

Opportunities for ISCC certified products

Juliane Pohl, ISCC System GmbH

ISCC Regional Stakeholder Committee Southeast Asia

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ISCC
International Sustainability & Carbon Certification

ISCC is a leading certification scheme that is globally applicable for a wide range of feedstocks and markets

Recap

Besides any kind of biomass, ISCC covers the certification of biogenic waste and residues, non-bio renewable and recycled carbon based materials

Examples

Waste and processing residues

Used cooking oil

Landfill gas

POME

End-of-life tyres

Municipal solid waste / mixed plastic waste

Crude glycerine

Renewable non-bio feedstocks

Renewable electricity

CO_2 (post-industrial)

Forestry / agricultural crop residues

Forestry residues

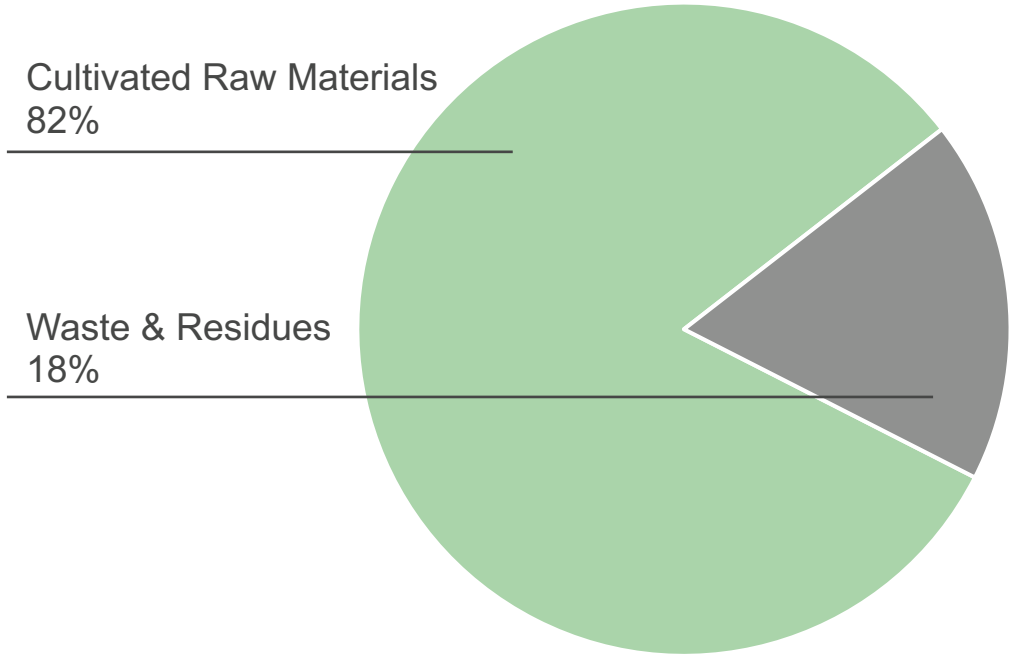
Husks

Straw

Almost 16 million metric tons of waste and residues were certified as sustainable raw materials under ISCC in 2021*

