7th ISCC Global Sustainability Conference, Brussels, 15 February 2017

Safeguarding Biodiversity and Decarbonization with ISCC Certification

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UN GLOBAL COMPACT
WE SUPPORT

ISCC
International Sustainability & Carbon Certification

Content

- Key figures of ISCC development in the last 12 months
- Activities to safeguard biodiversity and to support decarbonization
- Credibility and integrity of the system
- Conclusions

ISCC shows continuous growth

- Since February 2016, overall number of **certificates increased by 5%** to 2,950
- **ISCC PLUS** shows a very positive development. Number of certificate holders **increased by 31%**. Important key accounts made decisions in favor of ISCC
- In total, **more than 13,400 certificates** have been issued since ISCC started operations in 2010
- ISCC has certificate holders in **105 countries** (latest newcomers: Albania, Benin, New Zealand, Oman, Pakistan)
- Share of certificates related to **waste and residues: 40%** (not volumes!)
- **657 auditors** from **33 certification bodies** from 16 countries verify compliance with ISCC requirements

The ISCC association is growing as well and has nearly 90 members now. Ten new members* joined in the last twelve months

TOTAL

ITC UNIVERSITY OF TWENTE.

Lantmännen

SIPEF

Deutsche Umwelthilfe

MVoK Mittelstandsverband abfallbasierter Kraftstoffe

Central Agro Industrial Guatemalteca

Chant

gevo

*: One individual membership

The re-recognition of ISCC EU by the European Commission has been a milestone in 2016

- Commission Implementing Decision (EU) 2016/1361 of **9 August 2016**
- ISCC **recognized for biofuels and bioliquids** in the framework of RED/FQD
- ISCC and RSB have been the two **first schemes** to be re-recognized
- Recognition (Implementing Decision) of Bonsucro, RTRS EU RED, RBSA and Greenergy **expired** on 09/08/2016
- **Updated ISCC System Documents** in new layout including amendments of RED, EC communications and notes and ISCC System Updates
- Comprehensive **overview of changes** available on ISCC Website
- **New ISCC Basic Training** – Extensive revision of content (Ten trainings with more than 300 participants conducted in six countries in 2016)

ISCC has been also recognized by the Polish authorities allowing a continuous operation in this important market

- Recognition by the EU is not sufficient to continue with sustainability certification in Poland, as **Poland requests additional requirements** from schemes
- Since November 2016 **ISCC is registered as the first foreign certification system** administrator by the Polish Agricultural Market Agency (ARR)
- With this registration ISCC fulfills all formal and legal requirements to **continue certification** in Poland in 2017 and beyond
- As a prerequisite for the registration as a system administrator, ISCC had to establish a **branch in Poland**
- Furthermore, the ISCC EU System Documents had to be **translated into Polish** (available on the ISCC website)

From a niche product to a future building block in the bio-based economy: biomethane

- ISCC has become a **leading certification system** for this growing niche market
- Currently, **ten biomethane plants in the EU and USA** and several biomethane traders in different are certified under ISCC
- ISCC certified biomethane is used in different markets: as a **biofuel** (biomethane), as a feedstock for **(liquid) biofuel production** (biomethanol) and as a feedstock in the **chemical industry**
- ISCC supports system users in the sector providing a **guidance document** and further system documents
- **ISCC EU** and **ISCC PLUS** certification ensure credible supply of sustainable biomethane for all markets

The demand for advanced and iLUC-free biofuels will increase in the future. ISCC already certifies such fuels

- DIR 2015/1513 proposes a **significant higher level of advanced biofuels** consumed in the EU
- **Definition** of advanced biofuels is not available yet
- Besides ongoing discussion on advanced biofuels strategies, ISCC certifies **innovative fuels** e.g.
  - wood based biofuels
  - MSW based biofuels
  - Non-bio renewable fuels
- Supporting its system users, ISCC developed **guidance documents** for the certification of *Low iLUC Risk Biofuels* and *Wood Based Biofuels*
- Different **options** exist for low iLUC risk agricultural feedstocks:
  - Double cropping in traditional crop rotation system
  - Use of degraded land
  - Alternative land use systems (e.g. silvopasture)
- ISCC and GRAS can be used verifying the implementation of **new agricultural production systems** and proving compliance with RED requirements

ISCC International Sustainability & Carbon Certification

UPM in Finland has certified its BioVerno biofuel under ISCC EU and bio-based applications made of wood under ISCC PLUS

