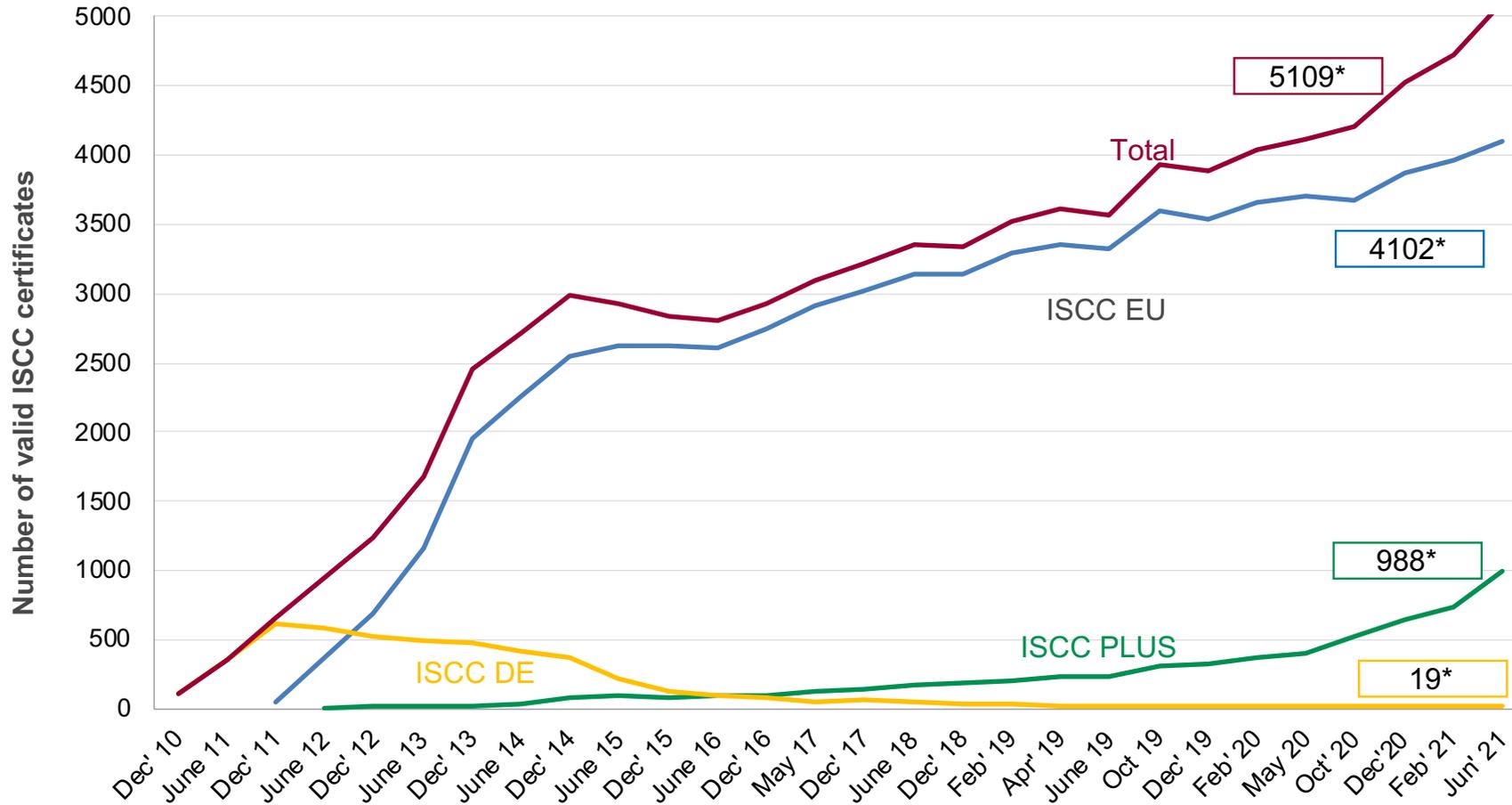




ISCC Regional Stakeholder Dialogue Latin America

ISCC Update on EU, PLUS, CORSIA and Upcoming Due Diligence

Within all ISCC schemes, the number of certificates increased by more than 20% in the last 12 months. First CORSIA certificates expected this summer



Development of valid certificates per ISCC scheme**

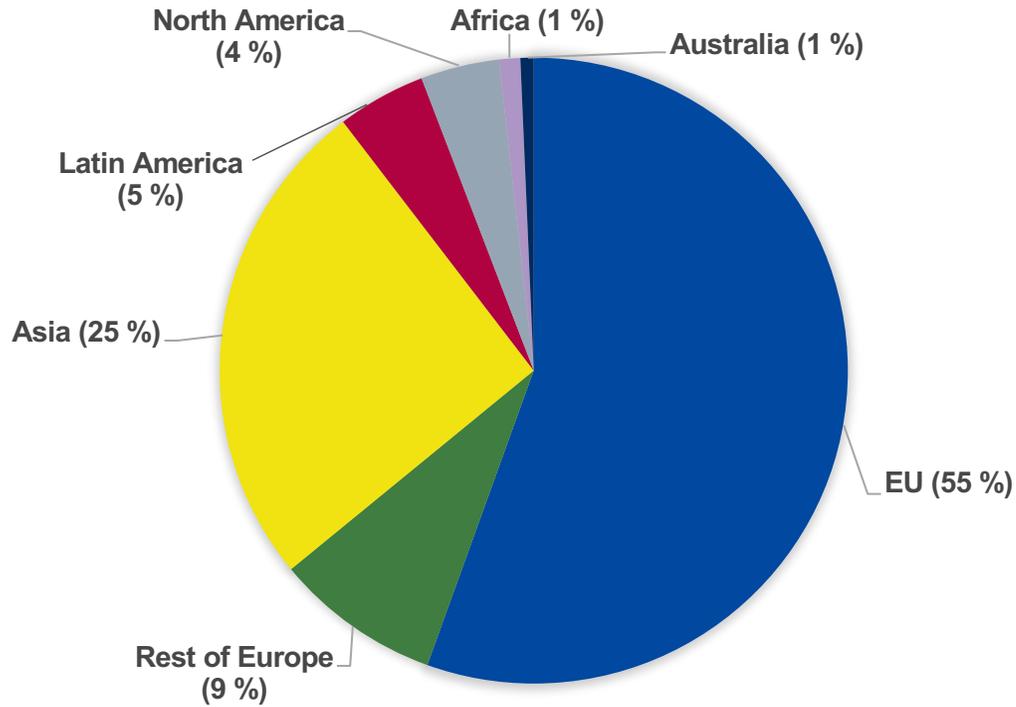
All ISCC schemes	+ 21 %
ISCC EU	+ 9 %
ISCC PLUS	+ 135 %
ISCC DE	0 %