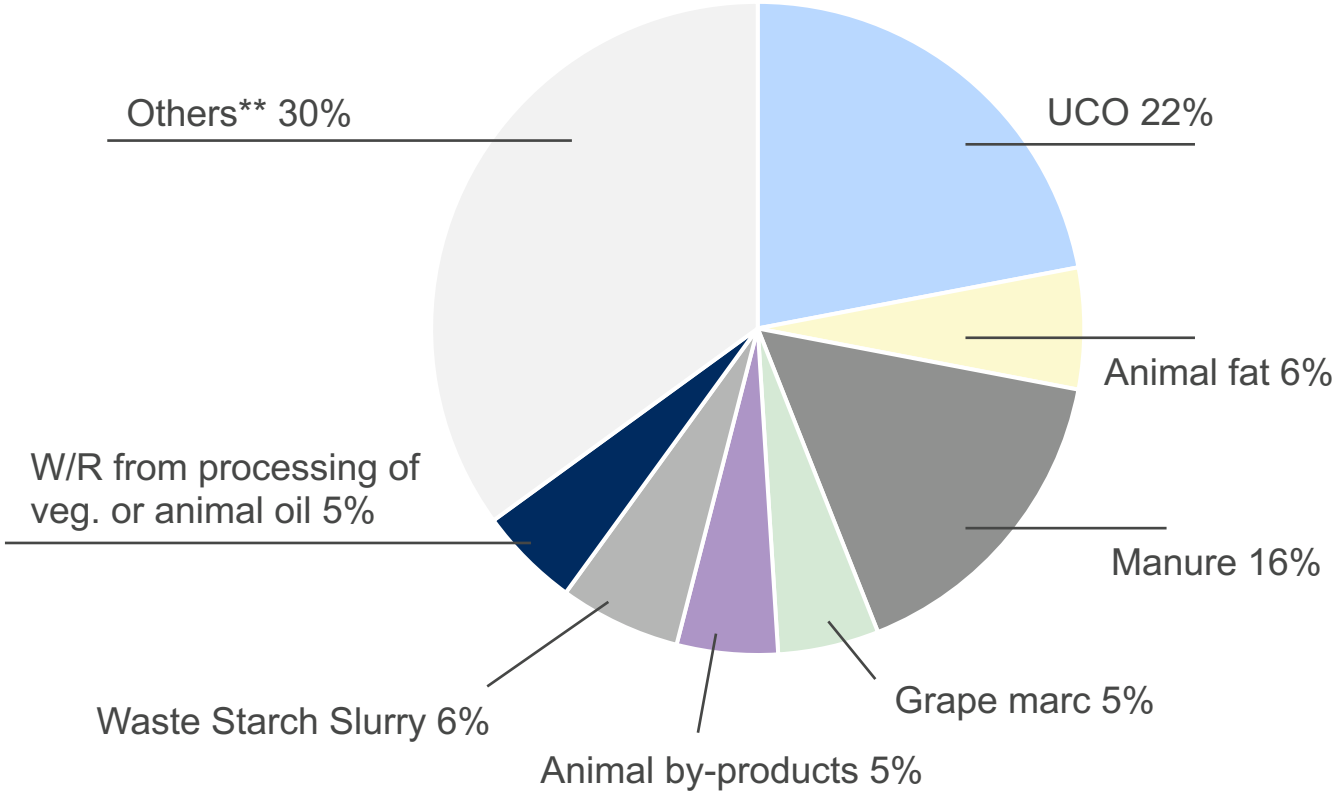
Shares of ISCC certified raw material types

(based on a total of 87.5 million tons raw material)



Shares of ISCC certified types of waste and residues

(based on a total of 15.9 million tons waste and residues)



* Figures for ISCC EU only, based on the EU Reporting 2021 as of May 2022

** includes e.g food waste, spent bleaching earth, sewage sludge, tall oil, palm fatty acid distillate, POME oil, organic municipal solid waste, and further waste and residues

The number of ISCC certificates for waste and residues based materials is steadily increasing. Further APAC countries are obtaining ISCC certification

Number of ISCC certificates that cover*:

- UCO: 1,850+ certificates
- POME: 710+ certificates

➢ For waste and residues, such as UCO, more companies from countries such as Australia, India, the Philippines and Vietnam are becoming ISCC certified

Source: ISCC Impact Report 2022, available at www.iscc-system.org

* Numbers as of 11 October 2022. Each certificate may cover more than one material

The certification of recycled materials is increasing which supports the transition towards a circular economy

Recycling is crucial to tackle the waste problem and reduce the dependency from virgin fossil materials

Mixed plastic waste

140+ certificates

End-of-life tyres

10+ certificates

Organic municipal solid waste

40+ certificates

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ISCC PLUS certified bioplastic is increasingly used for products and packaging solutions. Brand owners use the ISCC logos to enhance visibility of their sustainability efforts

Examples

ISCC certified **packaging**

ISCC certified **products**

Recycled plastic is also a feedstock that is increasingly used to produce packaging solutions and products

Examples

ISCC certified **packaging**

ISCC certified **products**

ISCC certification to support compliance with EC deforestation and due diligence requirements

