



Supply Base Report: Holzkontor und Pelletierwerk Schwedt GmbH

First Surveillance Audit

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Completed in accordance with the Supply Base Report Template Version 1.3

For further information on the SBP Framework and to view the full set of documentation see www.sbp-cert.org

Document history

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1 Overview

On the first page include the following information:

Producer name: Holzkontor und Pelletierwerk Schwedt GmbH

Producer location: Passower Chaussee 111, Straße K, 16303 Schwedt, Germany

Geographic position: 53°06'05.5"N / 14°13'28.0"E

Primary contact: Sylwia Senczyszyn; +49 15120423380; sylwia.senczyszyn@hps-pellets.de

Company website: www.hps-pellets.de

Date report finalised: 02.12.2020

Close of last CB audit: [Date and location of the closing meeting CB]

Name of CB: NEPCon

Translations from English: Yes to German

SBP Standard(s) used: Standard 2 Version 1.0
Standard 4 Version 1.0
Standard 5 Version 1.0

Weblink to Standard(s) used: <https://sbp-cert.org/documents/standards-documents/standards>

SBP Endorsed Regional Risk Assessment: n.a.

Weblink to SBE on Company website: <http://www.hps-pellets.de/en/#sustainability>

Indicate how the current evaluation fits within the cycle of Supply Base Evaluations				
Main (Initial) Evaluation	First Surveillance	Second Surveillance	Third Surveillance	Fourth Surveillance
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Description of the Supply Base

2.1 General description

Holzkontor und Pelletierwerk Schwedt GmbH (HPS), founded in 2006, is a wood pellets producer situated in the German municipality Schwedt/Oder on the Polish border. The pelletizing plant with a capacity of 120 000 tonnes a year produces 6 mm pellets according to ENplus A1 or industrial standards.

HPS is a PEFC certified pellet producer. Its direct suppliers of feedstock are PEFC or FSC certified. HPS has 5 to 10 direct suppliers, indirectly the wood comes from around 40 to 50 suppliers, mainly sawmills and vertically integrated wood processors. HPS practically uses only secondary feedstock (wood residues such as sawdust and shavings), rarely HPS uses primary feedstock (stems disposed of by wood processors). Around 50% is SBP-compliant Secondary Feedstock, 50% SBP-controlled Secondary Feedstock.

HPS has no direct impact on forest management practices. However, by buying from PEFC and/or FSC certified companies, HPS does guarantee that best practices are promoted and no locally protected tree species are harvested.

Regarding the regional forest and wood sector, HPS is a medium-size company. Considering specifically the use of wood residues, there are a few similar in size companies in the region. By producing wood pellets, HPS adds value to low-grade wood residues and creates jobs.

HPS uses only coniferous wood for pellet production of the following tree species:

- Scots pine (*Pinus sylvestris*) and some other pine species (*Pinus spp.*);
- Norway spruce (*Picea Abies*) and some other spruce species (*Picea spp.*);
- European larch (*Larix decidua*) and a few other larch species (*Larix spp.*);
- Several fir species (*Abies spp.*);
- Douglas fir (*Pseudotsuga menziesii*).

