

A certification body's conclusions from five years of operations, core changes and outlook

Re-recognition of sustainability certification schemes

On 9 August, International Sustainability and Carbon Certification (ISCC) was re-recognised by the European Commission (EC).¹ This occasion provides a good opportunity to draw conclusions from five years of operations, introduce some core changes, and take a look into the future.

After the initial recognition of ISCC in 2011 (together with six other schemes), for the first time sustainability certification became a prerequisite to enter a certain market segment, namely biofuels for transport. There were reservations regarding certification of entire supply chains of agricultural commodities and processed materials around the globe. However, after five years of operations one can conclude that the EU policy has been successful. Today certification is implemented for global supply. Sustainability improvements have been achieved. With ISCC, zero deforestation supply chains are implemented. Highly biodiverse and high carbon stock areas are protected.

ISCC is going beyond the Renewable Energy and Fuel Quality Directive (RED/FQD) requirements. Thus, agricultural production has also been improved with respect to good agricultural management practices, including social and environmental aspects. In addition, investments into

reductions in greenhouse gas (GHG) emissions along supply chains took place. A constant multi-stakeholder dialogue on sustainability, its practical implementation and verification has been initiated. This helps to improve, increase acceptance, and implement sustainability requirements.

From an ISCC perspective, there are some core success factors of implementation:

- Strong multi-stakeholder dialogue with regional stakeholder groups in Southeast Asia, North America, Latin America, and Europe
- High-level standard going beyond the RED/FQD sustainability requirements, also implementing strong environmental and social requirements on a mandatory basis
- Practical approach with initial pilots for new supply chains, feedstock and technologies
- Robust assurance system, own integrity, and comprehensive training programme²
- Continuous improvement process based on feedback from stakeholders, system participants, certification bodies, auditors, and authorities

Thanks to the mandatory sustainability and GHG requirements from the RED/FQD, certification in the biofuels market has developed towards a role model for other

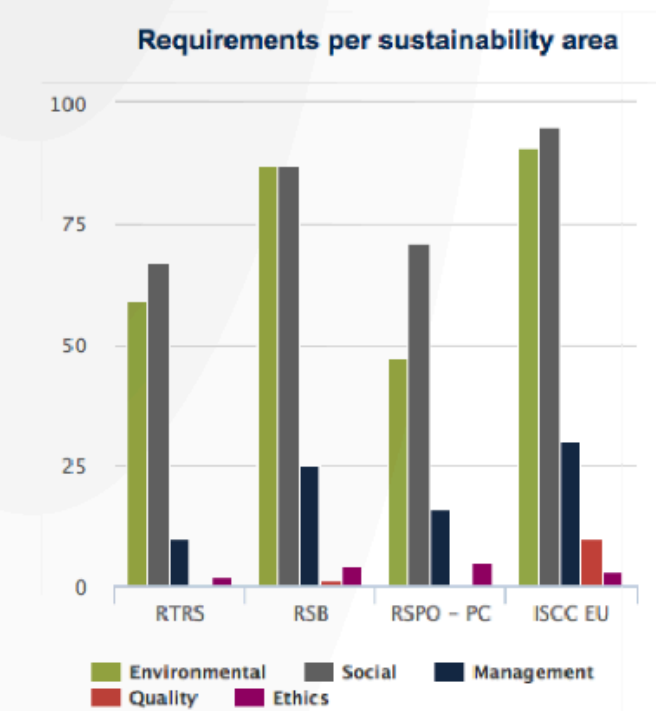


Figure 1: Comparison of certification schemes³

markets, e.g. fossil fuels, food, feed, or biochemicals. Biofuels critics should also recognise this. Furthermore, spillovers to other markets have already been achieved. Today, more material than required is certified around the world for the European biofuels market. ISCC, among other certificates, is also used for food, feed, and chemical markets.

The dynamics of the sustainability certification market

Market penetration of sustainability certification

schemes inter alia depends on the following:

- Level of the standard. A level that is not achievable will not attract any system users and will thus be without any impact. A too low level will not be accepted by companies and stakeholders, thus also not attracting system users.
- Practicability, understanding of supply chain, production processes and market requirements, e.g. to develop practical verification guidance to support implementation of the requirements.
- Responsiveness to

