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Modular approach to fulfill diverging sustainability requirements

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Heterogeneous requirements and approaches across different market segments/companies – up to now no agreement on minimum standards

**Sustainability requirements**
- Including biodiversity
- RED plus environmental and social criteria
- RED compliant
- Marketing based without third party control

**Other requirements**
- Segregation
- Mass balance
- Book & Claim
- Non GMO
- …
Example food industry – different approaches, time horizons and requirements
Framework conditions will drive sense of urgency and determine the speed of implementation
Learning's from the biofuels market – price premiums are a strong market driver

<table>
<thead>
<tr>
<th>Renewable energy directive (RED) spot prices</th>
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<tbody>
<tr>
<td>Biodiesel, $/t</td>
</tr>
<tr>
<td>Bid</td>
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<tr>
<td>Palm OME fob Rotterdam</td>
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<td>1,240.00</td>
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Unclear benefits :-

• Economic returns – Not always positive, certificate dependant

Source: Feide 2012

Product quantity certified

Product quantity sold
Implementation of harmonized sustainability requirements in the conventional markets outside biofuels will be a challenge

- So far, only voluntary activities in different development stages
- Huge variety of programs and label leaving companies and consumers confused
- Mainly low premiums for certified products
- Many crop specific initiatives or company specific programs
- Different interpretation of sustainability and sustainability requirements, partly no third party control
- Sustainability, GHG emission and traceability requirements addressed for biomass production – but mostly not along the value chain
- Biomass producers and suppliers start meanwhile calling for standardization (as their customers start to request different requirements for the same product)
- Transparency and traceability seen as a threat by suppliers

Limited implementation – however similar to the very early stages of the biofuels market

Market players must invest significant effort in order to get orientation

Multiple certification necessary
What is needed is a certification system integrating both diverting company requirements and variety of systems and labels: ISCC PLUS

**ISCC PLUS**

- No multiple certification necessary, scheme covering all crops
- Base requirements identically for everybody
- Adapted to customer needs via modules
- Integrates other specialized schemes and levels via benchmarking
- Pragmatic development approach towards new requirements
- Additional security via database
ISCC DE/EU and ISCC PLUS sustainability requirements are equivalent – system users may apply add-ons to best comply with their customer needs.
In addition to existing ISCC PLUS modules further ones are in preparation – with ISCC taking a pragmatic approach towards new requirements.
System users which hold already an ISCC certificate can easily untap additional market opportunities.

- **Oil mills and refineries**: potential to sell sustainable food and feed products
- **Ethanol plants**: potential to sell sustainable feed products
- **Traders and first gathering points**: scales of economy (i.e. allocation of certification costs to higher volumes)
- **Farms**: scales of economy (i.e. allocation of certification costs to higher volumes)
ISCC PLUS demonstrates a strong commitment to the high standards of ISCC throughout the entire supply chain

Each element of the value chain has to be ISCC certified and shall only accept ISCC material for ISCC PLUS.
Non ISCC material from other schemes may be accepted if the other scheme has been benchmarked equivalent to ISCC PLUS.
A short evaluation of sustainability criteria for flagship farms and ISCC PLUS core requirements shows good coverage – economics

Benchmarking

- Benchmarking by ISCC with respect to sustainability, chain of custody and governance criteria
- Equivalence in all major must and a majority of minor must criteria required
- Benchmarking results will be evaluated together with other scheme
- In case of non-conformity add on audit is possible to close the gap
Combining ISCC PLUS with a database offers increased security as the entire product information is transferred in a closed system.
Looking into the future – combining satellite monitoring with chain of custody control will enable a new level of reliability.
Thank you for your attention!

Become part of the ISCC family.
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