of marine fuels (resolution MEPC.391(81)) (LCA guidelines).

2 During the twentieth meeting of the Intersessional Working Group on Reduction of GHG Emissions from Ships (ISWG-GHG-20), several proposals were submitted on the topic of traceability and chain of custody as part of the certification of a fuel's GHG intensity, such as 20/2/23 (Republic of Korea), 20/2/24 (IPIECA et al.), 20/2/28 (CLIA), 20/3/7 (CSC), 20/2/29 (Norway et al.), and 20/2/30 (Brazil et al). Submissions emphasized credibility, robustness, and alignment with international standards to minimize double counting as essential elements for the implementation of the IMO NZF when it comes to fuel and energy traceability. Deciding on these essential elements requires mapping and analysis of the existing so called 'chain of custody models' covering the well-to-tank (WtT) fuel production and supply chain.

3 Although the discussion at ISWG-GHG 20 was not conclusive on the need for an IMO-dedicated set of chain of custody options, there was an interest for further exploring how these aspects may facilitate the effective implementation of the draft IMO Net-Zero Framework. The Group then invited interested parties to continue working intersessionally to submit further information on chain of custody models and how these could potentially be integrated into the framework.

4 In parallel to the discussion within the IMO, international developments are taking place regarding the standardization of chain of custody models. The recently developed ISO standard for chain of custody models (ISO 22095:2020) sets out a framework for elements included in a generic chain of custody model. The standard aims to provide unambiguous and harmonized terminology for and definitions of the different chain of custody models (i.e. Identity preserved, Segregated, Controlled blending, Mass balance, and Book and Claim), as well as the corresponding general requirements for each model. It also provides general guidance on the appropriate application of the defined chain of custody models. In January 2026, the ISO standard was amended with additions specifically for the chain of custody models Mass Balance (ISO 22095-2) and Book & Claim (ISO 22095-3).

5 This submission intends to contribute to the discussion of the Group, by proposing a framework for the discussions on the chain of custody. First, the co-sponsors propose to organise an expert group meeting/workshop before ISWG-GHG-22 on fuel supply chain traceability requirements and chain of custody models, which will report to ISWG-GHG 22. Second, the co-sponsors propose to consider existing ISO terminology on chain of custody models as a starting reference point. Third, the co-sponsors set out a starting list of parameters to be considered when examining existing chain of custody systems, before deciding on the system that best serves the purposes of the implementation of IMO measures and objectives. Lastly, it is underlined that existing chain of custody systems should also be assessed against their interaction, links but also leakages amongst them, in order to ensure that double-claims and double counting are prevented.

Need for examination of fuel traceability requirements and chain of custody models

6 The IMO LCA Guidelines provide for fuel certification to validate GHG intensity and sustainability profiles of fuels claimed to contribute to the sector's transitioning away from fossil energy sources. Certification incentivises the progressive improvement over time of fuels GHG emissions' profiles by certifying actual emission values that demonstrate a better performance compared to default emission values. In this regard, fuel certification is not only relevant for the IMO Net-Zero Framework (NZF), but it also complements the IMO short-term measures, namely the Carbon Intensity Indicator (CII), as well as the IMO Data Collection System (DCS), any possible future IMO long-term measures and the monitoring of the implementation of the 2023 IMO Strategy on Reduction of GHG Emissions from Ships.

7 The co-sponsors of this submission would like to emphasize that any chain of custody in place for the physical fuel supply and use by ships to be eligible under IMO-NZF

must be robust, transparent, aligned with international standards and ensure traceability in order to safeguard from double counting.

Expert meeting on fuel traceability requirements and chain of custody models

8 The co-sponsors' assessment is that despite valuable knowledge offered across submissions and through the discussions within the Group regarding chain of custody models, further work should take place swiftly, so that the Committee can decide on the chain of custody models that recognised SFCS will certify. To this end, a swift enhancement of the knowledge of the Group is essential.

