ISCC Update and Latest Development in the EU

Andreas Feige, ISCC System GmbH
ISCC Technical Committee Southeast Asia, Jakarta, 24 October 2019
# ISCC Stakeholder Dialogue – Agenda (I)

<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
<th>Who</th>
</tr>
</thead>
<tbody>
<tr>
<td>09:00 – 09:30</td>
<td>Registration and Welcome Coffee</td>
<td>Adrian Suharto, Head of Sustainability Asia Nestle, Chair ISCC TC SEA; Vasu Vasuthewan, ISCC Board Member</td>
</tr>
<tr>
<td>09:30 – 09:45</td>
<td>Welcome Addresses</td>
<td></td>
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<tr>
<td>09:45 – 10:10</td>
<td>ISCC Update and Latest Developments in the EU</td>
<td>Andreas Feige, Managing Director, ISCC</td>
</tr>
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## The Impact of Regulatory Frameworks

<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
<th>Who</th>
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</thead>
<tbody>
<tr>
<td>10:10 – 10:30</td>
<td>MSPO Update and Outlook</td>
<td>Chew Jit Seng, Chief Executive Officer, MPOCC</td>
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<tr>
<td>10:30 – 10:50</td>
<td>ISPO Update and Outlook</td>
<td>R. Azis Hidayat, Chairman, ISPO Commission</td>
</tr>
<tr>
<td>10:50 – 11:10</td>
<td>High and Low iLUC Risks Biofuels – Implication for Producers and How to Determine Low iLUC Risks</td>
<td>Andreas Feige, Managing Director, ISCC</td>
</tr>
<tr>
<td>11:10 – 11:25</td>
<td>Coffee Break</td>
<td>Sponsored by Control Union</td>
</tr>
<tr>
<td>11:25 – 11:45</td>
<td>Buyer Perspective on Palm Oil Market Access to EU in the Light of the New EU RED II Regulation</td>
<td>Adrian Suharto, Head of Sustainability Asia Nestle</td>
</tr>
<tr>
<td>11:45 – 12:00</td>
<td>New Regulations in the Malaysian Palm Milling Industry and the Implication to Food Safety and Availability of Sustainable Advanced Biofuels Feedstocks</td>
<td>Vinoosh Siraha, Founder &amp; CEO, Fatihopos Energy Sdn Bhd</td>
</tr>
<tr>
<td>12:00 – 12:30</td>
<td>Discussion</td>
<td>All</td>
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</table>
# ISCC Stakeholder Dialogue – Agenda (II)

<table>
<thead>
<tr>
<th>Certification Challenges</th>
<th>Time</th>
<th>Topics</th>
<th>Presenter</th>
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<tbody>
<tr>
<td>12.30 – 13.00</td>
<td></td>
<td>GHG Calculation Challenges – Land Classification, Negative Emissions and Learnings from Integrity Audits</td>
<td>Andreas Feige, Managing Director, ISCC</td>
</tr>
<tr>
<td>13.00 – 14.00</td>
<td>Lunch Break</td>
<td></td>
<td></td>
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<tr>
<td>14.00 – 14.15</td>
<td></td>
<td>Independent Smallholder Mapping – How to Do it Right</td>
<td>Pascal Ripplinger, Project Lead, GRAS Systems</td>
</tr>
<tr>
<td>14.15 – 14.30</td>
<td></td>
<td>Conversion of Independent Smallholder Subsistence Farms into Plantations</td>
<td>Andreas Feige, Managing Director, ISCC</td>
</tr>
<tr>
<td>14.30 – 14.50</td>
<td></td>
<td>Palm Oil Mill Effluent (POME) – a Sustainable, Renewable Energy Feedstock</td>
<td>Dr Siv Sivardran, CEO, PT Indo Energy Solutions</td>
</tr>
<tr>
<td>14.50 – 15.10</td>
<td></td>
<td>New ISCC Requirements Against Fraud – Implications for Stakeholders</td>
<td>Vasu Vasuthewan, ISCC Board Member</td>
</tr>
<tr>
<td>15.10 – 15.25</td>
<td>Discussion</td>
<td></td>
<td></td>
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<tr>
<td>15.25 – 15.40</td>
<td>Coffee Break</td>
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</tbody>
</table>