UPM Biofuels gains ISCC PLUS certification for bio-based applications

The Biofore Company

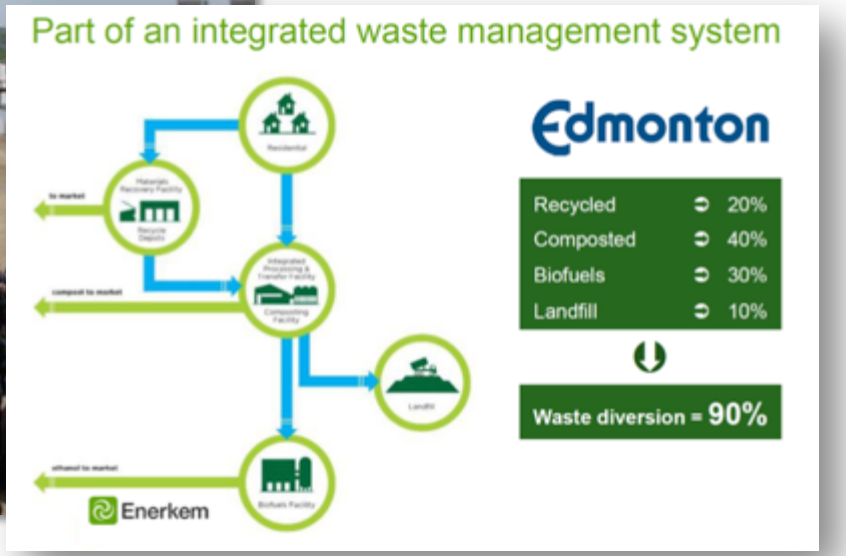
UPM

(UPM, Helsinki, 18 April 2016 at 13:00 EET) - UPM Biofuels has extended sustainability certification to cover all of its output streams from the Lappeenranta Biorefinery in Finland under the International Sustainability and Carbon Certification Scheme ISCC PLUS. UPM Biofuels produces renewable diesel and naphtha at the Lappeenranta Biorefinery in Finland. Wood-based renewable diesel UPM BioVerno for transportation is the main product. However, the process also generates a smaller share of renewable naphtha, which can be used as a biocomponent for petrol.

Existing biofuel sustainability certifications cover the use of these renewable fuels in transportation. However, with the new ISCC PLUS certificate, the wood-based fuels can now also be utilised as certified feedstock, for example in bioplastics production. Other output streams from the Lappeenranta Biorefinery are renewable turpentine, pitch and sodium bisulphite, which are formed as residues of biofuel production. Like the main products, all these residues have several applications in the chemical industry.

Source: www.upm.com

ISCC certification of a plant converting municipal solid waste (MSW) into biomethanol. Application for chemicals and fuels



Source: Enerkem

ISCC is also recognized by SAI, major food companies, and in the feed sector

Examples

- **SAI:** Platform of the global food & drink industry. ISCC fulfils SAI Silver level, and with the add-on “SAI Gold”, compliance with the SAI Gold level provided
- **Consumer Goods Forum:** Compliance with the requirements for responsible soy
- **Coca Cola:** Coca Cola’s Sustainable Agriculture Guiding Principles has accepted ISCC as compliant with its requirements
- **Unilever:** Compliance with the Unilever Sustainable Agricultural code is achieved
- **FEFAC:** The European Feed Manufacturers’ Federation (FEFAC) has benchmarked ISCC. ISCC products can be sold as “in line with FEFAC Soy Sourcing Guidelines”

Aguai has recently extended its certification to ISCC PLUS to expand positive impacts of sustainability certification to the food market

- Aguaí certified under **ISCC EU** and **PLUS**
- Aguaí sells certified **sugar** in Latin America and **ethanol** for international markets
- Cristóbal Roda Vaca, CEO of Aguaí: *"The efforts made by Aguaí have been backed by norms like ISCC PLUS. With ISCC we have **set ourselves apart as an example to our community, as the leaders in environmental and human rights protection**."*
- With the ISCC certification Aguaí is creating **positive impact** and is addressing pressing ecological and social issues in Bolivia by:
  - **Prohibiting** pre-harvest **sugarcane field burning**
  - **Promoting reforestation** and **good agricultural practices**
  - **Prohibiting child labour**
  - **Implementation of health & safety policies** for the manual harvest of sugar cane

AGUAÍ S.A. INGENIO SUCROALCOHOLERO

Companies increasingly display their ISCC certification on final products to highlight ISCC certification to customers

ISCC certified sunflower oil

ISCC certified sugar

ISCC certified packaging solution

ISCC non-GMO certification for food and feed. First certificate has been issued

Certificate

Certificate Number: ISCC-Cert-00012016

SGS Germany GmbH
Europa Allee 12, D-49685 Emstek

certifies that

ADM Spyck GmbH
Werk Straubing
Europaring 23
94315 Straubing
Germany

complies with the requirements of ISCC for Non GMO for feed

This certificate is valid from 29. July 2016 to 28. July 2017

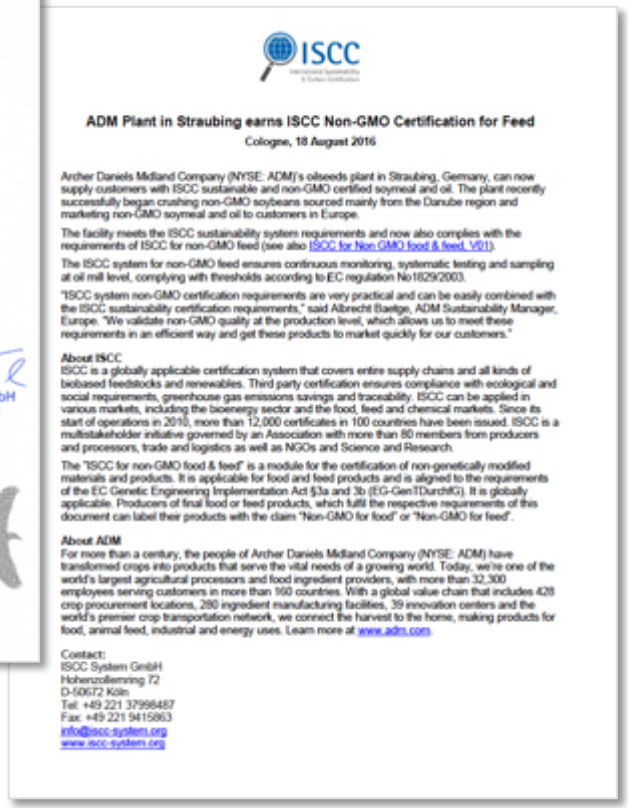
The certified site of the system user is a (type of operation):
oil mill