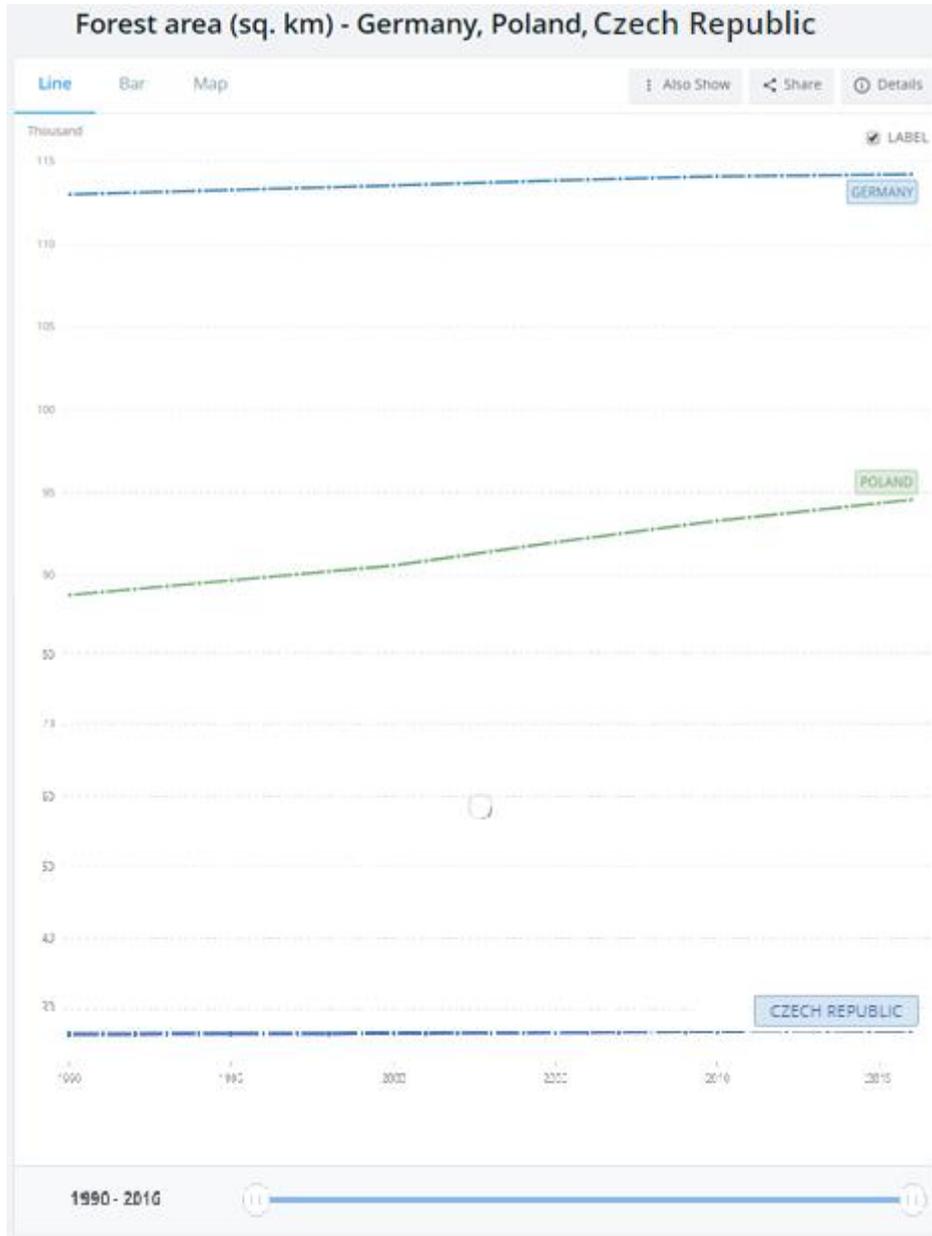
The supply base is Poland, Germany and Czechia.

Germany and Poland have temperate forests, which are characterised by a mix of deciduous and coniferous tree stands. A broad array of silvicultural methods are applied. Small clear cuts and selective cuttings are used in most cases. Forests often do not need to be replanted, as they regenerate well naturally.

German and Polish forests belong to the best performing in Europe.

The forests of Czechia are amongst the most productive in Europe. The annual actual cut over 6 m³ per hectare is below the annual average increment. In general, the principles of sustainable forest management are being adhered to.

Table 1: FAO data on forest area development in Germany, Poland, and Czechia (source: World Bank website)



The FSC National Risk Assessment for Germany did not find any specified risks to sustainability.

The FSC National Risk Assessment for Poland resulted in a specified risks on:

- The right to freedom of association and collective bargaining;
- The protection of sites and species in the Białowieża, Hajnówka, and Browsk Forest Districts;
- The conservation of High Conservation Values in the protected forest of Białowieża (Hajnówka, and Browsk Forest Districts) and in the Krosno Regional Directorate of State Forests.

The FSC National Risk Assessment for the Czech Republic resulted in two specified risks, one on HCV 1 (Species diversity) and one on HCV 3 (Ecosystems and habitats).

CITES species are present in Germany, Poland and Czechia but do not include any trees. Germany, Poland and Czechia have adopted a Red List classification of species in accordance with criteria from the International Union for Conservation of Nature (IUCN).

Below a description is given per country.

Germany

In Germany the forest area is 11.4 million hectares which corresponds to about 33% of the total land area of 34.9 million hectares (FAO 2016). Between 1990 and 2016 the forest area has increased by 1,1%.

