

PRESS RELEASE

Latvian company earns first European certificate for responsible biomass

Copenhagen 1 October 2015 - NEPCon has issued a Sustainable Biomass Partnership (SBP) certificate to wood pellet producer SBE Latvia Ltd. The company is first in Europe and only second in the world to earn this credential, expected to be in strong demand by European energy producers.

With the certificate in place, SBE Latvia is able to meet the European energy sector's growing demands for sustainable biomass documentation.

The <u>Sustainable Biomass Partnership</u> (SBP) is a European initiative established by seven leading energy producers. SBP supports sustainable solid biomass supply chains contributing to a low-carbon economy. SBP certification is tailored to help biomass suppliers and energy producers meet European government regulations and industry standards.

Managing Director of SBE Latvia Ulf Scholander says, "I am so pleased that our efforts to comply with SBP's strict requirements have been acknowledged. Some of our biggest European buyers will clearly demand SBP certified pellets in the future, and we're now in a position to meet those demands. Already, our buyers often request us to fulfil their Codes of Conduct that are in many ways comparable with SBP's requirements."

Danish DONG Energy is one of the companies behind the SBP and the key buyer of wood pellets from SBE Latvia. Lead Sustainability Advisor at DONG Energy Peter Kofod Kristensen says, "We are very pleased that our supplier has chosen SBP to document the sustainability of their wood pellets supplied to us."

NEPCon, an international non-profit organisation, issued the SBP certificate based on a rigorous on-site assessment. "I commend SBE for their serious work and commitment to sourcing responsible biomass," says NEPCon Executive Director Peter Feilberg. The use of woody biomass is <u>growing</u> as the energy industry responds to climate change. "SBP certification is about ensuring that it is done in the right way," says Mr Feilberg.

"Simply switching from fossil fuels to woody biomass is not enough. The biomass needs to be sourced responsibly to avoid that it is linked to forest loss, which has a negative climate impact. The SBP system is well suited to provide assurance both for the climate credentials and the responsible origin of woody biomass. And due to SBP's recognition of key sustainability schemes, we believe that SBP is set to drive the uptake of FSC and PEFC certification across biomass supply chains and forests."

This is in evidence in the case of SBE Latvia. To enhance their access to certified material, they asked their non-certified suppliers to become FSC certified. "So far, seven suppliers have earned FSC certification based on our request," explains Mr Scholander. "The tricky part was to communicate this effectively to our suppliers. Explaining to them about the less favourable future for uncertified material was a game changer."



He also highlights the value of SBE Latvia's own FSC certification in the process. "Due to our existing FSC certificate, we already had systems in place for ensuring the responsible origin of our material."

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Notes

EU biomass & energy trends - The EU is the <u>world's biggest market for wood pellets</u>, and it is still growing. This is mainly due to the EU 2020 climate policy, which requires a rapid transition from fossil fuels to renewable energy. Increased use of woody biomass is a key part of the energy industry's response to meet the green energy targets and timelines. Global production and use of woody biomass such as wood pellets has grown significantly in the past decade, and is likely to increase further in the coming years. A <u>recent report</u> found that the value of the global wood pellets market reached USD 6,260.1 million in 2014. By 2023, it is projected to hit over USD 20, 073.1 million.

Sustainable Biomass Partnership (SBP) - SBP is an industry-led initiative formed in 2013 by major European utilities that use biomass, mostly in the form of wood pellets and wood chips, in large thermal power plants. The SBP Framework comprises standards and processes allowing companies in the biomass sector to demonstrate compliance with regulatory, including sustainability, requirements. www.sustainablebiomasspartnership.org

SBE Latvia Ltd. - is one of the largest wood pellet producers in Latvia. The company produces more than 70,000 tonnes of wood pellets per year. FSC 100% and FSC Mix account for approximately 60% of the input material for their SBP production, with the remainder coming from controlled sources. Around 80 - 85% of the company's pellet production is exported to European countries where they are used for heat and power generation at the big power-plants and cogeneration plants. SBE Latvia Ltd. is part of the Swedish Agroenergi Neova Pellets AB Group. www.sbe.lv

NEPCon - an international environmental organisation that works to foster sustainable land use and climate-friendly solutions, partly through innovation and projects on sustainable development. NEPCon is actively engaged in sustainability certification and provides expert assistance underpinning the development of the SBP and FSC systems. An accredited FSC, PEFC and SBP certifier, NEPCon provides certification to forest operations covering more than 20 million hectares and to over 1,300 companies in timber supply chains. www.nepcon.net