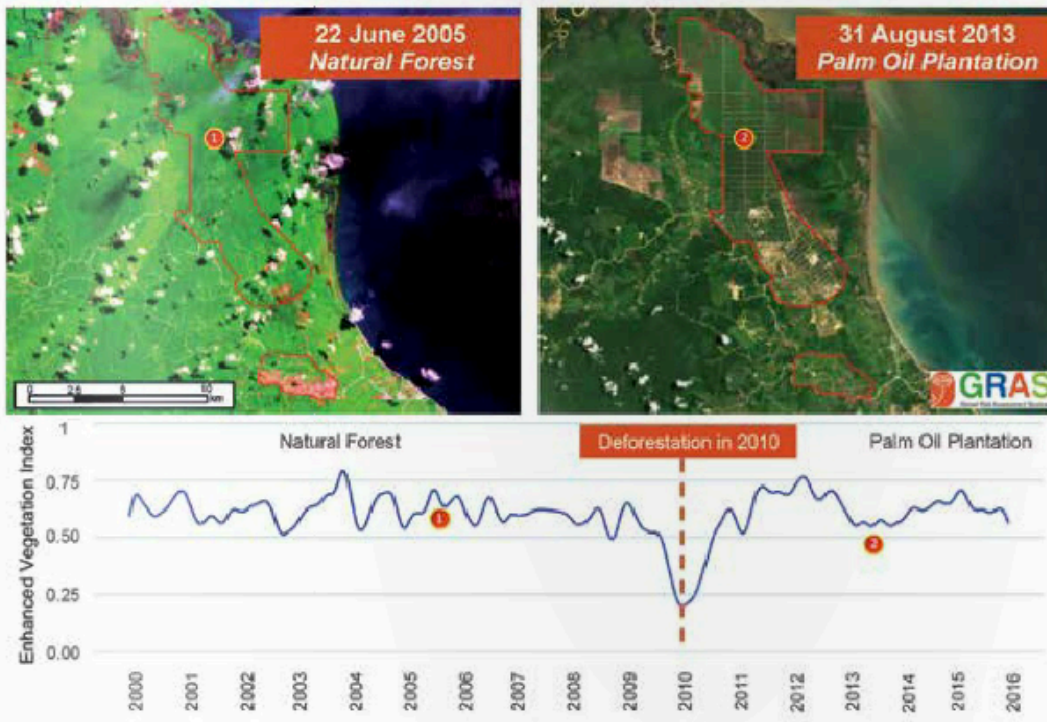


Figure 2: Easy identification of land use change over time using remote sensing data

need to be opened up. ISCC will also in the future work on these aspects. The aim is to continue to deliver a credible, practical, and high-level sustainability certification scheme for all feedstocks with the flexibility to deliver to all markets (food, feed, chemicals, and bioenergy). ISCC will further invest in the development and use of new tools that improve fact-based certification. One such tool is GRAS, which is being used for the ISCC Integrity Program.⁴ Auditors and companies can also access GRAS to detect land use change, verify the protection of no-go areas, and implement no-deforestation commitments. GRAS uses latest technologies to process satellite images and remote sensing-based vegetation indices displayed within GRAS to detect land use change over time (see Figure 2). ●

stakeholders. This includes availability for members, system participants, potential participants, authorities and all stakeholders regarding questions. This requires an active information exchange, regular updates to all stakeholders and a training programme.

- Credibility with system participants and all other stakeholders.

High market share and high sustainability requirements are not a contradiction. The International Trade Centre (ITC) Standards Map provides transparency on the level of sustainability requirements, with ISCC and RSB achieving highest levels amongst the EC-recognised schemes. However, benchmarkings do not tell the whole story when it comes to governance and integrity of a system. While some schemes are good on paper, ISCC is one of the few schemes that has implemented its own integrity management with independent auditors controlling the work of the certification bodies with more than the square root

of certified users being checked annually.

Higher transparency levels

The amended RED/FQD does not include additional mandatory environmental and social sustainability requirements that all schemes would need to implement. This might be regretful, but is the outcome of a political process. However, the amended RED/FQD requires mandatory reports from all schemes to be submitted to the EC, e.g. on audits, non-compliances, transparency, publishing of all certificates, stakeholder involvement, certified volumes, fraud prevention, and cooperation with certification bodies. Although these aspects cover the basics of sustainability certification, some schemes will need to enact improvements on them.

Technical changes lie in the adaptation of the GHG calculation methodology. In addition, in the future all factors of overall GHG emissions will need to be forwarded along the supply chain separately. It will be

important that all schemes, also those not due for re-recognition yet, will implement these requirements directly. In addition, schemes need to make sure that their certification bodies, auditors, and system participants are aware of the new requirements and trained accordingly. This is required for a level playing field and to prevent market distortions.

New tools and flexibility

For future positive impact with certification on sustainability, a continuous improvement of standards, processes, and technologies is required. A high-level standard and a well-established multi-stakeholder process are essential. Schemes need to remain credible. Changes in cut-off dates and compensation mechanisms for deforestation harm credibility of certification in general. Reaching out to players on the ground, the involvement of smallholders, and improved qualification measures will be crucial to stop deforestation among other issues. New markets for certified material

For more information:
This article was written by Jan M. Henke, senior consultant with Meo Carbon Solutions, an independent management consulting company which has developed and operates the International Sustainability and Carbon Certification (ISCC) system. Visit: www.iscc-system.org

References:
1 http://eur-lex.europa.eu/eli/dec_impl/2016/1361/oj
2 See for example ISCC Regional Stakeholder Dialogue, ISCC Training Program and Integrity Program
3 International Trade Centre: Standards Map. www.standardsmap.org
4 Global Risk Assessment Services: www.gras-system.org