Of the 11.4 million hectares of forest in Germany 67% is private property (of which 19% is owned by corporations) and 33% is public property (4% is owned by the Federal Government, 29% by the provinces).

Private woodlands in Germany is predominantly small and fragmented. About half of the private forest plots are less than 20 hectares. German forests are diverse and offer habitats for many animals and plants.

In forests under all types of ownership less wood was harvested than grown. Timber stocks amount to 3.7 billion m³ in total and 336 m³ per hectare in average. The increment of timber is in average 11.2 m³ per hectare a year and 121.6 million m³ per year in total. Between 2002 and 2012 around 76 million m³ of raw timber (cubic metres of timber harvested not including bark) were used per year. The forests in Germany are acting as a sink and relieves the atmosphere of around 52 million tonnes of carbon dioxide annually.

According to the results of the third Federal Forest Inventory 2011/2012 some 36% of the forest area is classified as very natural (14.5%) or as natural (21.3%). The proportion of natural forest areas in state forests (around 40%) is higher than in private forests (around 30%).

State forests are generally certified according to the requirements of the PEFC or FSC certification systems and are managed accordingly. A total of around 67% of all forests are PEFC certified and 10.5% FSC.

Mixed forests dominate in Germany with a 76% share of the total forest area. Spruce, pine, beech and oak account for 73% of the forests. At present deciduous trees account for 43% of the forest cover and coniferous trees 57%. Spruce is present all over the country but mainly from the foothills of the Alps to the highlands of the south and south-west of Germany and the central uplands. Pine is found mainly in the north-east lowlands, from Lower Saxony to Brandenburg and Saxony.

The forests are in average 77 years old. Oak forests are in average 102, beeches 100, and firs 96 years old. Douglas fir forests are the youngest at 45 years old in average. Almost a quarter of the forest (24%) is older than 100 years and 14% is older than 120 years. In the German forests is in average 20.6 m³ deadwood per hectare (around 224 million m³ of deadwood in total). The deadwood stock has reached 6% of the living timber stock. Natural regeneration is predominant in Germany, planting accounts only for 13% of the young stock.

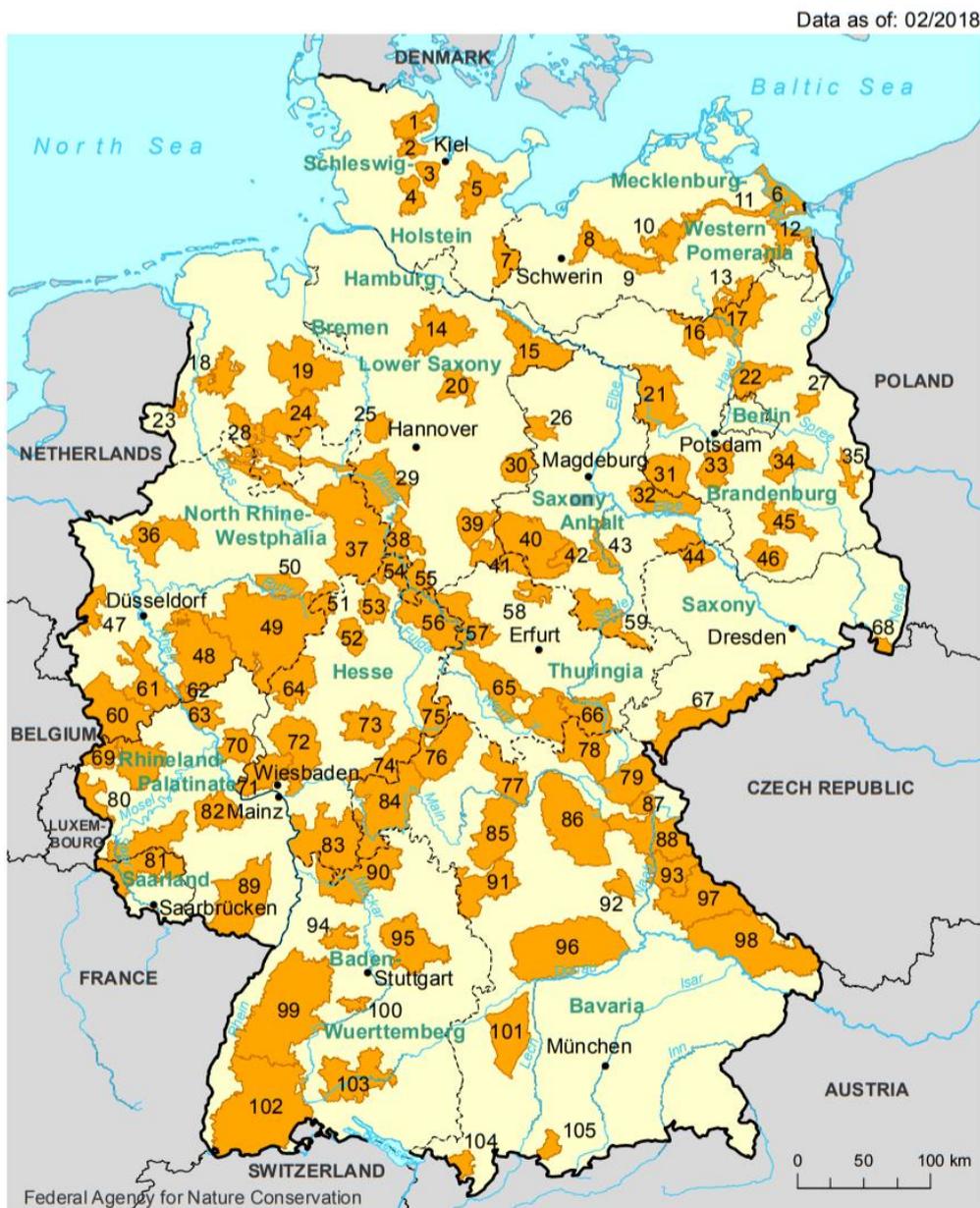
Germany has 16 National Parks covering approximately 2145 km² (not including the North Sea and Baltic areas). This is 0.6% of the total land area. About 17% of the German forest consists of protected areas according to the European Directive on Fauna Flora Habitat (FFH Directive) thus forming part of the European protected area network "Natura 2000". There are specially protected biotopes over some 593