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<thead>
<tr>
<th>Implementing Fully Traceable and Deforestation-Free Supply Chains</th>
<th>Time</th>
<th>Topics</th>
<th>Presenter</th>
</tr>
</thead>
<tbody>
<tr>
<td>15.40 – 16.10</td>
<td></td>
<td>Talking Traceability to the Next Level</td>
<td>Bernhard Alexander Riedo,</td>
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<td></td>
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<td>Director Sustainability &amp;</td>
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<td></td>
<td></td>
<td></td>
<td>Stakeholder Relations, Asian Agri</td>
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<tr>
<td>16.10 – 16.30</td>
<td></td>
<td>State of the Art Toolset for Improving Smallholder Performance</td>
<td>Pascal Ripplinger, Project Lead, GRAS Systems</td>
</tr>
<tr>
<td>16.30 – 17.00</td>
<td>Discussion and Next Steps</td>
<td></td>
<td>All</td>
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<tr>
<td>17.00 – 18.30</td>
<td></td>
<td>Get Together / Networking Reception</td>
<td>Sponsored by Musir Mas</td>
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ISCC facts and figures

- System users in 100+ countries
- 23,000+ certificates
- 3,500+ system users
- 29 certification bodies
  - 400+ ISCC trained auditors
- Training Programme
  - (76 Trainings so far for auditors and system users)
- Innovative tools and procedures to facilitate audits
- Use remote sensing to verify land use change
- Stakeholder dialogue: 125 ISCC Association members
- Discussion platform with 4 Regional and 2 Technical Committees
- 8 Voluntary add-ons to address specific customer requirements
- Integrity Programme
  - 3 auditors
- 400+ ISCC trained auditors
ISCC is one of the leading certification schemes applied on a global scale for different feedstocks and markets.
ISCC is a multi-stakeholder initiative organized in an association with 125 members.

*As of 01 October 2019*
ISCC cooperates with 29 certification bodies from 16 countries. Most of them conduct audits for ISCC worldwide.
818 of the currently valid 3,712 ISCC certificates are Asian based, 421 have been issued for Indonesia and Malaysia

*Numbers as of 01 October 2019

- Indonesia: 250 certificates
- Malaysia: 171 certificates
- China: 186 certificates
- Other Asian Countries: 211 certificates
ISCC in Indonesia: 249 of 250 certificates are for ISCC EU, palm is dominating

Raw materials as indicated on certificates:

- Palm: 91%
- UCO: 6%
- SBE: 5%

Certificates per ISCC System:

- ISCC EU: 99.6%

Type of operation and No. of certificates:

<table>
<thead>
<tr>
<th>Type of operation</th>
<th>No. of certificates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plantation</td>
<td>25</td>
</tr>
<tr>
<td>Central Office</td>
<td>21</td>
</tr>
<tr>
<td>Central Office ISH</td>
<td>1</td>
</tr>
<tr>
<td>First Gathering Point</td>
<td>89</td>
</tr>
<tr>
<td>Point of Origin (w/r)</td>
<td>66</td>
</tr>
<tr>
<td>Collecting Point (w/r)</td>
<td>30</td>
</tr>
<tr>
<td>Oil Mill</td>
<td>135</td>
</tr>
<tr>
<td>Refinery</td>
<td>36</td>
</tr>
<tr>
<td>Biodiesel Plant</td>
<td>12</td>
</tr>
<tr>
<td>Trader/Storage</td>
<td>67</td>
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</tbody>
</table>

Numbers as of 01 October 2019. Each certificate may be issued for more than one product and type of operation.