- Proposal from European Commission (EC) on deforestation and forest degradation*
  - Concerns companies that are placing materials on the EU market associated with deforestation and forest degradation, such us palm or soy, cattle, wood, cocoa and coffee and some derived products
  - Objective of proposal is that EU as relevant consumer of such materials reduces its contribution to deforestation/forest degradation
  - Due diligence and traceability requirements (e.g. satellite monitoring tools and on-site audits) will be introduced
- ISCC certification can support companies to translate such requirements into action and achieve the required level of transparency
  - ISCC has extensive expertise in the traceability of sustainable material and verification of land use change
  - ISCC certified biomass is already today deforestation-free and traceable

* Proposal (2021/0366 (COD)) for a regulation on the making available on the Union market as well as exports from the Union of certain commodities and products associated with deforestation and forest degradation. Available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32010R0995

Certified palm oil and PKS as feedstock for power generation in Japan

- Japanese Ministry for Economy, Trade and Industry (METI) has set up Japan FIT (feed-in-tariff system)
- Japan FIT obligates electricity companies to purchase power from renewable sources (biomass, solar, wind, hydraulic, hydro, geothermal, etc.) at fixed prices for a specified period of time
- Sets out incentives for the production of renewable electricity in Japan
- Includes subsidies for the procurement of palm oil, palm kernel shells (PKS) and palm trunks

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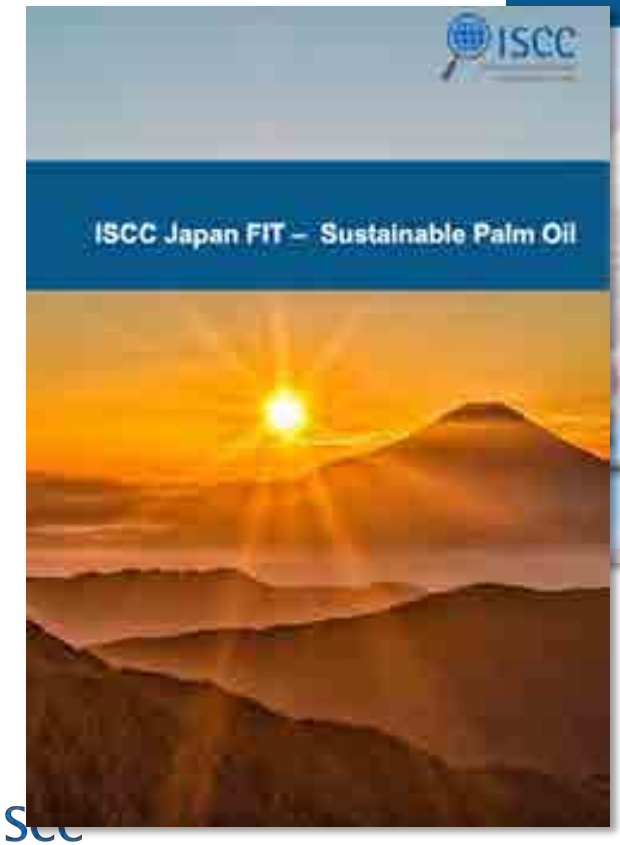
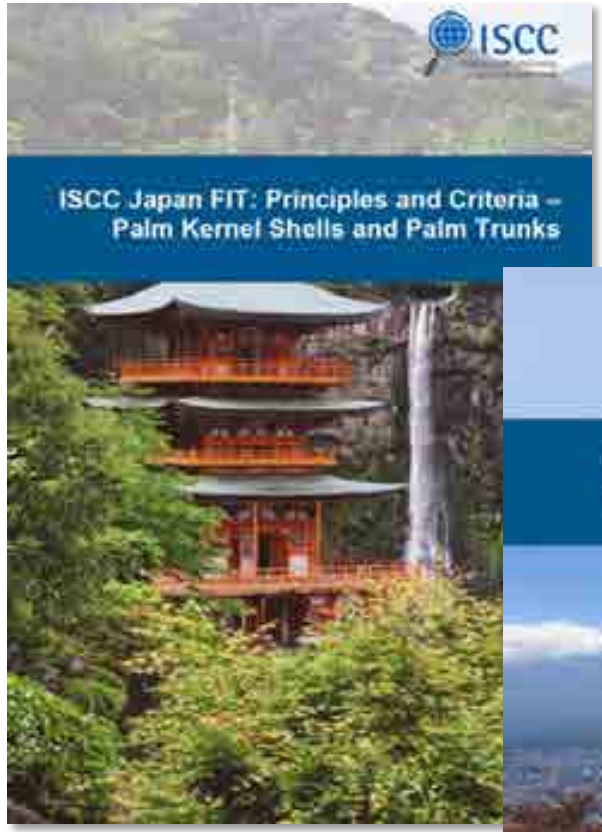
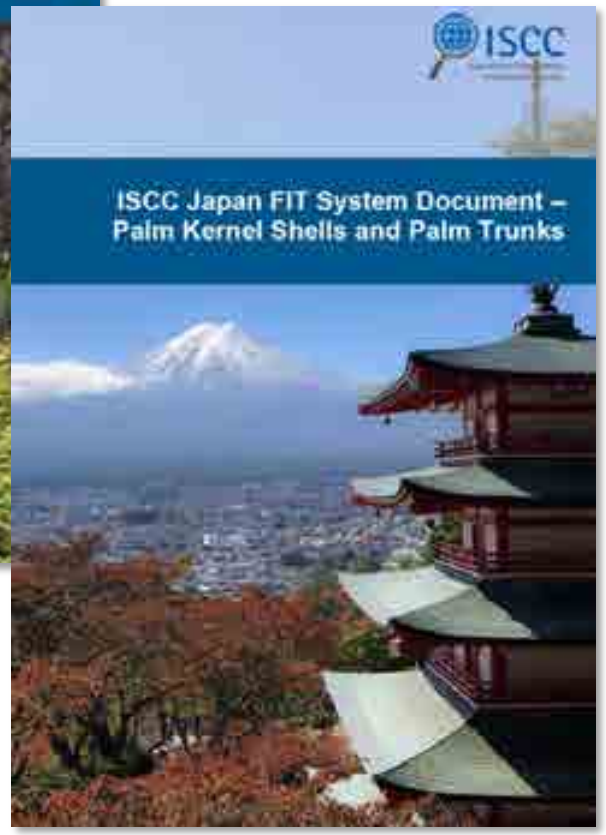
ISCC has developed approaches for the certification of sustainable palm oil, palm kernels shells and palm trunks in accordance with METI requirements

