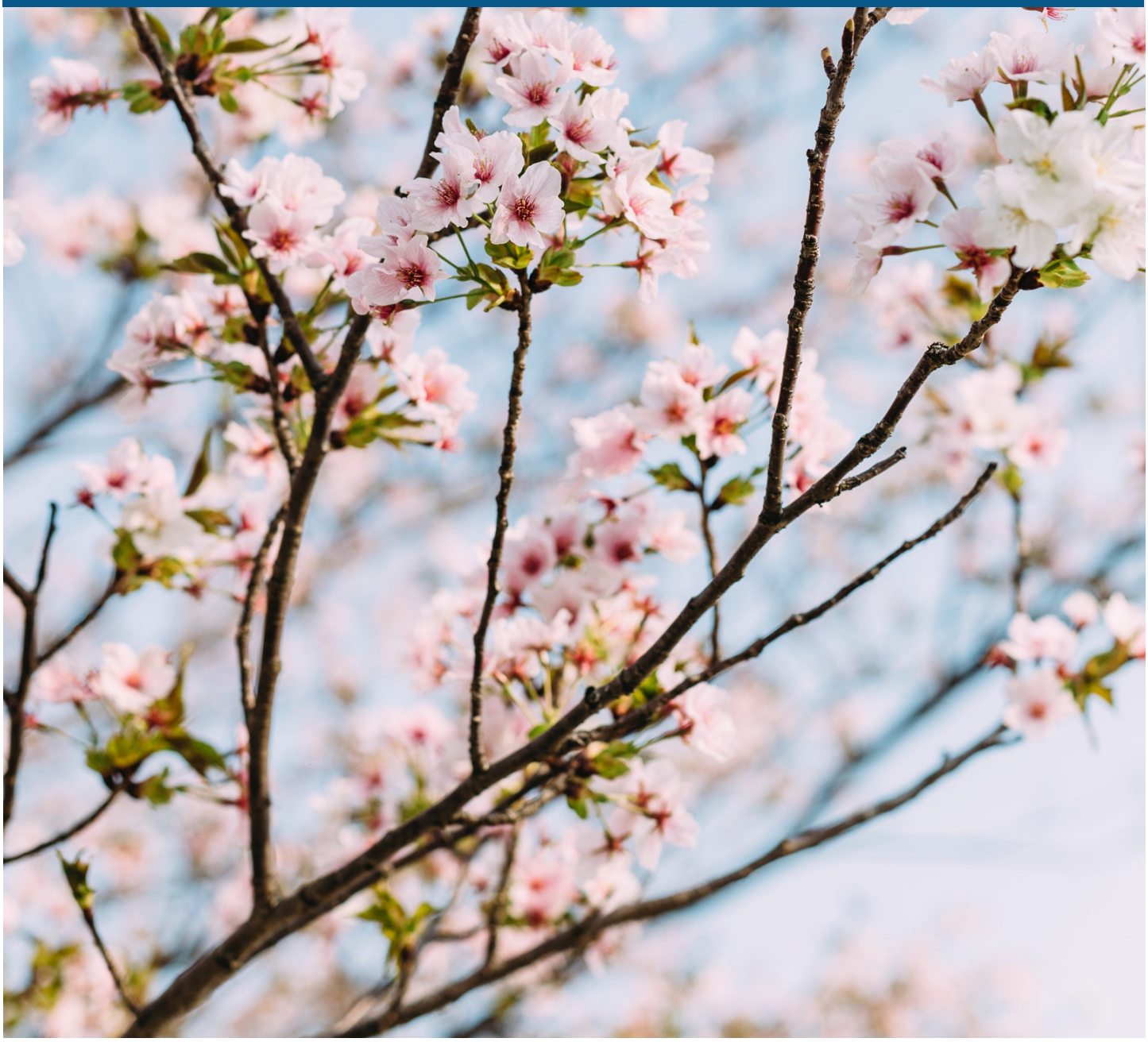
ISCC PLUS 201-1 GUIDANCE FOR DELIVERIES OF BIOFUELS TO JAPAN

Version 1.0



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Version 1.0

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Content

1 Introduction

New biofuel mandate for Japan

On 17 April 2018 the Japanese Ministry of Economy, Trade and Industry (METI) announced a new biofuel mandate for the years 2018 – 2022 in "Criteria for Judgement for Oil Refiners to use Biofuel for the next five years from financial year 2018[1]. The most important change was that METI provided greenhouse gas (GHG) default values for U.S. corn-based ethanol. Previously, ethanol based on Brazilian sugar cane was the only ethanol for which Japan's biofuel policy provided a default value. In the new mandate, only ethanol based on sugar cane cultivated in Brazil and ethanol based on corn cultivated in the USA have default values for GHG emissions and savings. Furthermore, the GHG emission reduction target for ethanol in the fuel supply chain was raised from 50% to 55% compared to fossil fuel.

The ethanol has to fulfil certain sustainability criteria, including:

> Exclusion of land use change

> Application of mass balance approach and traceability in supply chains

ISCC recognised by Japanese government

As a means to prove compliance with those sustainability criteria METI allows third party certification, and explicitly mentions ISCC as eligible certification system to proof compliance with the sustainability criteria. For compliance with further requirements, such as effects on food competition and biodiversity, other means than certification can be applied (e.g. contractual agreements).

2 Scope and Normative References

ISCC PLUS requirements apply

This guidance document describes the specific requirements for economic operators along the supply chain for deliveries of ethanol from corn and sugar cane under the Japanese biofuels mandate. The certification requirements according to ISCC PLUS apply.

Scope

Equivalent to the Japanese mandate, the regional and crop scope of this guidance document covers at present only ethanol based on sugar cane cultivated in Brazil and ethanol based on corn cultivated in the USA.