a combined audit has been conducted with:
VLOG combined audit

Emstek, 29. July 2016
Place and date of issue

SGS Germany GmbH
Stamp, Signature

ISCC certificate for
non-GMO food & feed



ISCC

ADM Plant in Straubing earns ISCC Non-GMO Certification for Feed

Cologne, 18 August 2016

Archer Daniels Midland Company (NYSE: ADM)'s oilseeds plant in Straubing, Germany, can now supply customers with ISCC sustainable and non-GMO certified soymeal and oil. The plant recently successfully began crushing non-GMO soybeans sourced mainly from the Danube region and marketing non-GMO soymeal and oil to customers in Europe.

The facility meets the ISCC sustainability system requirements and now also complies with the requirements of ISCC for non-GMO feed (see also ISCC for Non GMO food & feed, V01).

The ISCC system for non-GMO feed ensures continuous monitoring, systematic testing and sampling at oil mill level, complying with thresholds according to EC regulation No1829/2003.

"ISCC system non-GMO certification requirements are very practical and can be easily combined with the ISCC sustainability certification requirements," said Albrecht Baetge, ADM Sustainability Manager, Europe. "We validate non-GMO quality at the production level, which allows us to meet these requirements in an efficient way and get these products to market quickly for our customers."

About ISCC
ISCC is a globally applicable certification system that covers entire supply chains and all kinds of biobased feedstocks and renewables. Third party certification ensures compliance with ecological and social requirements, greenhouse gas emissions savings and traceability. ISCC can be applied in various markets, including the bioenergy sector and the food, feed and chemical markets. Since its start of operations in 2010, more than 12,000 certificates in 100 countries have been issued. ISCC is a multistakeholder initiative governed by an Association with more than 80 members from producers and processors, trade and logistics as well as NGOs and Science and Research.

The "ISCC for non-GMO food & feed" is a module for the certification of non-genetically modified materials and products. It is applicable for food and feed products and is aligned to the requirements of the EC Genetic Engineering Implementation Act §3a and 3b (EG-GenTDurchfG). It is globally applicable. Producers of final food or feed products, which fulfil the respective requirements of this document can label their products with the claim "Non-GMO for food" or "Non-GMO for feed".

About ADM
For more than a century, the people of Archer Daniels Midland Company (NYSE: ADM) have transformed crops into products that serve the vital needs of a growing world. Today, we're one of the world's largest agricultural processors and food ingredient providers, with more than 32,300 employees serving customers in more than 160 countries. With a global value chain that includes 428 crop procurement locations, 280 ingredient manufacturing facilities, 39 innovation centers and the world's premier crop transportation network, we connect the harvest to the home, making products for food, animal feed, industrial and energy uses. Learn more at www.adm.com.

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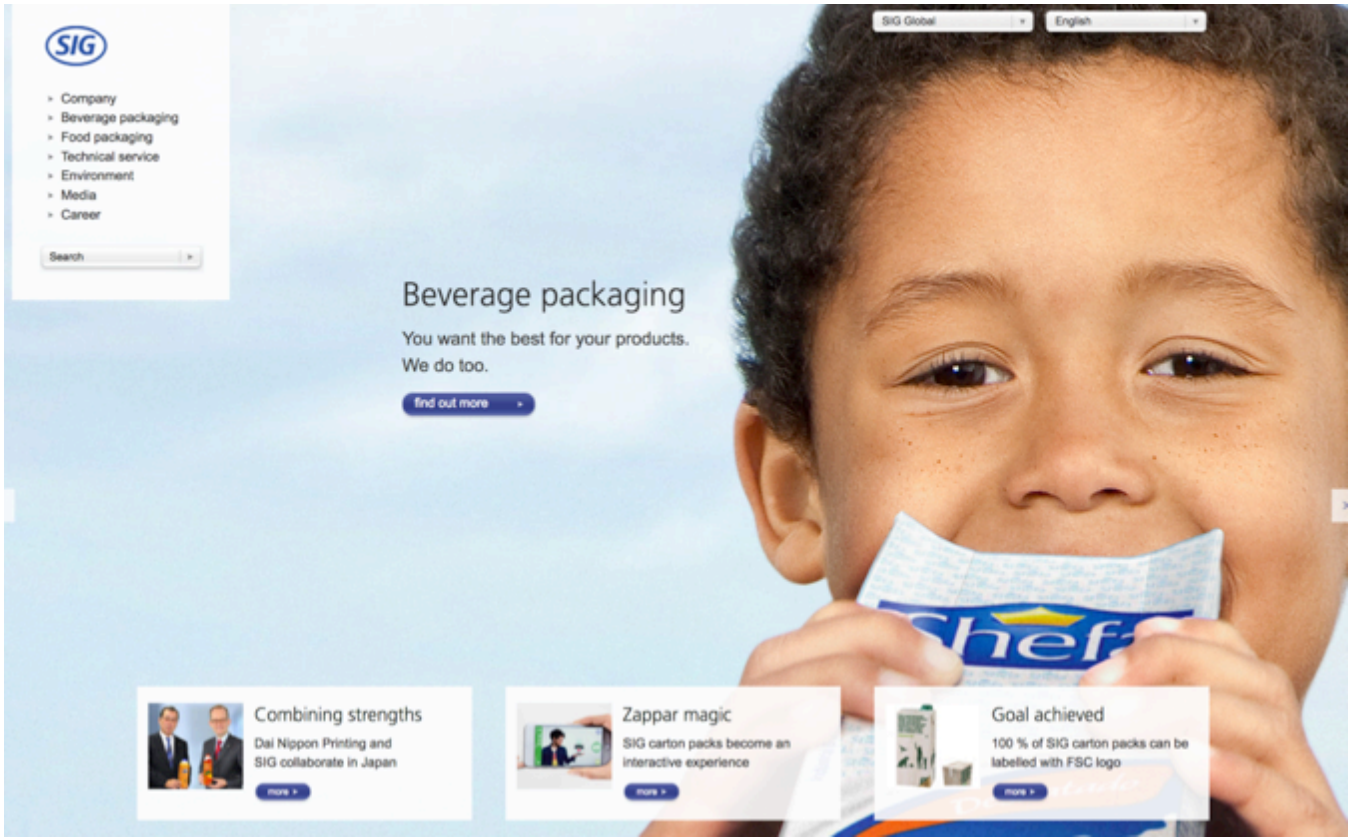
ISCC Press release from August 2016