Recognition by METI pending





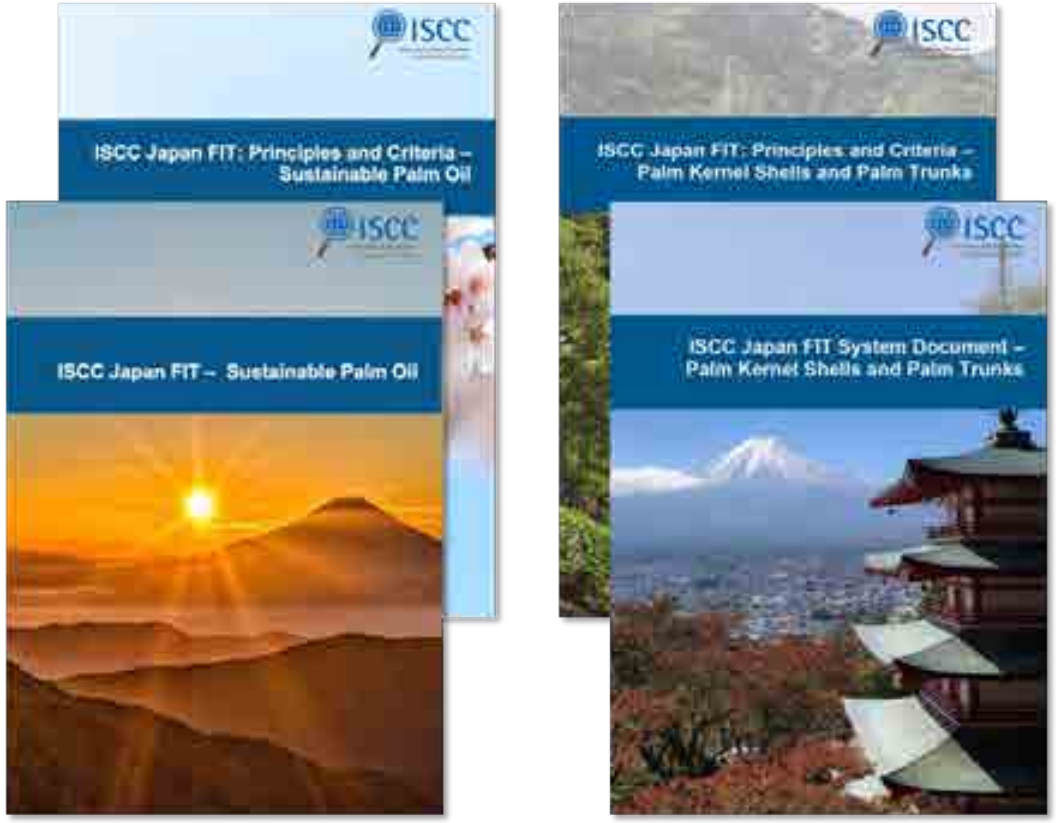
Recognised by METI since April 2022



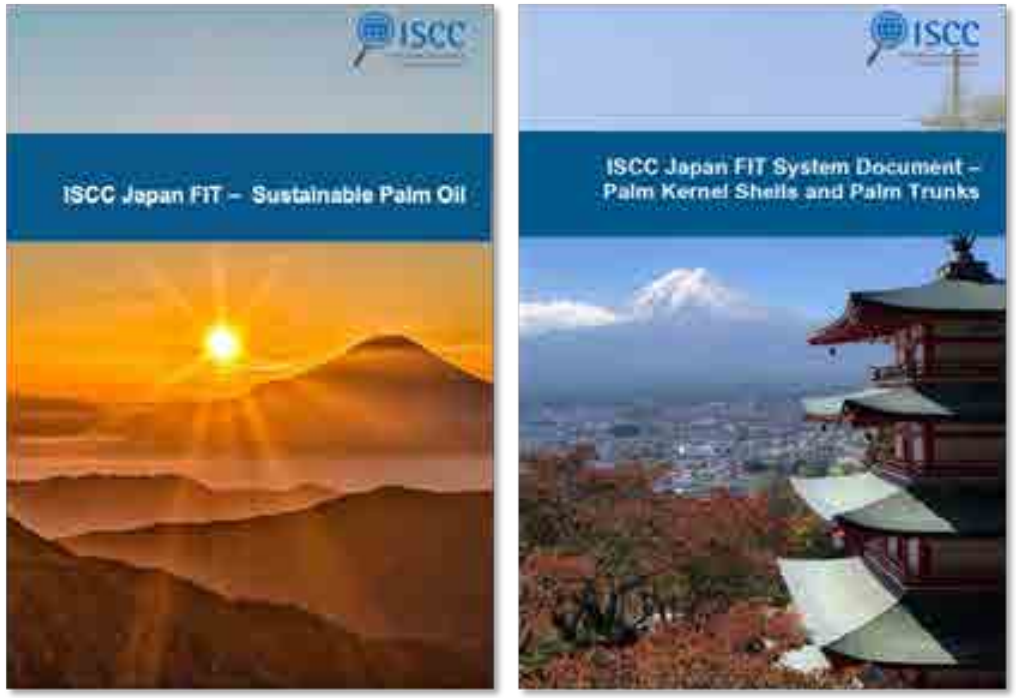
ISCC Japan FIT approaches were developed in accordance to the general ISCC standard

- The documents were developed in accordance with the general ISCC System standard