*Numbers as per 24 June 2021

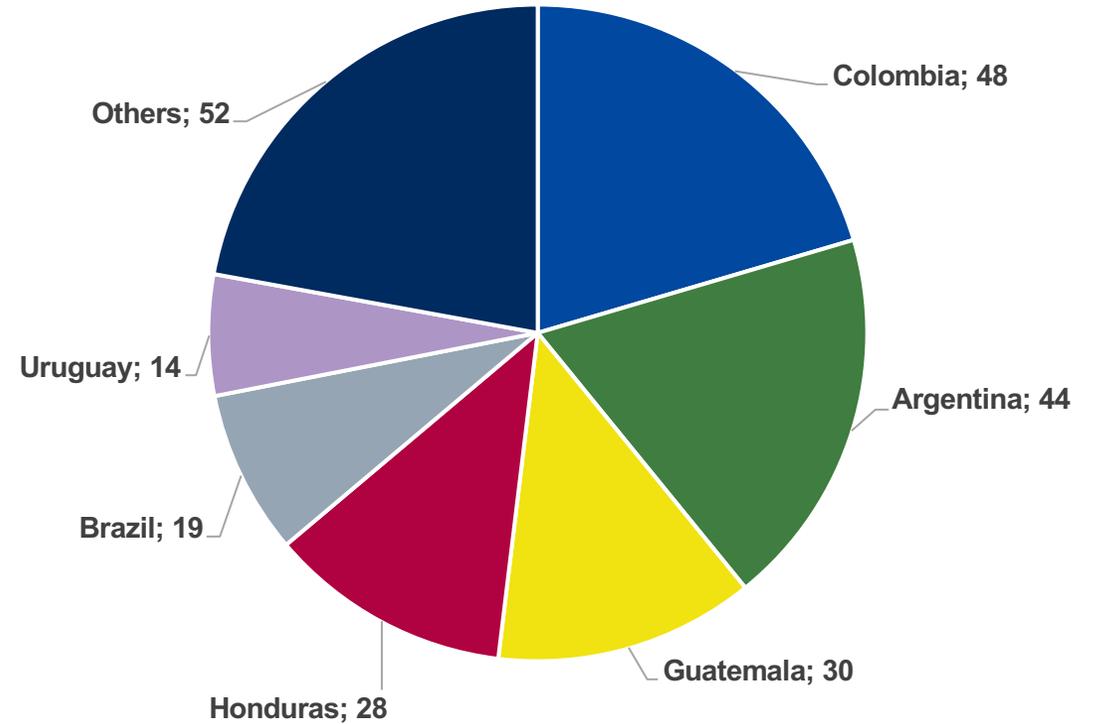
**In comparison to June 2020

Most of the ISCC certificates in Latin America are issued in Colombia, Argentina and Guatemala

Valid certificates by region*



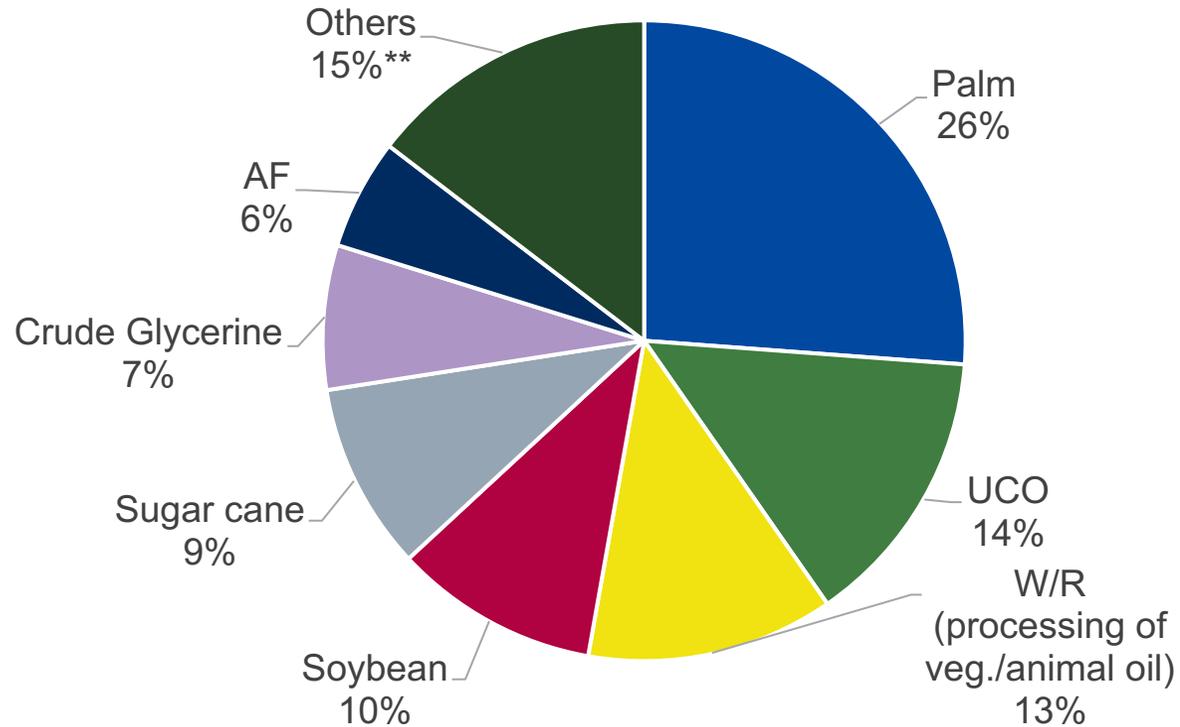
Valid certificates in Latin America* In absolute numbers