- "ISCC for non-GMO food & feed" is a **module** for the certification of non-genetically modified products
- **Globally applicable** for food and feed products
- Compliance with thresholds according to **EC regulation** on genetically modified food and feed* and alignment with EC Genetic Engineering Implementation Act**
- The ISCC System for non-GMO ensures **continuous monitoring**, **systematic testing** and **sampling** at oil mill level
- ISCC non-GMO certification can easily be **combined** with sustainability certification requirements

* Regulation (EC) No. 1829/2003
** §3a and 3b EG-GenTDurchfG)

ISCC International Sustainability & Carbon Certification

SIG has recently received ISCC PLUS certifications for four operations to produce beverage cartons and closures



Source: www.sig.biz

- SIG Combibloc is **one of the world's leading suppliers** of carton packaging and filling machines for beverages and food
- SIG has over 5,000 employees in more than 40 countries
- Four certificates are issued for **manufacturers** of **beverage cartons** (coating of paperboard with bioplastic) and closures
- **Trader** and **storage facilities** are also covered by the certification

The ISCC Integrity Program is an essential part of ISCC's quality and risk management. Results help to further improve the system

Objectives

- **Monitoring compliance** of CBs and companies with ISCC requirements
- Ensuring **objective, consistent and reliable** certification process
- **Valuable feedback** from CBs and companies
- Important pillar for ISCC's quality policy and **continuous development**

Results in 2016

- **64** Integrity Assessments conducted
- Deficits and non-conformities detected especially in the areas **traceability, mass balance and GHG calculations**
- **Nine** certificates have been **withdrawn**
- **Five** companies have been **suspended from certification**
- Issuance of **six "warnings"** and **two "yellow cards"** to certification bodies