Biofuels policy

The Japanese biofuels policy is laid down in the Sophisticated Methods of Energy Supply Structure (Energy Supply Act).[2] The revised biofuels mandate is laid down in the "Criteria for Judgement for Oil Refiners to use biofuel for the next five years from financial year 2018.

[1] *Ordinance of METI No. 85,2018 (http://www.enecho.meti.go.jp/category/others/koudokahou/pdf/bio_criteria.pdf)*
[2] *http://www.enecho.meti.go.jp/category/others/koudokahou/index.html*

3 Specific Provisions for Deliveries of Ethanol to Japan

3.1 GHG saving targets

Japanese GHG reduction targets

With the new Japanese biofuels mandate the GHG reduction has been increased to an average of at least 55% (previously min. 50%) in comparison to fossil fuel.

Default values

Default values for Brazilian ethanol (sugar cane) and U.S. ethanol (corn) were provided. Those default values cover the whole ethanol supply chain. The default value for Brazilian ethanol (sugar cane) is 33.61 gCO_2eq/MJ (reduction of 60%). The default value for U.S. ethanol (corn) is 43.15 gCO_2eq/MJ (reduction of 48.7%). The fossil fuel comparator (gasoline) is 84.11 gCO_2eq/MJ. To achieve the minimum 55% GHG reduction (in weighted average) up to 44% of the Japanese demand can be covered by corn-based ethanol from the USA.

Land use change

In case of direct land use change the GHG emissions from land use change have to be determined. The mandate also provides default values for land use change. For Brazilian sugar cane ethanol, the default values for land use change (LUC) are 248.7 gCO_2eq/MJ (LUC from forest) and 0 gCO_2eq/MJ (LUC from grassland). For U.S. corn ethanol, the default values for LUC are 230.8 gCO_2eq/MJ (LUC from forest) and 44.8 gCO_2eq/MJ (LUC from grassland).

3.2 Provision of GHG information

Default values to be applied

Economic operators should apply the default values for ethanol supply chains of sugar cane from Brazil and corn from the U.S. as provided in the mandate. The actual calculation of GHG emissions is in general also permitted. This guidance focusses on the use of the available default values.

ISCC PLUS add-on "GHG Emissions" not necessary

The default values can be used for the respective production pathways if emissions from land use change (e_l) are zero. On sustainability declarations an explicit statement is required, that emissions from land use change (e_l) are zero. To apply the Japanese default values, it is not necessary to include the ISCC PLUS add-on "GHG Emission Requirements" in the certification scope.

3.3 Exclusion of land use change

ISCC cut-off date applies

For deliveries of ethanol under the Japanese biofuels mandate direct land use change is technically excluded. The cut-off date for land use change under the Japanese regulation is 1st April 2012. However, if ISCC PLUS certification is applied the cut-off date remains 1st January 2008 according to ISCC Principle 1[3].

[3] *See ISCC System Document 202 „Sustainability Requirements" for further information*

3.4 Specific information for sustainability declarations

Specific information requirements

The information requirements for sustainability declarations under ISCC apply in general. However, for deliveries into the Japanese market, specific information on GHG emissions are requested. The following information has to be specifically included:

1 Statement "e_l = 0 (zero)"

2 Statement "Use of Japanese default value for Brazilian ethanol (sugar cane)", or "Use of Japanese default value for U.S. ethanol (corn)"

Annex 1 contains an overview of the necessary information requirements for ISCC sustainability declarations for deliveries of raw materials and ethanol for the Japanese Market.

3.5 Options for ISCC EU certified operators

Minimal effort to obtain ISCC PLUS certificate

ISCC PLUS certification has to be applied for deliveries of ethanol to Japan. Operators along the supply chain that are at present certified under ISCC EU can obtain an additional ISCC PLUS certificate. The certification body can issue the ISCC PLUS certificate on the basis of the existing ISCC EU audit documentation of the respective scopes. For further information the certification body or ISCC should be contacted.

Annex 1: Information Requirements for Sustainability Declarations

Information requirements

This annex provides an overview of the information requirements for ISCC sustainability declarations for deliveries of raw materials and ethanol for the Japanese Market. The general information applies for both ethanol supply chains from Brazilian sugar cane and U.S. corn. The specific information on product and GHG emissions depend on the respective ethanol supply chain.

General information

General information (relevant for both sugar cane and corn ethanol supply chains):

- Name and address of the supplier
- ISCC PLUS Certificate number of supplier
- Name and address of the recipient
- Related contract number of delivery
- Unique number of sustainability declaration (no formal requirement for layout of the number)
- Date of physical dispatch of the sustainable material (i.e. the date when the material physically leaves the site of the supplier)
- Date of issuance of sustainability declaration

Specific information on product and GHG emissions:

Brazil

Deliveries of sugar cane and sugar cane based ethanol from Brazil

- Quantity of sustainable material (in metric tons or m^3 at 15° C)
- Outgoing sustainable material, indicating the raw material:
    - “Sugar cane” (in case of deliveries of raw material)
    - “Ethanol from sugar cane” (in case of deliveries of ethanol)
- Country of origin of raw material:
    - Brazil
- Statement: “Use of Japanese default value for Brazilian ethanol (sugar cane)”
- Statement: $e_l = 0$ (zero)

USA

Deliveries of corn and corn based ethanol from the U.S.

- Quantity of sustainable material (in metric tons or m^3 at 15° C)

- Outgoing sustainable material, indicating the raw material:
    - “Corn” (in case of deliveries of raw material)
    - “Ethanol from corn” (in case of deliveries of ethanol)
- Country of origin of raw material:
    - United States
- Statement: “Use of Japanese default value for U.S. ethanol (corn)”
- Statement: e_l = 0 (zero)