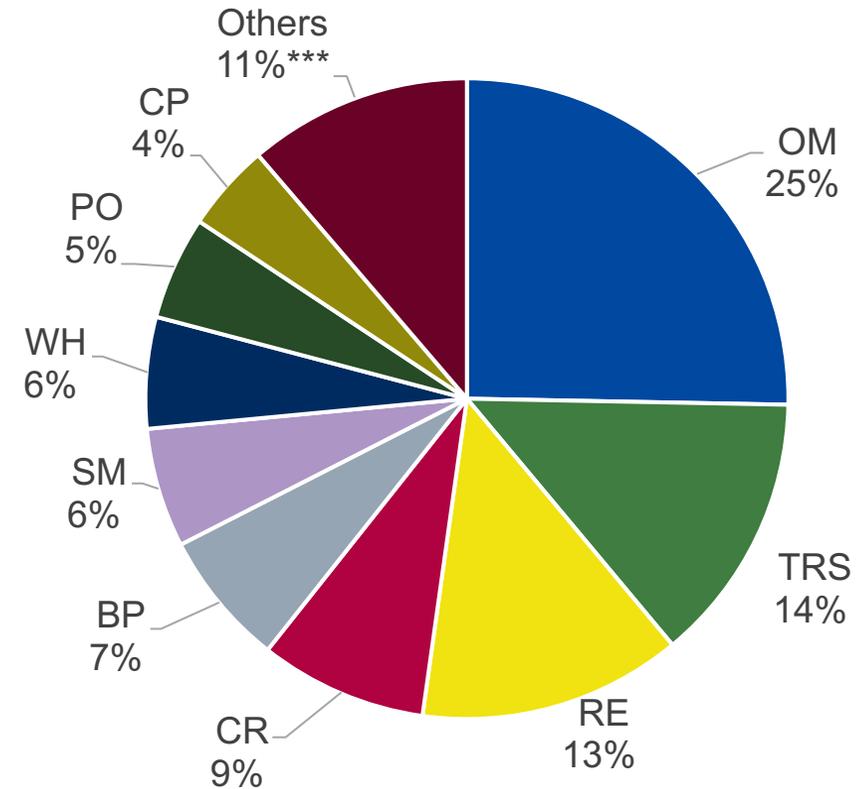
*Numbers as of 24 June 2021

In Latin America palm is the most common feedstock and oil mills the most common scope certified under ISCC

Valid Certificates by Feedstock*



Valid Certificates by Certification Scope*



*One certificate may cover several feedstocks and scopes

**Others <10 certificates include Brown Grease, Corn, Food waste, POME, Sunflower, PFAD, PKS, SBE, Sewage sludge, Bagasse, CTO, Rape/canola

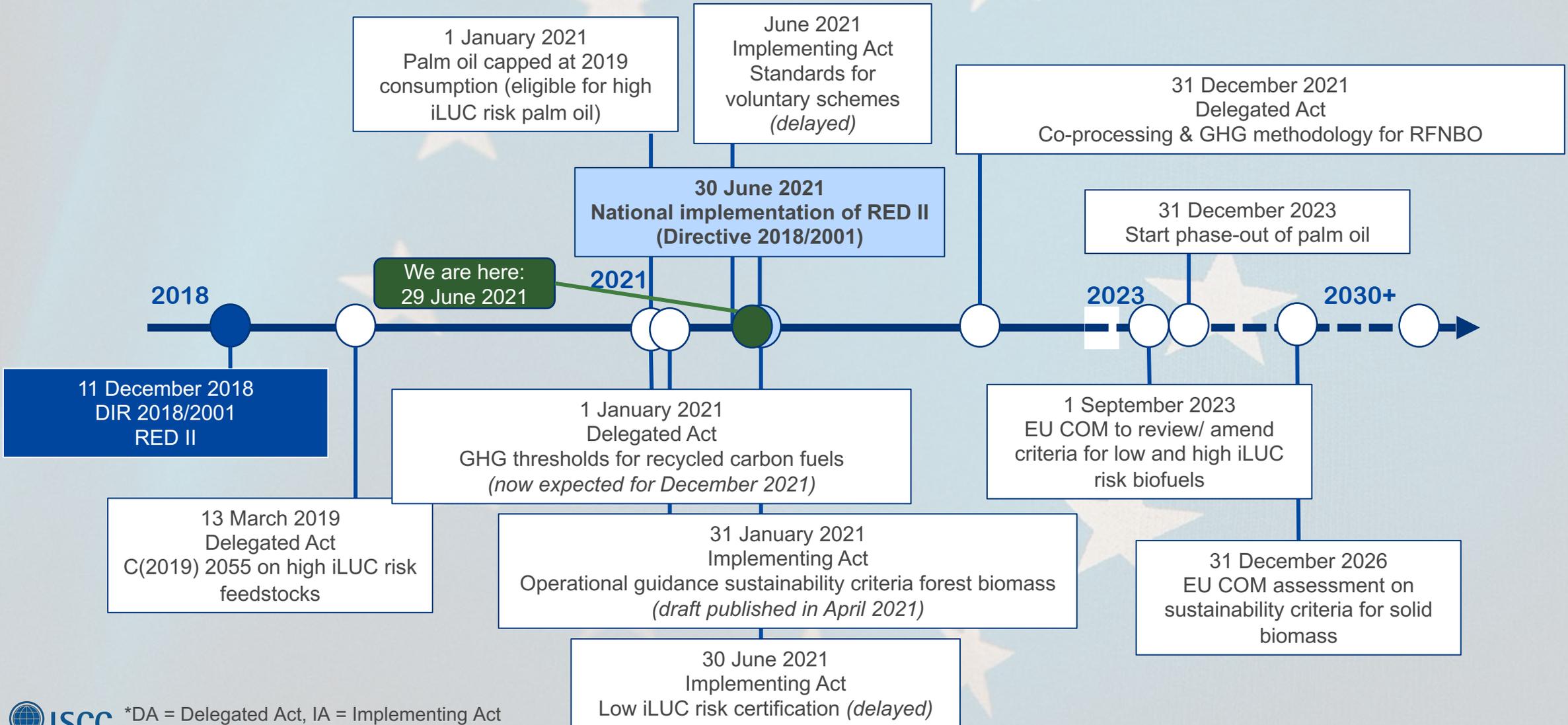
***Others <10 certificates include Trader, First Gathering Point, Other Conversion Units, Ethanol Plants, HVO Plants, Treatment Plant for Waste/Residues