thousand hectares, i.e. 5% of the forest area. These are in most cases (77%) forest mire, marsh woods or floodplain forests, as well as other wetland biotopes.

Germany has 105 nature parks with a total area of 10.1 million ha, nature parks cover 28.4 percent of Germany's land surface. The share of land covered by nature parks increased by 42% (about 3.0 million ha) between 1998 and 2017. Protected areas account for some 56% of land within nature parks. Nature conservation areas account for about 5 percent of land in nature parks in Germany although this figure varies across the country.

According to Eurostat out of the total German roundwood production in 2019 of abt. 76mln. m³, there has been 22,7 mln m³ used as fuelwood and 53,4 mln. m³ where processed in the saw mill and wood industry.

Illustration 1: Nature parks in Germany, of which 56% are protected areas



Nature parks

Source: Federal Agency for Nature Conservation (BfN), 2018
 using data provided by the Bundesländer
 Basic Spatial Data: © GeoBasis-DE / BKG 2015

Poland

Forest functions in Poland are divided into: production forests, protective forests and social forests. Production forests are maintained to ensure their sustainability for regular harvesting of timber and non-timber forest products, development of tourism, income from timber sales, and hunting services. Protective forests ensure the protection of biodiversity including a variety of habitats and certain flora and fauna species. Social forests focus mainly on recreational and health services to society.

In Poland 87% of forests are public property (of which 2% are 23 national parks); 13% is privately owned. Regarding state forests and National Parks harvesting operations are based on Forest Management Plans and their annual revisions (which are approved by the Ministry of Environment). A permission to harvest and sell wood is achieved through a few steps. Firstly, the annual inventory is approved. Secondly, field inspectors (foresters) check the plans and issue an harvesting permit to contractors. Lastly, the harvested wood is marked by the foresters as legally harvested. Regarding private forests a permission to harvest is given either by a State Forest Officer (forester) or by a State Forest Authority.

The state foresters do not practice monoculture anymore, instead they adjust the species composition of stands to that occurring naturally in a particular area. Therefore the area of broadleaved stands in the State Forests increased from 13% to more than 28% in the years 1945-2014. The more plentiful tree species are oak, ash, maple, sycamore, elm, as also birch, beech, alder, poplar, hornbeam, aspen, linden and willow. Coniferous species however still cover most of the forest area. The main tree species of most coniferous forests is Scots pine (*Pinus sylvestris*).