ISCC International Sustainability & Carbon Certification

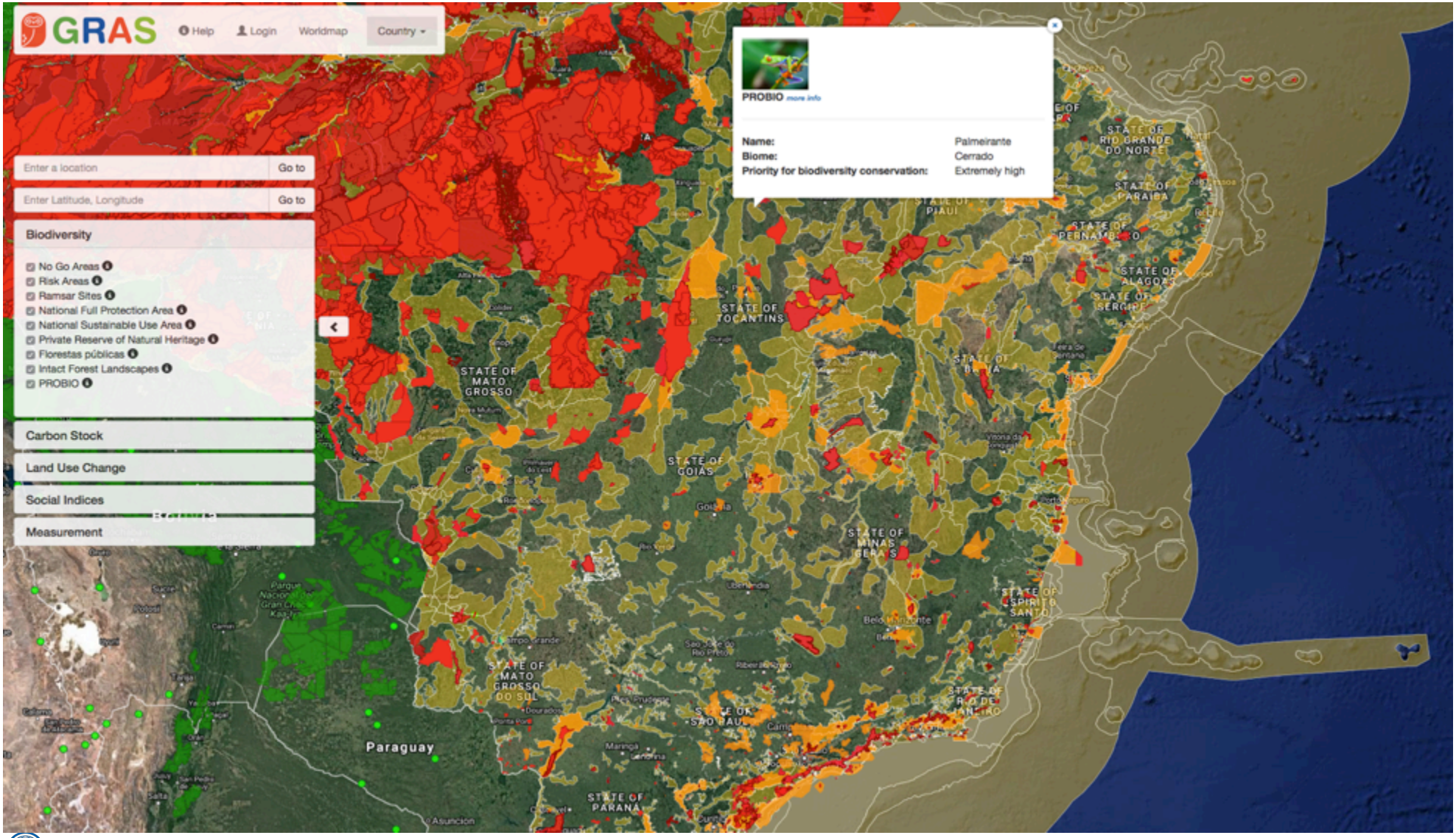
ISCC supports the implementation of the COP21 agreement

- **24% of global GHG emissions** from **agriculture, forestry and other land use (AFOLU)**. To reach the 2°C warming limit, emissions from AFOLU must be reduced significantly and quickly*
- **Carbon Capture and Storage (CCS)** must play an important role. Without CCS, large scale afforestation required to build up carbon sinks
- **Sustainable agriculture** and **forestry** are **key for climate protection** and part of the solution as they contribute to climate protection through storing CO2 in soil, forests and wood products
- However, still **large scale deforestation ongoing** despite legal sustainability requirements for biofuels and voluntary zero deforestation commitments of large brand owners
- Continuous pressure by stakeholders to **deliver on promises**
- ISCC is a solution provider as it allows the **certification of sustainable and deforestation free supply chains**. Emissions from deforestation can be avoided
- The GRAS system supports ISCC in **strengthening the protection of valuable habitats** and **biodiversity**. GRAS provides accurate data on agriculture and forestry areas in more than 70 countries

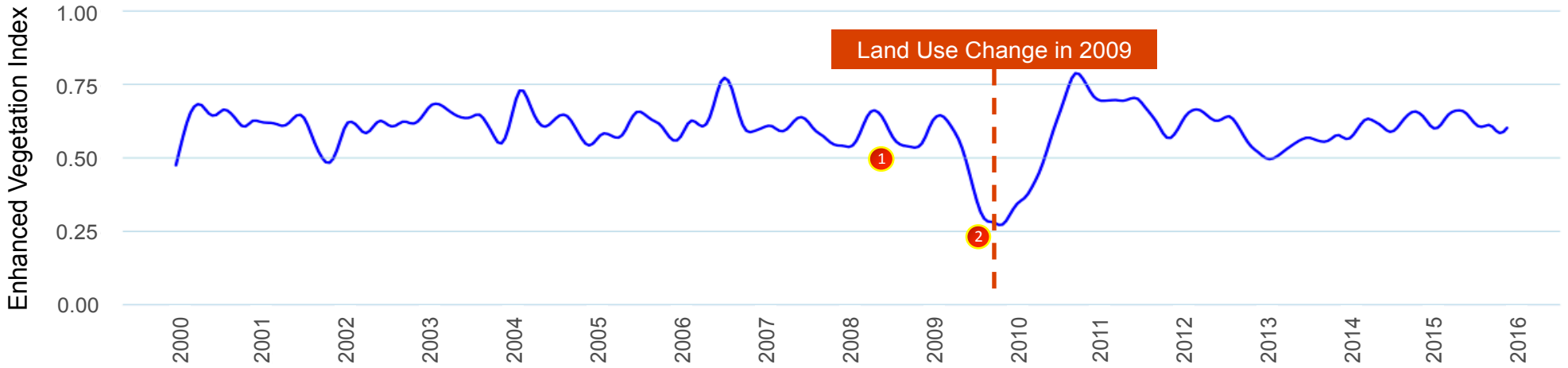
*: Agriculture, Forestry and Other Land Use
**: Source IPCC 2015, AR5