Key features of the RED II

RED II Key Features

- **32%** energy from renewable sources until 2030 (EU level)
 - **14%** blending obligation for fuel suppliers until 2030
 - **3,5%** share of advanced biofuels (Annex IX, Part A) until 2030 (Part B capped to 1,7%)
 - **Road & rail:** share of renewable electricity can count 4 x for road & 1,5 x for rail
 - **Maritime & aviation:** fuels can count 1,2 x (excl. fuels produced from food/feed crops)
- **Advanced biofuels** (Annex IX, Part A)
 - **High iLUC-risk** biofuels (palm phase out) & **low iLUC-risk** biofuels (cap on consumption)
 - Renewable fuels of non-biological origin (**RNFBOs**) & recycled carbon fuels (**RCF**)
- Mandatory sustainability criteria for **gaseous and solid biomass** (e.g. wood pellets)
 - Criteria for forest biomass regarding monitoring and enforcement systems in place
- Establishment of a Union database to enable full traceability of transport fuels

Timeline of RED II implementation



*DA = Delegated Act, IA = Implementing Act

RED II transposition by Member States and recognition of Voluntary Schemes

Transposition by Member States

- **Transposition of RED II** by Member States required by 30th June 2021
- Some MS have **already transposed** the RED II (e.g. France, Finland, Denmark, Croatia)
- Other MS are in the **process of transposition** (e.g. Germany, The Netherlands, Austria), transposition may be expected by the end of 2021

Palm phase out

- **High iLUC-risk biofuels** (palm phase out): RED II requires MS to cap high ILUC risk feedstock at 2019 level and phase it out by 2030 the latest
- Some MS have set **earlier dates for phase out**, for example: 2021 – Austria and France; 2023 – Germany; 2024 – Spain and Lithuania

Recognition of Voluntary Schemes

- VS have **to apply by EC** to become recognised in the framework of the RED II
- ISCC has applied in a **timely manner** last year
- However, no voluntary scheme (VS) will be **officially recognised** by the EC by 30th June 2021
- This is due to **delayed publication of important legislation** (namely the Implementing Act on Voluntary Schemes)
- VS will be **“provisionally” recognised** and will have to further update their documents once the legislation is available

The most important updates from the RED II that have to be taken into account by ISCC certified companies as from 1st July 2021

▪ Land related sustainability:

- New land category “highly biodiverse forest and other wooded land”
- Update in the assessment of **biodiversity of grassland**
- Monitoring of impacts on **soil quality and soil carbon** for waste and residues derived from agriculture

▪ Traceability and mass balance:

- Sustainability declarations/PoS must reflect RED II requirements (updated templates available)
- **Updated minimum sample size** for group audits of farms/plantations: Square root (\sqrt{n}) or 10% of group members whichever number is higher”
- Mass balance period for FGPs can be up to **12 months**

▪ GHG:

- **New fossil fuel reference values***
- **New GHG emissions saving targets**
 - 65% for new installations (after 1 Jan 2021), 70% for RFNBOs
- Application of updated (disaggregated) default values
- **Change in GHG calculation** methodology
 - Element Eee (excess electricity) removed, Eee can be subtracted from Ep (processing emissions)

▪ Waste and residues:

- At the point of origin, auditor has to determine whether a material is a **waste or residue at the point of origin** (previously: verification if material was on RED/FQD or MS positive list)
- Collecting points have to submit a list to the auditor **prior to the audit** of all points of origin that signed a self-declaration indicating the volume of w/r they can supply

* 94 instead of 83.8 gCO₂eq/MJ)

New ISCC EU system documents are valid from 1st July 2021. They can be downloaded from the ISCC website



This version of the documents have been submitted to the EC in the framework of the recognition process of ISCC EU under the RED II. The recognition of voluntary schemes in the framework of the RED II is pending. Documents may be subject to change depending on further legislation and further requirements of the EC

ISCC has prepared documents to support companies and auditors to implement the RED II requirements. Available on the ISCC website



ISCC EU and ISCC PLUS Audit Procedure Point of Origin (RED II Gap Audit Procedure)

Please read the guidelines carefully before completing the audit procedures!

- This gap audit procedure must be used for audits as of 01st July 2021 to verify compliance with the revised ISCC EU standard RED II (Directive (EU) 2018/2001).
- This audit procedure must be used in addition to the currently applicable audit procedure system (APS).
- In case of differences between this audit procedure and the currently applicable version of APS, the requirements and verification procedure prevail and must be verified.