- In addition, they cover the requirements for sustainable feed as laid out in Japan's Feed-in-Tariff (FIT) System for renewable energy



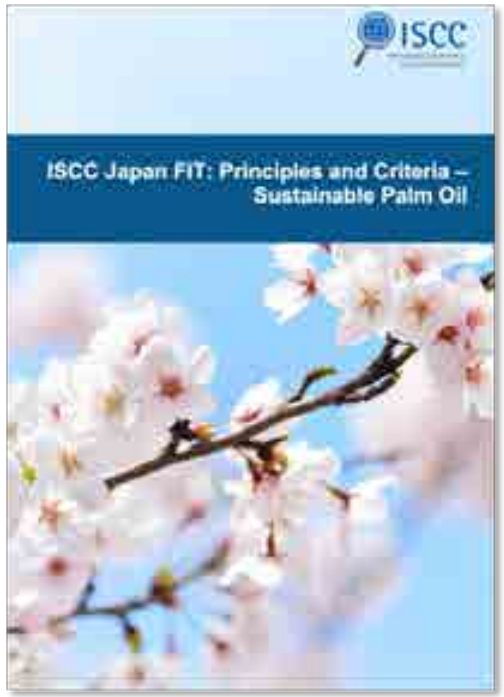
The ISCC Japan FIT schemes for sustainable palm oil, palm kernel shells and palm trunks cover the entire supply chain and are globally applicable

