ISCC Update and Latest Developments in the EU

Sascha Wüstenhöfer, ISCC System GmbH
Regional Stakeholder Dialogue, Berlin, 21 May 2019
ISCC facts & figures

- System users in 100+ countries
- 21,000+ certificates
- 3,300+ system users
- 28 certification bodies
- 400+ ISCC trained auditors
- Training Programme (75 Trainings so far for auditors and system users)
- Innovative tools and procedures to facilitate audits
- Use remote sensing to verify land use change
- 8 Voluntary add-ons to address specific customer requirements
- Stakeholder dialogue: 116 ISCC Association members
- Discussion platform with 4 Regional and 2 Technical Committees
- Integrity Programme 3 auditors

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ISCC is one of the leading certification schemes applied on a global scale for different feedstocks and markets.
ISCC is a multi-stakeholder association with 116 members. The association steers the overall development of the ISCC system.
The number of ISCC PLUS certificates increases steadily with the European Union as a significant driver.

- **Valid ISCC Certificates**
  - + 105 %

Note: Numbers as of 01 May 2019

<table>
<thead>
<tr>
<th>Year</th>
<th>ISCC PLUS Certificates outside the EU</th>
<th>ISCC PLUS Certificates in the EU</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/2017</td>
<td>57</td>
<td>50</td>
</tr>
<tr>
<td>07/2017</td>
<td>69</td>
<td>57</td>
</tr>
<tr>
<td>01/2018</td>
<td>83</td>
<td>67</td>
</tr>
<tr>
<td>07/2018</td>
<td>101</td>
<td>70</td>
</tr>
<tr>
<td>04/2019</td>
<td>114</td>
<td>106</td>
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Drivers for ISCC PLUS are the food and feed market as well as industrial applications (e.g. packaging, chemicals)
ISCC is continuously developing the system to meet market demand

- The ISCC PLUS document was updated and includes a certification approach for the **circular economy**
- ISCC developed an approach for **Independent Smallholder (ISH) certification**
  - April 2018: ISCC **recognition** for verification of compliance of imported ethanol with **Japanese sustainability requirements**
  - ISCC developed a stand-alone module for **non-GMO material** for food and feed
  - Newly structured **guidance on logo use**, including graphical styleguide and list of examples
In The Netherlands, sustainability criteria for solid biomass are set out

- The RVO (The Netherland Enterprise Agency) asked companies to apply for a subsidy under the SDE+ (Sustainable Energy production)
- In order to receive this subsidy, companies have to prove compliance with sustainability requirements for solid biomass
- Companies have to be certified by one of the certification schemes being approved by the Minister of Economic Affairs and Climate Policy, who is advised by the Advisory Committee on the Sustainability of Biomass for Energy Applications (ADBE)
- Currently, ISCC is applying recognition by the ADBE/ RVO
New ISCC Solid Biomass NL document in Public Consultation

- New ISCC document focussing e.g. on:
  - Material eligible including solid biomass from forestry and residues from nature and landscape management
  - Requirements for sustainable forest management
  - Introduction of a risk based approach for small scale forest management units
  - Options for group certification

- ISCC Stakeholders are asked to provide feedback as part of the public consultation on this document: https://www.iscc-system.org/stakeholders/public-consultation/

- Next steps: ISCC aims to finalize the approval process
ISCC is increasingly recognized by different governments, voluntary initiatives of brand owners and individual companies.

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<tr>
<th>Energy</th>
<th>Industrial Applications</th>
<th>Food</th>
<th>Feed</th>
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<tbody>
<tr>
<td>Renewable Energy Directive (RED) and Fuel Quality Directive (FQD) of the European Union</td>
<td>Der Blaue Engel</td>
<td>Sustainable Agriculture Initiative (SAI) Platform</td>
<td>ISCC in line with FEFAC Soy Sourcing Guidelines</td>
</tr>
<tr>
<td>Japanese Government</td>
<td>Textile Exchange’s “2025 Sustainable Cotton Challenge”</td>
<td>Coca Cola’s Sustainable Agriculture Guiding Principles</td>
<td>Soy Network Switzerland</td>
</tr>
<tr>
<td>Liquid Fuel Supply Regulation of Queensland</td>
<td>European Committee for Standardization</td>
<td>Retailers’ Soy Group (RSG) requirements for responsible soy of the Consumer Goods Forum</td>
<td>Soy sourcing supply chains of Mars petcare</td>
</tr>
<tr>
<td>Participation in CORSIA for sustainable alternative jet fuels</td>
<td>Sustainable supply of raw materials for the industrial use of biomass (INRO)</td>
<td>Unilever Sustainable Agricultural code</td>
<td>Soy sourcing supply chains of ADM</td>
</tr>
<tr>
<td>AIREG – Aviation for renewable energy in Germany</td>
<td>Green Deal, sustainability criteria for biobased polymer products</td>
<td>Diageo’s Sustainable Agricultural Sourcing Requirements</td>
<td>Others</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Responsible sourcing practices in areas that are exposed to high risk of deforestation</td>
<td></td>
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</tbody>
</table>

Examples:

- Sustainable Agriculture Initiative (SAI) Platform
- Coca Cola’s Sustainable Agriculture Guiding Principles
- Retailers’ Soy Group (RSG) requirements for responsible soy of the Consumer Goods Forum
- Unilever Sustainable Agricultural code
- Diageo’s Sustainable Agricultural Sourcing Requirements
- Responsible sourcing practices in areas that are exposed to high risk of deforestation
Audit Procedure System (APS) is a new innovate tool developed by ISCC to facilitate the audit process

What is APS and what are its benefits?