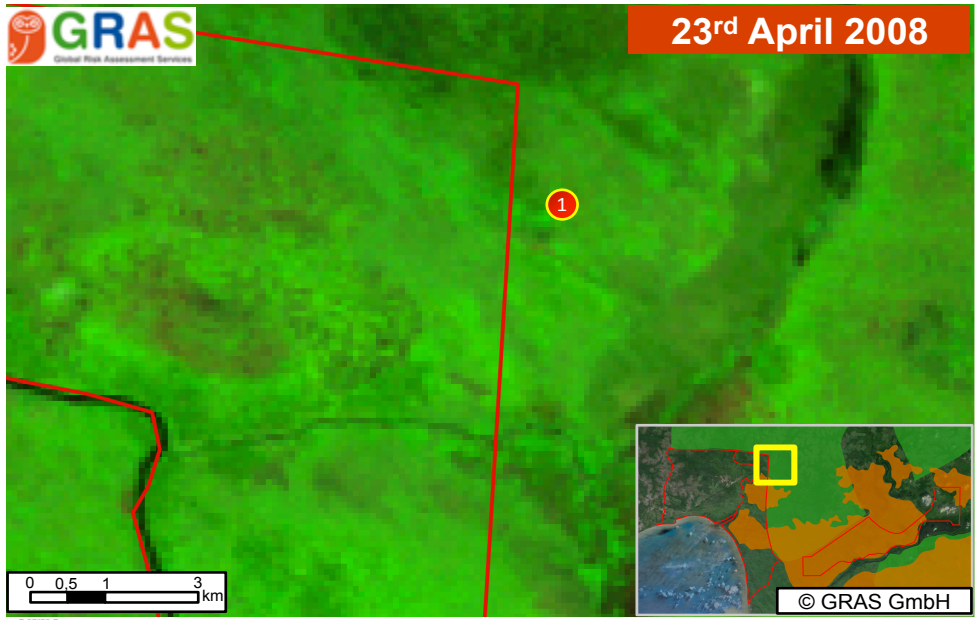
ISCC International Sustainability & Carbon Certification

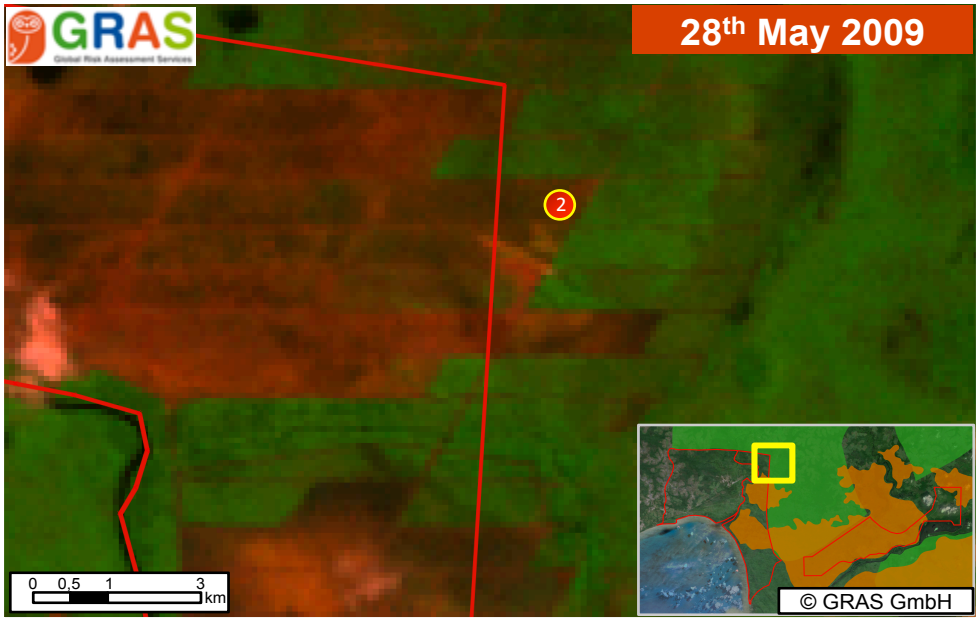
GRAS provides comprehensive information about areas with high biodiversity value. This supports risk assessments and verifications



In addition, GRAS is used to clearly detect *if* and *when* deforestation took place within and/or in the close vicinity of plantations