No.	Basic Data
00.00.	Certification Body
00.00.01	Name of Certification Body
00.01.	Operational Unit (Point of Origin that is subject to the audit)
00.01.01	Company Name
00.01.18	ISCC Registration Number
00.02.	Audit Specific Data
00.04.	Point of Origin Requirements

No.	Requirements	Verification guidance	Evidence/ Documents	Findings	Conformity	
					Yes	No
01.	Management System					
01.01.	General Requirements (not applicable for points of origin audited as part of a sample)					
06.	Point of Origin					
06.01.	General Requirements Point of Origin (for main and sample audits)					
06.01.01	Is it ensured that the material is eligible for certification under the ISCC EU waste/residue certification process?	Verify if the material is listed on the ISCC EU list of materials <u>as being</u> eligible for certification under the ISCC EU waste/residue process.	ISCC EU list of materials			
06.01.02	<u>Is it ensured that the material being claimed as sustainable waste or residue according to ISCC by the point of origin meets the respective definition of "waste" or "residue" at the point of origin?</u> <u>In case a case-by-case assessment is required:</u>	<u>Check requirement No 06.01.03 first to verify if the material is disqualified as a waste or residue due to deliberate production or intentional contamination.</u> <u>Waste: Check if the holder discards, intends to, or is legally required to discard the material (see guidance in ISCC EU Document 202-S chapter 5.4). If yes, the material classifies as a waste. If no,</u>		<u>Indicate the material(s) and the assessment result(s) i.e. "waste", "residue" or "(co-) product".</u>		

Gap Audit Procedures: Highlight in detail the RED II changes that have to be applied by certified companies and have to be verified by auditors as from 1st July 2021



V2.0

Proof of Sustainability (PoS) for Biofuels, Bioliqids and Biomass Fuels
Applies under the Renewable Energy Directive (EU) 2018/2001 (RED II)

For biofuels, bioliqids and biomass fuels according to the Renewable Energy Directive (EU) 2018/2001 (RED II)

Unique Number of the PoS: _____

Date of Issuance of the PoS: _____

Supplier	Recipient
Name: _____	Name: _____
Address: _____	Address: _____
Certification System: ISCC EU	
Certificate Number: _____	
Address of dispatch/shipping point of the sustainable material: _____	<input type="checkbox"/> Same as address
Address of receipt/receiving point of the sustainable material: _____	<input type="checkbox"/> Same as address
Date of dispatch of the sustainable material: _____	

1. General Information

Type of Product: Please select _____

Type of Raw Material: Please select _____

Additional Information (voluntary): _____

Country of Origin (of the raw material): _____

Quantity: _____ m³ metric tons

Energy content (MJ): _____ 0 MJ

2. Scope of certification of raw material

The raw material complies with the relevant sustainability criteria according to Art. 29 (2) - (7) RED II¹ Yes No

The agricultural biomass was cultivated as intermediate crop (if applicable) Yes No

The agricultural biomass additionally fulfills the measures for low ILUC risk feedstocks (if applicable) Yes No

The raw material meets the definition of waste or residue according to the RED II² Yes No

3. Greenhouse Gas (GHG) emission information

Total default value according to RED II applied Yes No

E = Total GHG emissions from supply and use of the fuel (gCO₂eq/MJ) _____ gCO₂eq/MJ

E = E_{ec} + E_l + E_p + E_{td} + E_u³ - E_{sc} - E_{ccs} - E_{ccr} = 0 gCO₂eq/MJ

GHG emission saving⁴:

0,0%	Biofuels for transport	0,0%	Biomass fuels for the production of electricity
0,0%	Bioliqids for electricity, and production of energy for heating and/or cooling	0,0%	Biomass fuels for the production of useful heat, as well as for the production of energy for heating and/or cooling
0,0%	Bioliqids for the production of useful heat, as well as for the production of energy for heating and/or cooling	0,0%	Biomass fuels for the production of useful heat, in which a direct physical substitution of coal can be demonstrated

Templates for Sustainability Declarations/PoS: Contain all relevant information that have to be forwarded under the RED II as from 1st July 2021





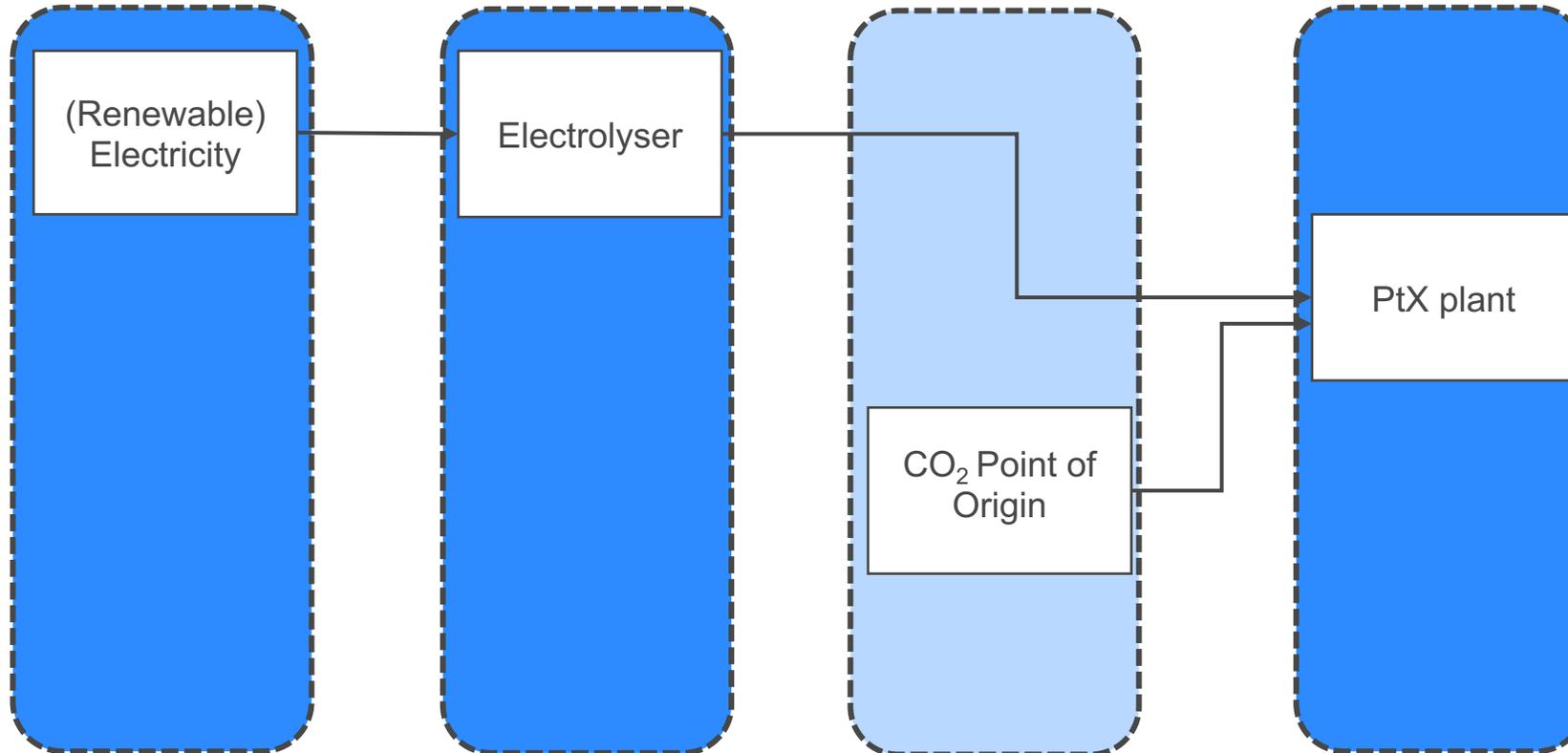
Statement from the EC to VS: No transition period, the RED II requirements apply from 1st July 2021