- Electronic application supporting the audit preparation and simplifying the audit process for ISCC auditors
- New version APS 4.0 was released in November 2018
- Automatized step-by-step process contributes to an increased audit efficiency
- Reduces the risk for mistakes by leading the auditor only through the relevant questions
- In the future, ISCC will use APS also for automatic analysis and evaluation of ISCC’s impact and other KPIs

"I am sure that this new feature will help us a lot to make our audits (even) more structured and reliable."

Michael Köster, Lead Auditor, ASG Cert GmbH, Germany
The ISCC Impact Assessment Report 2018 will be published soon

- Critical review of what has been achieved, and what is the impact on the ground
- Definition of the ISCC Theory of Change
- Gathering of data about impact is challenging
- Assessment includes sample data taken from audit reports and a survey with certification bodies
- Improvements in the ISCC system will provide more digitally accessible data about impact
- Continuous improvement process with involvement of stakeholders
- ISCC will report about impact on a regular basis in the future
Starting in 2021, the RED II will be the legal framework for the bioenergy sector in the EU

<table>
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<tr>
<th>RED II timeframe: 2021 - 2030</th>
<th>Higher GHG emission savings targets</th>
<th>Now fossil fuel comparator: 94 g CO₂</th>
<th>Assessment for additional Annex IX feedstocks to be introduced</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least 32% RE by 2030 at EU level</td>
<td>Sub-target of 3.5% advanced biofuels in 2030 (mandatory)</td>
<td>7% cap on crop-based biofuels with strings attached</td>
<td>New sustainability requirements for solid biomass from forest</td>
</tr>
<tr>
<td>At least 14% RES-T; obligation on fuel suppliers</td>
<td>Various multipliers set (shipping, aviation, rail, EVs etc.)</td>
<td>Flexibility for MS is included</td>
<td>Low iLUC risk biofuels excluded from phase-out (not from cap on crop-based biofuels)</td>
</tr>
<tr>
<td>Double counting for Annex IX, Part A+B biofuels possible</td>
<td></td>
<td></td>
<td>High iLUC risk biofuels to be 0% by 2030</td>
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Among others, the RED II applies new requirements for the GHG emission savings from the use of biofuels and bioliquids.

**GHG emission savings requirements in RED I and RED II**

**RED I**
- Installation in operation after 5 Oct. 2015 (biofuels)
- Installation in operation on or before 5 Oct. 2015 (biofuels)

**RED II**
- Installation starting operation from 1 Jan. 2021 (electricity, heat)
- Installation starting operation from 1 Jan. 2021 (biofuels)
- Installation starting operation from 1 Jan. 2026 (electricity, heat)
- Installation starting operation after 5 Oct. 2015 (biofuels)
- Installation starting operation on or before 5 Oct. 2015 (biofuels)

**Date of entrance into force of the RED II in the Member States**
Latest: 30 June 2021

* RED I – 2009/28/EC lately amended by 2015/1513/EC from October 2015 (Fossil reference GHG value: 83.8 gCO₂e/MJ)

** RED II – Directive (EU) 2018/2001 from 11 December 2018 (Biofuels fossil reference GHG value: 94 gCO₂e/MJ; Electricity, heat fossil reference GHG value: 183 gCO₂e/MJ)
Will the RED II new GHG emission requirements be implemented by all Member States (MS) at the same time?

...what happens if MS are not synchronized?
RED II: Implications for ISCC

- An update of ISCC EU is required to become recognized under the RED II, particularly to implement:
  - Delegated acts on:
    - ILUC (published on 13 March 2019)
    - Renewable fuels of non-biological origin and recycled carbon fuels (due in January 2021)
    - Co-processing (due in December 2021)
  - Sustainability requirements for solid biomass
  - Adjusted fossil fuel comparator and default values

- Transposition of RED II into national law is due by 30 June 2021

- Practical challenges require guidance from the EC:
  - How to deal with a non-harmonized transposition by different MS (i.e. with respect to time and content)?
  - Certification under RED I and RED II required to supply all MS?
  - Transition periods (for schemes, operators, deliveries)?
Upcoming stakeholder events

- **ISCC Technical Committee Meeting “Waste, Residues and Advanced Low Carbon Fuels”**
  - Date: 02 July 2019
  - Place: Shanghai, China

- **ISCC Regional Committee Meeting Southeast Asia**
  - Date: 24 October 2019
  - Place: Jakarta, Indonesia

- **ISCC Regional Committee Meeting North America**
  - Date: 19 November 2019
  - Place: Las Vegas, USA
Many thanks for your attention!

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