9 To this end, the co-sponsors propose to organise an expert group meeting/workshop to take place between ISWG-GHG-21 and ISWG-GHG-22 on fuel traceability requirements and chain of custody models and invite delegations to nominate experts to this meeting to share their knowledge and expertise and report to ISWG-GHG-22. For this expert group meeting/workshop, the co-sponsors propose to establish a structured draft agenda containing the following elements:

1. ISO terminology on chain of custody models (definitions, input, output, process, supply chain, site etc.);
2. Interaction of ISO definitions with the 2024 LCA Guidelines
3. Existing applications of chain of custody systems/models and comparison/assessment of their characteristics (e.g. ICAO CORSIA, EU Renewable Energy Directive)
4. Ensuring traceability of fuel supply at IMO:
 - Requirements necessary for a transparent, uniform and reliable traceability system across all types of energy carriers
 - Requirements for the implementation of the traceability requirements by the economic operators (e.g. documentation, metrics, mass balancing period etc).

10 As referred to in paragraph 7, the expert meeting should focus on methods that are robust, transparent, aligned with international standards and ensure traceability within the chain of custody models in order to safeguard from double counting, thereby ensuring the seamless application of the 2024 LCA Guidelines. The co-sponsors further believe that this exchange with experts will facilitate the Committee's understanding on different chain of custody systems existing today.

Methodology for building up a common knowledge base

11 The co-sponsors would like to propose a few methodological considerations that may be useful in building up the knowledge within the Group with regards to chain of custody models.

12 First, the co-sponsors highlight that setting up a common, consistent and unambiguous terminology framework on chain of custody models will be essential to progress with the setting up of an IMO system that guarantees fuel traceability. For this, the co-sponsors propose to use the general ISO standard for chain of custody models (ISO 22095:2020) as well as the specific ISO standards for Mass Balance and Book and Claim (ISO 22095-2 and ISO 22095-3 respectively) as a starting reference point.

13 Second, a proper assessment of each chain of custody model should focus on concrete parameters that allows for uniform comparability of GHG emissions' performance profiles and of sustainability attributes across fuel pathways, thereby making them comparable between them as well as benchmark them against the requirements necessary for the sound application of the 2024 LCA Guidelines. These parameters include the following:

1. On account of the different chain of custody models may be applicable to different stages of the fuel or energy carrier supply chain, the segment(s) of the fuel supply chain up to and including the ship that any given chain of custody model applies (e.g. between fuel suppliers, between shipping companies, between feedstock producer/collector and fuel supplier, between fuel supplier and the shipping company)
2. The sector (system boundaries) where any given chain of custody system applies (e.g. chain of custody models applicable to maritime shipping or cross-sectoral)
3. Temporal characteristics (e.g. mass balancing period(s), or temporal flexibilities)
4. Elements pertaining to interconnected infrastructures (e.g. electricity, hydrogen, methane), whether grid-bound or non-grid bound.

14 Lastly, in order to make an informed decision on the chain of custody model(s) that best serve the purpose of implementing IMO measures, it is necessary to examine the interaction, links but also the leakages between that chain of custody model(s) and other existing chain of custody models in other market sectors. This is crucial to safeguard against double-claims and double counting of the same feedstock volumes and fuel batches across different sectors, as well as offsetting between chain of custody models applicable across different countries.

Action requested of the Working Group

15 The Working Group is invited to take into consideration the co-sponsors' proposals contained in paragraphs 9, 12, 13 and 14, namely request the Marine Environment Protection Committee to:

- Organise an expert group meeting/workshop before ISWG-GHG-22, which will submit a written report to ISWG-GHG 22 for consideration.
- Consider the proposals on the methodology for further consideration by the Group of various chain of custody models, as part of the requirement to ensure fuel supply chain traceability under the draft IMO NZF and the 2024 LCA Guidelines and take action, as appropriate.