* No (raw) materials are indicated on certificates only issued for trader and/or storage

** Palm includes all materials based on palm, e.g. FFB, CPO, Pome, Palm Sludge Oil, PFAD etc.
ISCC in Indonesia: Locations of certified operations

Legend
- Collecting Point
- Central Office (Farms) & First gathering points
- Processing Units

*As of 01 October 2019
ISCC in Malaysia: 171 certificates divided between ISCC EU and ISCC PLUS

Raw materials as indicated on certificates*

- Palm: 87%
- UCO: 23%
- SBE: 8%

Certificates per ISCC System

- ISCC EU: 89%
- ISCC PLUS: 11%

Type of operation | No. of certificates
--- | ---
Plantation | 5
Central Office | 4
First Gathering Point | 56
Point of Origin (w/r) | 32
Collecting Point (w/r) | 53
Oil Mill | 72
Refinery | 24
Biodiesel Plant | 22
Trader/Storage | 73

Numbers as of 01 October 2019. Each certificate may be issued for more than one product and type of operation
* No (raw) materials are indicated on certificates only issued for trader and/or storage
** Palm includes all materials based on palm, e.g. FFB, CPO, Pome, Palm Sludge Oil, PFAD etc.
ISCC in Malaysia: Locations of certified operations

*As of 01 October 2019

**Legend**
- Collecting Point
- Central Office (Farms) & First gathering points
- Processing Units
The ISCC Integrity Programme: Results 2018

- Overall 66 on-site Integrity Assessments in 2018
- Withdrawal of five certificates
- Suspension from recertification of seven system users
- Suspension of one auditor
- Three “yellow cards” and one “red card” have been issued to CBs by ISCC
- Based on the analysis, ISCC system documents, audit procedures and other templates are continuously optimized and updated
ISCC has recently released an update of the Audit Procedure System (APS) to further 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 4.1 was released in August 2019
- 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
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
    - July 2019: Recognition by the Dutch authorities of the new certification system **ISCC Solid Biomass NL** to prove compliance with legal **sustainability requirements** for solid biomass for energy applications in **the Netherlands**
The RED II came into effect on 24 December 2018 and has to be transposed into national law by 30 June 2021

<table>
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<th>RED II (Directive 2018/2001)</th>
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<tr>
<td><strong>Energy from Renewable Sources</strong></td>
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<td><strong>Renewables in the Transport Sector</strong></td>
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<tr>
<td><strong>Blending Obligation for Low-Emission and Renewable Fuel</strong></td>
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<tr>
<td><strong>Cap on Food/ Feed Crop Based Biofuels</strong></td>
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<tr>
<td><strong>Target for Annex IX Part A (advanced)</strong></td>
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<tr>
<td><strong>Limit for Annex IX Part B (UCO, animal fat)</strong></td>
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<tr>
<td><strong>New GHG emission saving thresholds</strong></td>
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<tr>
<td><strong>New fossil fuel comparator</strong></td>
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New categories in RED II will require sustainability certification

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<tr>
<th>Category</th>
<th>Description</th>
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<tr>
<td>Advanced biofuels</td>
<td>- Annex IX of RED II (Part A), mainly based on waste and residues</td>
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<tr>
<td>High iLUC risk biofuels</td>
<td>- Produced from feedstocks with significant production expansion into areas with high carbon stock (currently only palm)</td>
</tr>
<tr>
<td>Low iLUC risk biofuels</td>
<td>- Produced with schemes avoiding displacement effects of food/feed crops (e.g. double cropping, use of degraded land, yield increase)</td>
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<tr>
<td>Renewable fuels of non-biological origin</td>
<td>- E.g. hydrogen</td>
</tr>
<tr>
<td>Recycled carbon fuels</td>
<td>- Fuels produced from e.g. plastics, waste processing gases, exhaust gases</td>
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Among others, the RED II introduces new GHG emission savings thresholds for 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. 2026 (electricity, heat)
- Installation starting operation from 1 Jan. 2021 (electricity, heat)
- Installation starting operation from 1 Jan. 2021 (biofuels)
- 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 gCO$_2$/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?

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

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 after 5 Oct. 2015 (biofuels)
- Installation starting operation on or before 5 Oct. 2015 (biofuels)

GHG emission savings requirements in RED I and RED II

* RED I – 2009/28/EC lately amended by 2015/1513/EC from October 2015 (Fossil reference GHG value: 83.8 gCO₂e/MJ)
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)?
We thank our sponsors
Many thanks for your attention!

Andreas Feige, ISCC System GmbH
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