- **As of 1st July 2021**
 - Certified economic operators have to comply with the sustainability and GHG saving criteria of the RED II
 - Auditors must verify that economic operators have applied the RED II requirements from 1st July 2021 onwards
- **ISCC EU certificates that were issued prior to 1st July 2021 remain valid until their respective expiry date**
 - No immediate re-certification is required
 - Re-certification can be done within the usual interval
- **Sustainable material in the supply chain on 1st July**
 - Certified economic operators can consider all RED I compliant material in stock on this date as **RED II compliant**
 - For all outgoing deliveries physically dispatched on or after 1st July 2021 the sustainability declarations have to **reflect the RED II requirements**

Certification of renewable fuels of non-biological origin (RFNBOs) and recycled carbon fuels (RCF) possible under ISCC PLUS already today

ISCC PLUS: PtX certification already possible today

ISCC EU (RED II scheme): PtX certification will be possible once relevant legislation is available



Simplified supply chain

ISCC has been engaged in supporting the aviation industry in achieving its climate targets for several years now

- Several **ISCC members and system users** are active in the field of sustainable aviation and sustainable aviation fuels (SAF)
- ISCC is an active member of the **CAEP Fuels Task Group** that is working on the further development of CORSIA eligible SAF and LCAF (lower carbon aviation fuels)
- ISCC was involved in a **scientific project** analysing reporting requirements in supply chains of **aviation fuel multi-blends**
- ISCC actively supports **various initiatives**, and conducts pilots in supply chain certification
- ISCC currently has **5 certificates covering co-processed SAF**, 2 covering **HEFA**, and 79 covering **HVO** which can be converted into HEFA

Examples



In the aviation sector, ICAO sets mandatory requirements for Sustainable Aviation Fuels (SAF) under CORSIA



Sustainable Aviation Fuels under **CORSIA**

The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), developed by ICAO*, is a central pillar of the aviation sector's ambitious decarbonization goals. Airlines can reduce their offsetting requirements under CORSIA by using certified Sustainable Aviation Fuels, so-called CORSIA eligible fuels (CEF).

“Principle 1: CORSIA eligible fuel should generate lower carbon emissions on a life cycle basis.”

“Principle 2: CORSIA eligible fuel should not be made from biomass obtained from land with high carbon stock.”

ICAO CORSIA requirements for CORSIA eligible fuels cover:



No biomass for CEF production from high carbon stock land



Traceability of sustainable material through the supply chain



Mandatory life cycle emissions savings compared to fossil jet

Sustainability certification schemes must fulfill a certain set of criteria to become recognized under CORSIA and certify CORSIA eligible fuels

General requirements for SCS



Documentation & Management & Transparency



Annual reports, Monitoring & System Review



Stakeholder Engagement



GHG Reporting & Accounting



Complaint Procedure

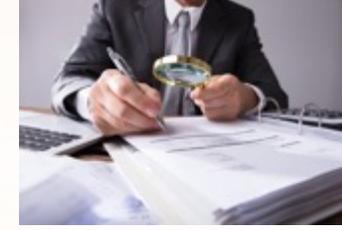


Risk Management Plan

Requirements set by SCS for economic operators



Mass Balance & Supply Chain Traceability



(Group) Audits & Certificate Issuance



Transparency on other SCS used



Assurance Level & handling Non-compliances



Accreditation & Auditing Standards



CORSIA Certification Requirements

CORSIA Eligible Fuels

This ICAO CORSIA Implementation Element is reflected in five ICAO documents referenced in Annex 16, Volume IV. They are available for download below.

				
CORSIA Eligibility Framework and Requirements for Sustainability Certification Schemes	CORSIA Approved Sustainability Certification Schemes*	CORSIA Sustainability Criteria for CORSIA Eligible Fuels	CORSIA Default Life Cycle Emissions Values for CORSIA Eligible Fuels**	CORSIA Methodology for Calculating Actual Life Cycle Emissions Values