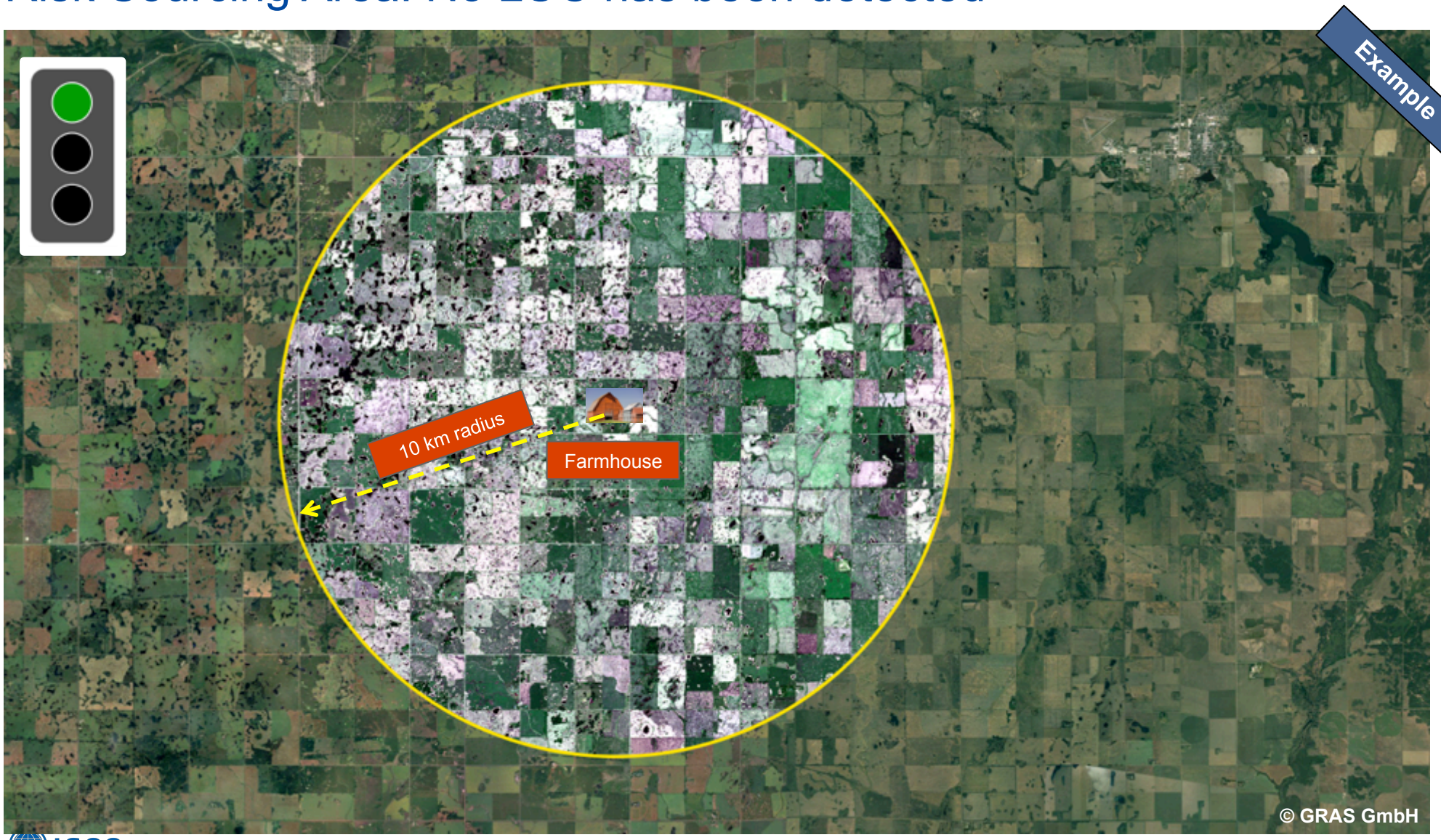




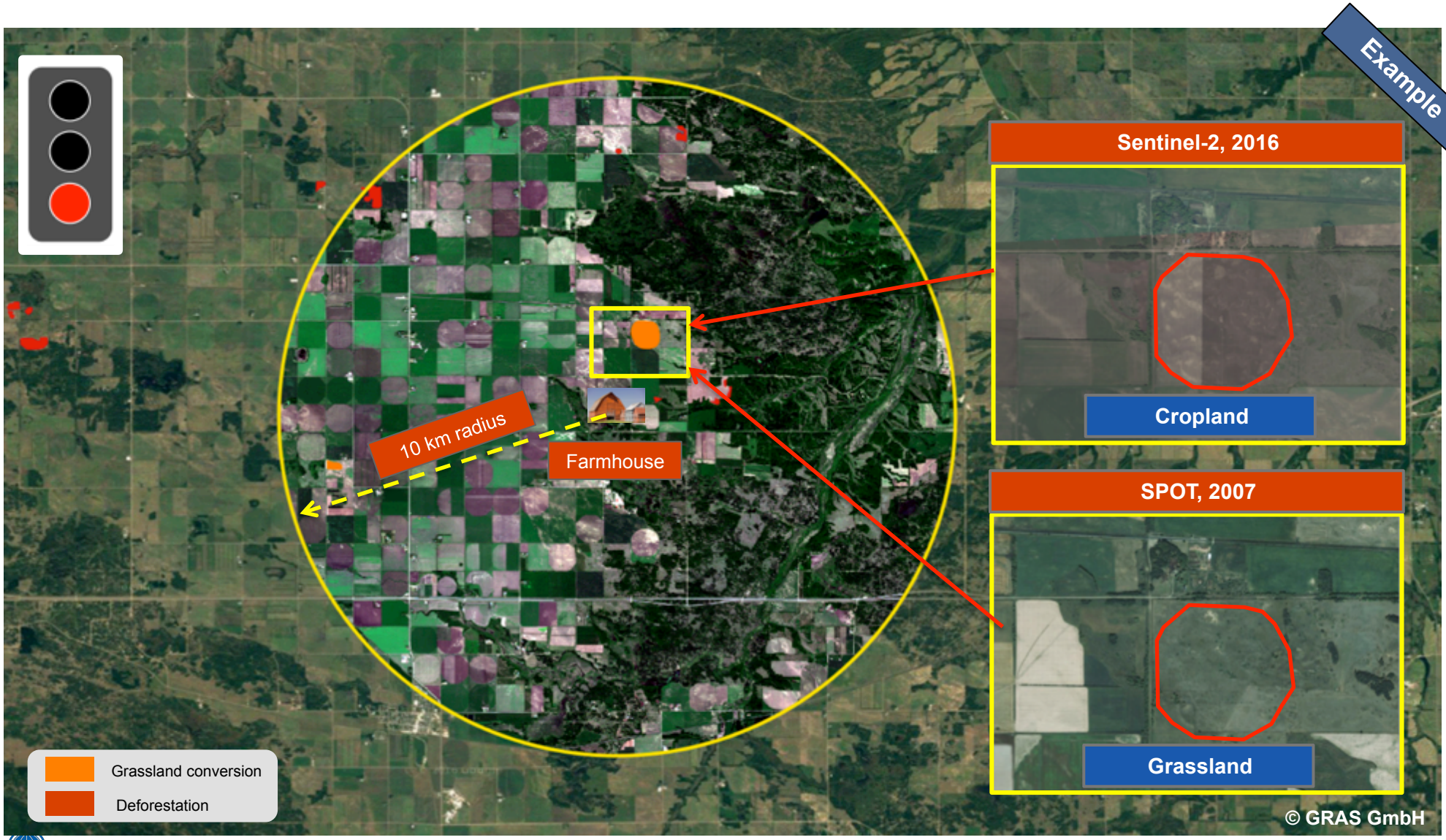


ISCC International Sustainability & Carbon Certification

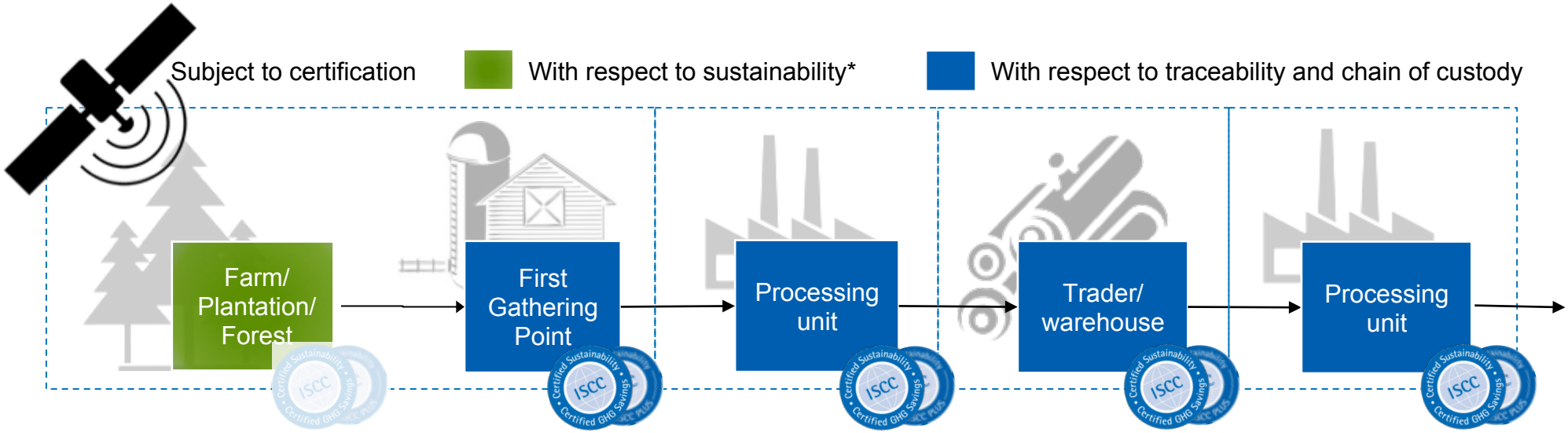
GRAS provides information about land use change. Example of No Risk Sourcing Area: No LUC has been detected



Example of Risk Sourcing Area: Grassland conversion to cropland



Combining ISCC with GRAS facilitates to conduct audits and increases at the same time the credibility of sustainability certification



GRAS
Global Risk Assessment Services

Reliable verification and traceability of sustainable products

Sustainability certification in the biofuels market is a success story and should be extended to other markets

- Setting legal sustainability requirements for the biofuels has been a **pioneering undertaking** by European Parliament and Council
- **Significant improvements** and **investments** have been made **incentivized by mandatory sustainability requirements** (e.g. GHG emission savings, avoidance of land use change)
- A report of the **European Court of Auditors** states i.a. that the European Commission had not obligated the certification schemes in its recognition procedure to **verify socioeconomic criteria and ILUC** (Indirect Land Use Change)
- Mandatory socioeconomic criteria are **not set in the RED** – but covered in ISCC
- **Reliable** and **acceptable ILUC factors** for biofuels are **not available**
- **ILUC factors** do **not halt ongoing deforestation**
- **Direct land use change** can be addressed in existing sustainability certification schemes. If sustainability certification is extended to all markets, the indirect land use change issue disappears
- Sustainability certification for biofuels can be used as a blueprint for other markets **to combat deforestation and biodiversity loss**

Many thanks for your attention!

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