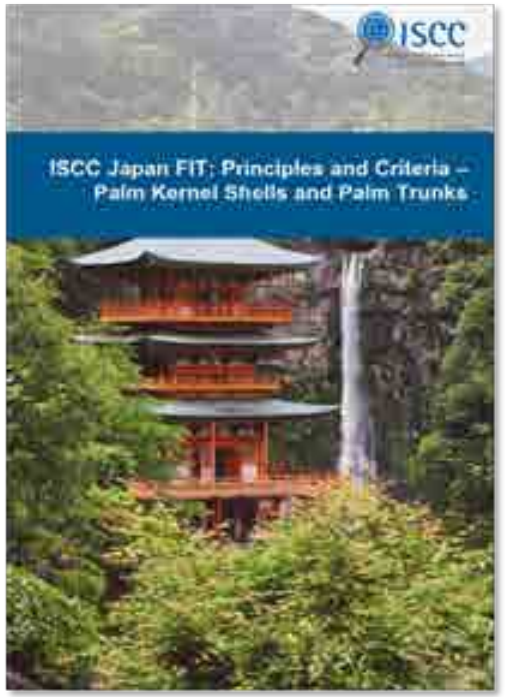


* Requirements for GHG reduction threshold values set once confirmed by METI

- **Scope**
  - ISCC Japan FIT standards are globally applicable for economic operators in supply chains for palm oil, PKS and palm trunks destined for use for power generation in Japan
  - Certified products certified are eligible under Japan FIT
  - Economic operators along the supply chain from the origin up to the power plant must be covered by certification
    - Palm oil: Supply chain starts at plantation where palm is cultivated
    - PKS and palm trunks: Supply chain starts of point of origin where PKS or palm trunks are generated
    - At the origin, group certification is possible
- **Chain of Custody**
  - The chain of custody model Identity Preserved (IP) or Segregation must be applied (mass balancing is not applicable)
- **GHG calculations**
  - GHG emissions relating to cultivation, transport and processing must be calculated and minimised*

Principles and criteria covering environmental and social requirements are applicable for all elements along the supply chain





* Plantations must be compliant with the requirements of the six ISCC Principles for agricultural biomass. See ISCC Documents 202-1 „Agricultural Biomass: ISCC Principle 1" and 202-2 "Agricultural Biomass: ISCC Principles 2-6"

- **Scope of application of P&C's:**
  - Palm oil: Plantations*, first gathering points/central offices
  - PKS and palm trunks: Points of origin and collecting points
  - All feedstocks: P&C apply to processing units and trading/storage
    - For trading/storage only some P&C's are applicable
- **Topics covered under the P&C**

1) Protection of land with high biodiversity value or high carbon stock (Note: only applicable for plantations in case of palm oil)
2) Environmental protection
3) Safe working conditions
4) Compliance with human, labour and land rights
5) Compliance with laws and international treaties
6) Good management practices and continuous improvement

