ISCC Credit Transfer System – Compliance Scheme Considerations

The ISCC Credit Transfer System requires that Sustainable Aviation Fuel (SAF) used as the basis for credit registration demonstrates additionality. In other words, SAF credit transactions must result in greenhouse gas (GHG) emissions reductions that exceed those already compulsory under compliance obligations or mandated schemes.

The Greenhouse Gas Protocol (GHGP), for example, defines additionality as a criterion for determining whether a project has led to GHG emissions reductions beyond those that would have occurred in the absence of the project[1]. While originally defined in the context of carbon offsetting, the concept of additionality remains equally critical when applied to sustainability claims and emissions reduction efforts associated with SAF.

As SAF is often utilized to fulfill regulatory requirements (e.g., by fuel suppliers under SAF mandates or by aircraft operators under GHG reduction schemes), it is essential to apply additionality safeguards to ensure the integrity and climate impact of voluntary emissions reduction claims. This protects against possible risks of double counting, and enhances the credibility of voluntary SAF purchases by aircraft operators, logistics providers, and aviation end-customers.

For the purposes of voluntary climate claims, in the context of the ISCC Credit Transfer System, SAF is considered additional when it enables additional production capacity that would not otherwise materialize, leading to greater fossil fuel displacement, verified emissions reductions, and/ or wider sustainability benefits beyond regulatory baselines.
An emissions reduction from SAF is considered non-additional, and therefore ineligible under the ISCC Credit Transfer System guidelines, if that reduction (or the SAF volume from which it originates) is counted towards any mandated compliance obligation(s).

The ISCC Credit Transfer System aims to accelerate aviation decarbonization by promoting the uptake of SAF beyond the levels required via policy mechanisms. Accordingly, the principle of additionality is embedded technically into the system to ensure that credited reductions represent real, additional climate benefits.

To ensure consistent and transparent application of this principle, ISCC has developed a categorical framework to assess and determine the eligibility of SAF volumes for inclusion in the ISCC Credit Transfer System. This classification system is outlined below:

[1] Source: GHG Protocol, Corporate Value Chain (Scope 3) Accounting and Reporting Standard, accessible here

1. **<u>Category 1 SAF – "Fully Additional"</u>**
    a. No claims have been made, or will be made, under any regulatory schemes or voluntary incentive programs in connection with the associated fuel volumes.
    b. At the time of credit registration, fuel suppliers are required to confirm that the fuel volumes have not received, and will not receive, any regulatory or voluntary incentive(s).
2. **<u>Category 2 SAF – Voluntary Incentives Applied</u>**
    a. Fuel volumes have benefited from voluntary incentive, such as participation in opt-in or non-mandatory schemes.
    b. At the time of credit registration, fuel suppliers are required to disclose all incentives mechanisms from which the fuel volume has benefited from at the time of credit registration.
3. **<u>Category 3 SAF – Regulatory Use (Non-Eligible)</u>**
    a. Fuel volumes have been used to fulfill obligations under blending mandates, GHG reduction schemes, or other regulatory frameworks. This includes, but is not limited to:
    - SAF blending mandates:
        - ReFuelEU Aviation Regulation
        - France SAF blending mandate
        - Norway SAF blending mandate
        - United Kingdom SAF blending mandate
    - GHG reduction schemes for aircraft operators
        - Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)
        - EU Emissions Trading System (EU ETS)
        - Switzerland Emissions Trading System (Swiss ETS)
        - United Kingdom Emissions Trading System (UK ETS)

<u>Please Note:</u> Fuel volumes classified as Category 3 are **not eligible** for credit registration under the ISCC Credit Transfer System and are thereby excluded from use within the ISCC Registry and associated mechanisms.

ISCC is continuously monitoring the list of compliance schemes and evaluating whether updates are required. ISCC is actively engaging with relevant stakeholders and platforms and will work towards a harmonised understanding and implementation of the additionality principle in the broader ecosystem.