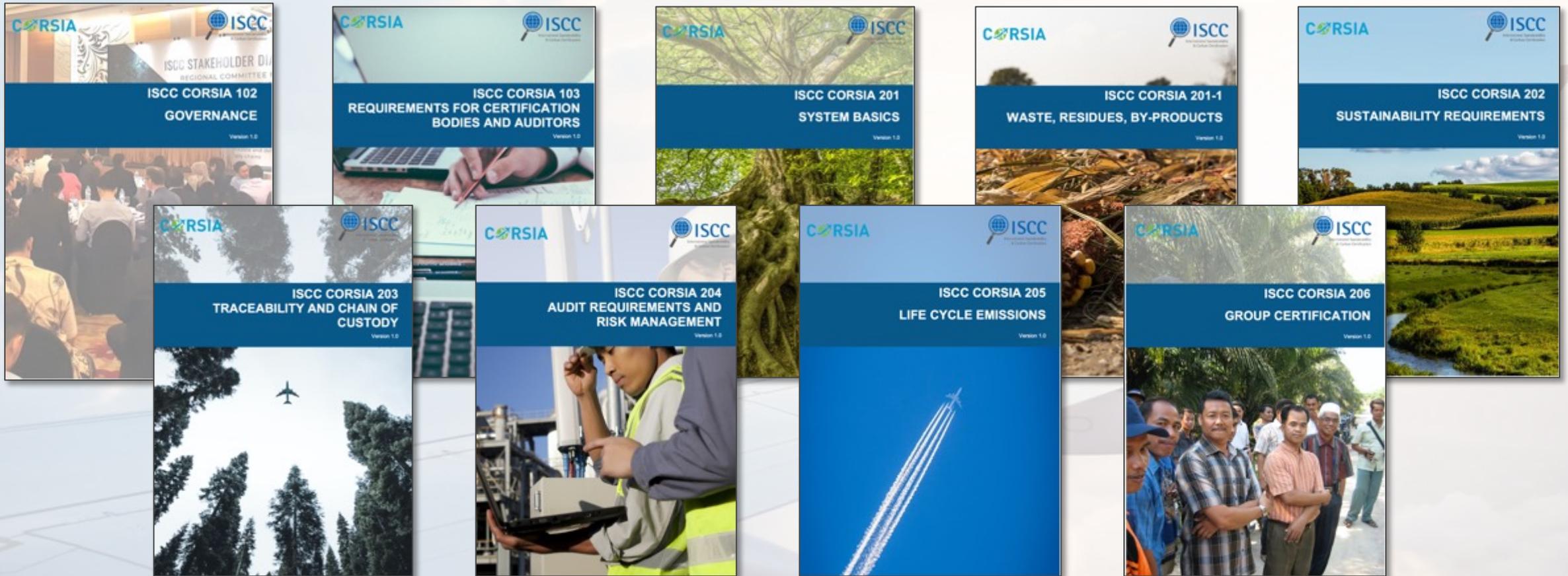
<https://www.icao.int/environmental-protection/CORSIA/Pages/CORSIA-Eligible-Fuels.aspx>

The ISCC CORSIA certification system was approved by ICAO in November 2020

- Fuel producers and airlines can **demonstrate compliance** with the sustainability and GHG criteria for CORSIA eligible fuels by becoming **ISCC CORSIA certified**
- ISCC offers **two options** to certify CORSIA eligible fuels



The ISCC CORSIA system documents build the basis of the system and lay out general guidelines and certification requirements



ISCC CORSIA and ISCC CORSIA PLUS are stand-alone systems. Combined audits with ISCC PLUS or EU are facilitated by harmonized system elements

ISCC EU

ISCC CORSIA
ISCC CORSIA PLUS

ISCC PLUS



Multi-stakeholder organization



Quality and risk management



Integrity Program



Requirements for certification bodies



Requirements for conducting audits



Registration and certification process



CORSIA certification under ISCC is starting to take off

- **ISCC is increasingly contacted** by producers and airlines with regard to CORSIA certification
- **First movers in SAF supply chains** are currently preparing or already in the process of becoming **ISCC certified under CORSIA**
- Register now for the **next ISCC CORSIA Training**
 - 15 – 16 September 2021, online
 - All details on the ISCC website
- The date for the 2021 **Technical Stakeholder Meeting “Sustainable Aviation Fuels”** will be published shortly



Renewable and low-carbon fuels in maritime transport

- The **FuelEU Maritime** initiative proposes a harmonised regulatory framework in the EU
- VS recognised by EC under the RED II for RFNBOs and RCF could be used for certification in the **maritime sector**
- **GHG saving** thresholds and methodology of the RED II for those fuels could be applied
- Proposes reductions of GHG intensity of energy used on board of ships (baseline year 2020) from **2% by 2025 to 75% by 2050**
- Date of implementation of regulation not clear
- But could be potentially an important market. ISCC is following the respective developments

EU towards social and environmental supply chains due diligence

1 Sustainable corporate governance

- **Expected elements** in the EU legislative for mandatory corporate environmental & human rights due diligence include:
 - Due diligence duty
 - Broader scope of non-financial reporting obligations
 - Legal clarification and reporting standardization
 - Grievance mechanisms
 - Liability of companies
 - Victims can choose the law of a **legal system** with high human rights standards
- The **EC** aims to publish a **proposal for a DIRECTIVE in Q4 2021**

For more information see: EU Sustainable Corporate Governance: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12548-Sustainable-corporate-governance_en;

Report on an EU legal framework to halt and reverse EU-driven global deforestation: https://www.europarl.europa.eu/doceo/document/A-9-2020-0179_EN.html

2 Specific regulation on forest commodities

- The EU seeks minimizing the risk that products linked to deforestation are placed on the EU market and works on a clear **definition of deforestation-free supply chains**
- **Scope:**
 - Palm oil, feedstocks soy/maize, rubber, beef, cocoa, coffee
 - Illegal and legal deforestation and forest degradation
- **Potential policy measures:**
 - Improved due diligence requirements
 - Benchmarking or country carding (CC)
 - Mandatory public certification and labelling
 - A deforestation-free requirement supported by benchmarking
- The **EC** is aims to publish a **proposal for a DIRECTIVE in Q3 2021**

Due diligence on the national level

Example of the German Supply Chain Law

What is included into human rights risks?