Of Poland's approximately 9.6 million hectares of forest 7.6 million hectares are PEFC-certified and 7.2 million hectares are FSC-certified (2018). The entire Polish State Forest is PEFC-certified. 16 out of 17 Regional Directorates of State Forests (RDSF) are FSC certified and the last one is currently in the process of becoming certified.

Over 30% of Poland is covered by forests. The FAO (2017) and FSC (2018) report a steady growth of forest area. Moreover wood stocks in the state forests have increased - 190 cubic meters/ha in 1991 against 254 cubic meters/ha in 2011. Forest stands of over 80 years old cover nearly 2 million hectares.

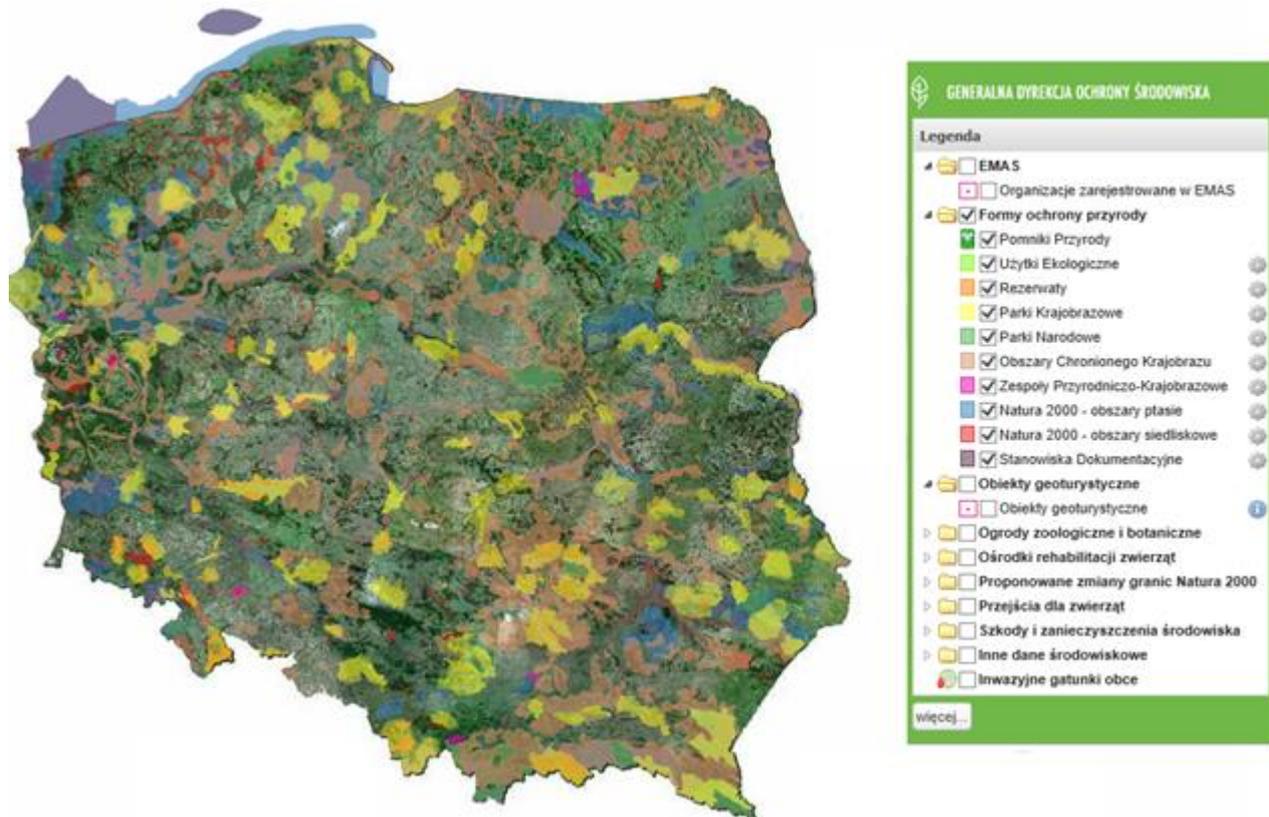
Forestry and the related industrial branches are important elements of the national economy. The State Forest Service gives employment to many people. It cooperates closely with local communities and non-governmental organizations. In recent years Polish State Forestry has achieved excellent economic results. Moreover for most stakeholders the non-production functions of the Polish forests are most important.