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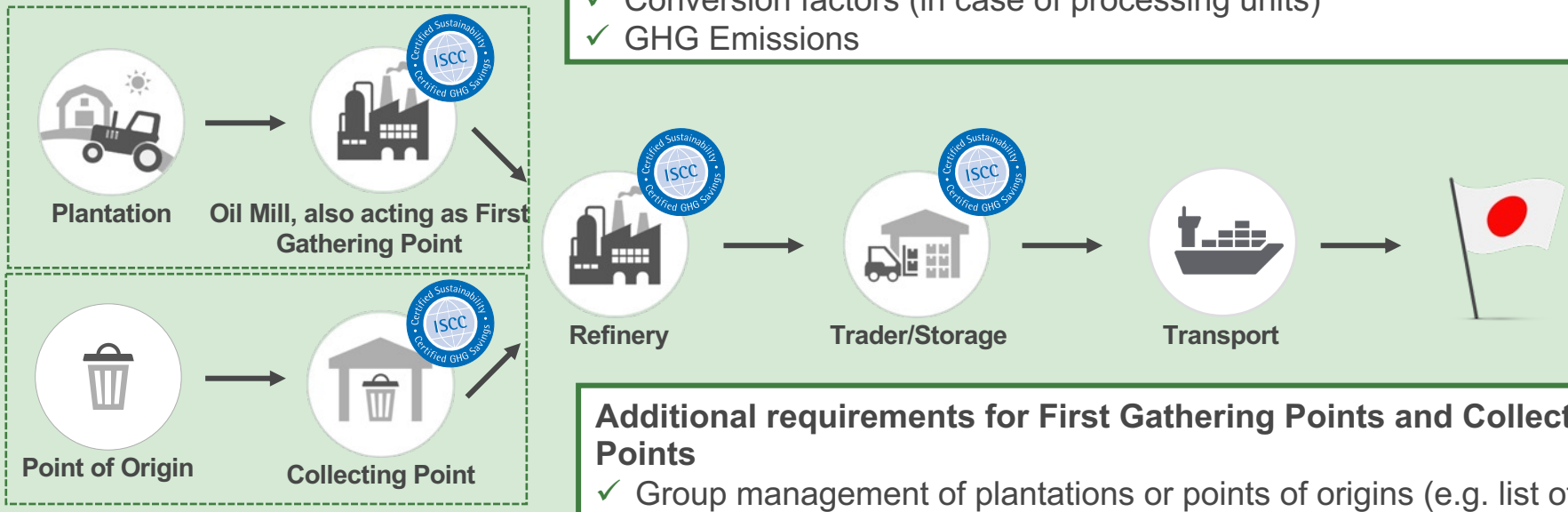
Simplified supply chains: Plantations and points of origin are covered by group certification, processing units are certified individually

Plantation requirements
- ✓ ISCC Principles 1-6 for agricultural biomass

General supply chain audit requirements
- ✓ ISCC Japan FIT P&C
- ✓ Management system
- ✓ Traceability documents and segregation
- ✓ Conversion factors (in case of processing units)
- ✓ GHG Emissions

Sustainable palm oil

Palm kernel shells and palm trunks



Point of origin requirements
- ✓ ISCC Japan FIT P&C

Additional requirements for First Gathering Points and Collecting Points
- ✓ Group management of plantations or points of origins (e.g. list of group members, self-declarations from plantations/points of origin)
- ✓ Annual internal audit of all plantations that are part of the group (for FGPs only)
- ✓ Annual audit by third-party certification body of a risk-based sample of plantations/points of origin that are part of the group*

* Only points of origin generating more than 10mt of PKS/palm trunks per month are considered for the sample

Example: Plantations under group certification – Annual internal audits by oil mill and sample audits by certification body

All plantations sign self-declaration

Plantations

Oil Mill – also acting as First Gathering Point

FGP audits all plantations internally once a year

Annual on-site external sample audits by certification body on a risk-based approach

Note:
In general, the sampling formular also applies for the sampling of points of origin

Difference:
Determination of n = All points of origin that signed a self-declaration and are generating more than 10 mt of PKS/palm trunks per month

Example:

9 plantations are covered under the certificate of the oil mill/FGP:

- 9 **self-declarations**
- 9 **internal audits** by internal auditor from oil mill staff
- 3 **external audits*** conducted by certification body (s = 1* x√ 9 = 3)

Formular to calculate the sample size:
$s = r \times \sqrt{n}$
(s= sample, r= risk factor, n= total number of group members)

Risk factors:
regular (r = 1), medium (r = 1.5), high (r = 2)

*assuming a regular risk

Getting ISCC Japan FIT certification when an ISCC certificate is already in place

- Requirements regarding management system, group certification and sustainability declarations/PoS are the same as for other ISCC standards
- In comparison to the other ISCC standards, supply chain elements have to fulfill additional requirements under ISCC Japan FIT
  - Under ISCC Japan FIT environmental and social requirements (P&Cs) must also be fulfilled by points of origin, collecting points and processing units
  - Physical segregation to be applied as chain of custody option

Thank you for your attention!

Juliane Pohl
ISCC System GmbH, Hohenzollernring 72, 50672 Cologne, Germany
www.iscc-system.org

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