In effect **starting from January 2023** for companies with more than 3,000 employees

Child labor

Forced labor

All forms of slavery

Disregard for labor protection and freedom of association

Discrimination and unequal treatment

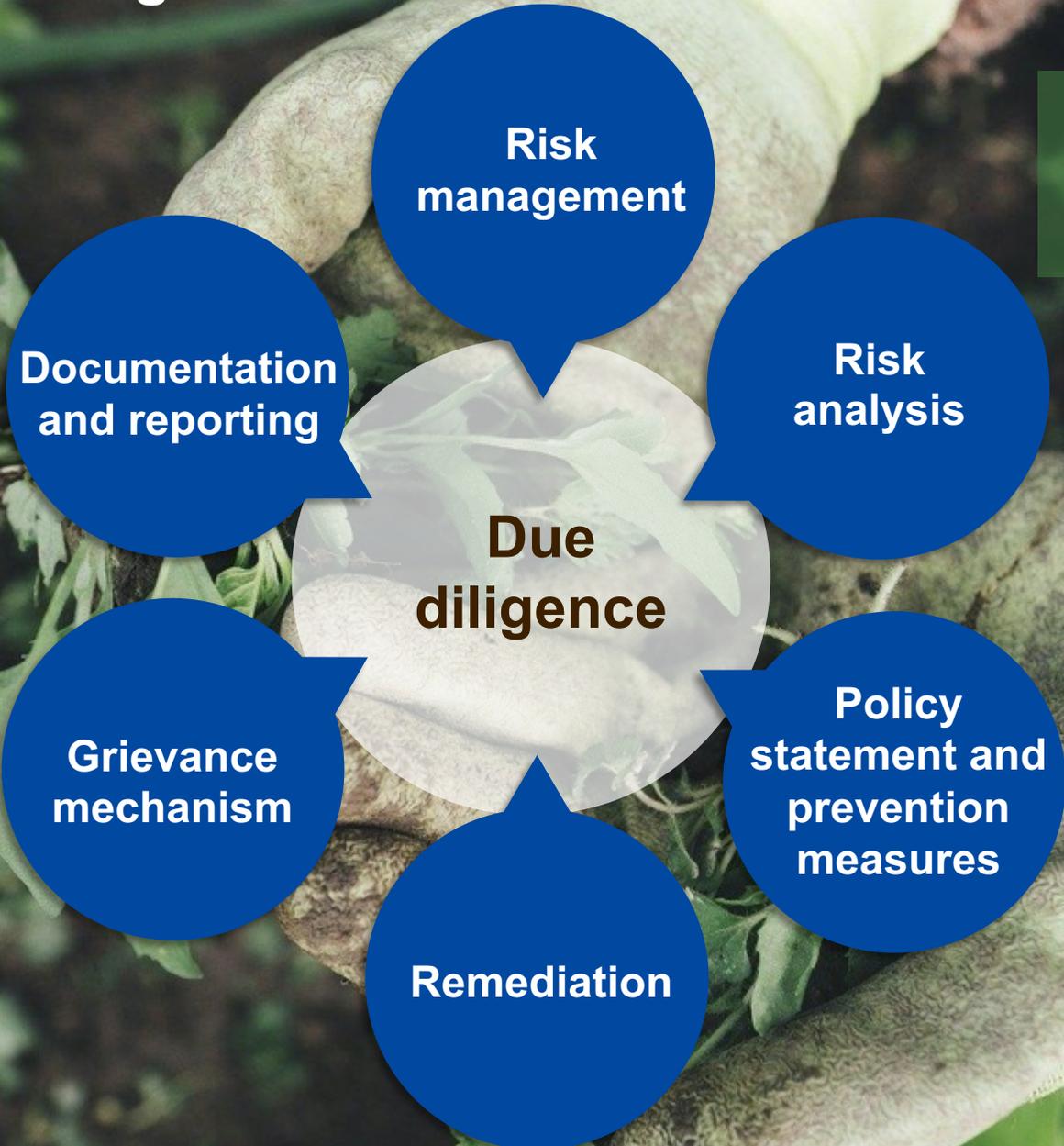
Withholding of an adequate wage

Causing e.g. harmful soil or water pollution, dangerous for surrounding communities

Forced eviction

Inappropriate use of security forces resulting in risks human beings

Main due diligence obligations for companies

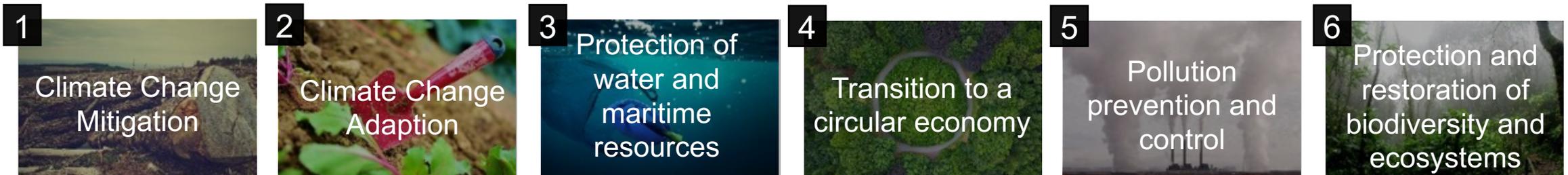


Example of the German Supply Chain Law

* In case of indirect suppliers, the obligations apply only as warranted by the circumstances

EU Regulation on the Establishment of a Framework to facilitate Sustainable Investment or EU Taxonomy Regulation

- **Purpose:** Establishment of an **EU-wide classification system** (taxonomy) intended to provide a common framework for identify to which degree a given economic activity can be considered “**environmentally sustainable**”
- **Six objectives:** An economic activity **qualifies as environmentally sustainable** if it substantially **contributes** to at least one of the six environmental objectives
- **ISCC was mentioned within this regulation in the context of sustainable forest management (SFM)**
 - “SFM requirements include a no-conversion land requirement to preserve high carbon stock land areas that is consistent with the RED II, which defines 2008 as a base year for land use change. This base year has also been adopted by several global certification schemes (e.g., **ISCC** and RSPO RED).”





Many thanks for your attention!

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