The State General Directorate for Environmental Protection (GDOS) (<http://geoserwis.gdos.gov.pl>) has on its website advanced geographic information on protected areas of Poland including:

- 23 national parks and buffer zones;
- 122 landscape parks and buffer zones;
- 1498 nature reserves and buffer zones;
- 402 protected landscape areas;
- 260 nature and landscape complexes;
- 174 documentation stands;
- 138 SPAs (special protection areas designated under the Birds Directive 79/409/CEE);
- 843 SACs (special areas of conservation designated under the Habitats Directive 92/43/CEE);
- 7 overlapping areas (SPAs and SACs within common boundaries);
- 16 Ramsar sites.

According to Eurostat out of the total Polish roundwood production in 2019 of abt. 43 mln. m³, there has been 5,1 mln m³ used as fuelwood and 38,5 mln. m³ where processed in the saw mill and wood industry.

Illustration 2: Different kinds of protected areas in Poland (interactive map of GDOS)



Czech Republic

The forest area in Czechia is 2.67 million hectares, which is 34.6% of the total land area in the country (FAO 2016). The forest area increased between 2010 and 2015 by 10,000 ha. More than one-third of Czech forests are under threat from the worst infestation of bark beetle in history.

61.5% of the whole forest area belongs to the state. The rest is distributed between municipalities (17%) and private owners (19%). Most of the state forests are administrated by “Lesy České republiky s.p.”, the rest by the Czech Army, by the Office of the President of the Republic and by National Parks Administration.

Forests in Czechia can be divided in 3 groups: Production Forests, Protection Forests and Special Purpose Forests. The Protective Forests category includes forests in exceptionally unfavorable locations for forest growth. In the Special Purpose Forests wood can also be harvested, but this are national parks, nature reserves, etc.

The current distribution of forests and tree species is mainly a result of forestry. The current share of conifers (72.5%) is more than twice as high as in natural forests. The proportion of deciduous trees is increasing, but is still far from its natural proportion. The dominant species are spruce – 54%, pine – 18%, oak – 6%; and beech – 5%.

Around 68% of the entire Czech forest area (1.8 millions ha) is PEFC certified. Only around 100,000 ha of this are accounted for by private forest owners, 165,000 ha by municipal forest owners and 1.5 million ha by state forests, which are thus certified.

0.09% of total forest area are old-growth forests, 0.28% are natural forests and 0.73% are near-natural forests. Most of them are located in national parks and protected areas which makes them more or less protected. Four National Parks cover 1.51% of the total area of Czechia, 26 Protected Landscape Areas (PLAs) cover 14.42%, and small-scale protected areas cover 1.40%. Natura 2000 areas cover 18.99%, with many overlapping with other protected areas.

Forest has increasingly become the important factor of socioeconomic development of Czech society. Besides timber production, multifunctional forest management also fulfils a wide range of other ecological and social functions for the benefit of general public. Forests also represent a significant component of integrated policy of rural development, mainly for their contribution to income and job opportunities in the areas with a high rate of unemployment. The significance of forests in the future will increase, not only because forests are the most important environmental element but also because they are a renewable source of high-quality wood, energy wood and other forest products.

According to Eurostat out of the total Czech roundwood production in 2019 of abt. 32,5 mln. m³, there has been 5,9 mln m³ used as fuelwood and 26,6 mln. m³ where processed in the saw mill and wood industry.

Illustration 3: Natural forests in Czechia (source: www.naturalforests.cz)



2.2 Actions taken to promote certification amongst feedstock supplier

HPS buys from PEFC or FSC certified suppliers. New, potential suppliers and saw mills are requested to get certified with one of the SBP approved certification systems. HPS offers assistance to pass initial audits.

2.3 Final harvest sampling programme

HPS procures very little primary material (0% in 2019). It buys small amounts of wood stems that are disposed of by the Forestry and Wood Sector. This are for example deteriorated wood stems due to storage issues or dead trees from salvage operations. It concerns semi-natural managed forests with long rotation periods in Germany and Poland. The operations are small clear-cuts, selective cuttings, and thinnings.

2.4 Flow diagram of feedstock inputs showing feedstock type [optional]

Suppliers of primary feedstock (roundwood)	Secondary feedstock supply by sawmills and integrated wood processors (PEFC or FSC certified)		HPS 120 thousand ton pellets per year production capacity	Exports to the industrial market
	Secondary feedstock supply by sawmills and integrated wood processors	Traders (PEFC or FSC certified)		Sales on the regional market of high quality pellets
1	2	3	4	5

2.5 Quantification of the Supply Base

Supply Base

- a. Total Supply Base area (ha): 23.55 million ha
 - Forests in Germany: 11.42 million ha (2016)
 - Forests in Poland: 9.46 million (2016)
 - Forests in Czech: 2.67 milion ha (2016)
- b. Tenure by type (ha): 9.90 million ha privately owned; 13.65 million ha public
 - Forests in Germany: 7.64 million ha privately owned; 3.78 million ha public
 - Forests in Poland: 1.23 million ha privately owned; 8.23 million ha public
 - Forests in Czech: 1.03 milion ha privately owned; 1.64 milion ha public
- c. Forest by type (ha): temperate forests
- d. Forest by management type (ha): managed natural
- e. Certified forest by scheme (ha): 8,240,596 ha of FSC, 19,536,541 ha PEFC
 - Forests in Germany: 1,353,829 ha of FSC (2019), 7,580,690 ha PEFC (2019)
 - Forests in Poland: 6,764,123 ha of FSC (2019), 7,155,851 ha PEFC (2019)
 - Forests in Czech: 122,644 ha of FSC (2020), 1,800,000 ha PEFC (2019)

Feedstock

- f. Total volume of Feedstock: 0 – 200,000 tonnes*
- g. Volume of primary feedstock: 0%

h. List percentage of primary feedstock (g), by the following categories.

Subdivide by SBP-approved Forest Management Schemes:

- 0% Certified to an SBP-approved Forest Management Scheme
- 100% Not certified to an SBP-approved Forest Management Scheme

i. List all species in primary feedstock, including scientific name:

- Pine species (*Pinus spp.*);
- Spruce species (*Picea spp.*);
- European species (*Larix spp.*);
- Fir species (*Abies spp.*);
- Douglas fir (*Pseudotsuga menziesii*).

j. Volume of primary feedstock from primary forest: None (0%)

k. List percentage of primary feedstock from primary forest (j), by the following categories.

Subdivide by SBP-approved Forest Management Schemes:

- Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme
- Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme

Not applicable

l. Volume of secondary feedstock: 100%*

Type \ Origin	Germany	Poland	Czechia
Chips	0%-19%	0%-19%	0%
Sawdust	0%-19%	60%-79%	0%-19%
Shavings	0%-19%	0%-19%	0%
Off-cuts	0%-19%	0%-19%	0%
Untreated small chips and dust	0%-19%	0%-19%	0%

m. Volume of tertiary feedstock: 0 tonnes (0%).

* As exact data differ every year and are considered confidential, ranges (bands) of feedstock amounts and percentages are presented.

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
<input type="checkbox"/>	<input checked="" type="checkbox"/>

Sufficient feedstock volumes are delivered to HPS with certified claims of approved systems to meet market demand for SBP-compliant biomass.

4 Supply Base Evaluation

4.1 Scope

Not applicable

4.2 Justification

Not applicable

4.3 Results of Risk Assessment

Not applicable

4.4 Results of Supplier Verification Programme

Not applicable

4.5 Conclusion

Not applicable

5 Supply Base Evaluation Process

Not applicable

6 Stakeholder Consultation

Not applicable

6.1 Response to stakeholder comments

Not applicable

7 Overview of Initial Assessment of Risk

Not applicable

Table 1. Overview of results from the risk assessment of all Indicators (prior to SVP)

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
1.1.1			
1.1.2			
1.1.3			
1.2.1			
1.3.1			
1.4.1			
1.5.1			
1.6.1			
2.1.1			
2.1.2			
2.1.3			
2.2.1			
2.2.2			
2.2.3			
2.2.4			
2.2.5			
2.2.6			
2.2.7			
2.2.8			
2.2.9			

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
2.3.1			
2.3.2			
2.3.3			
2.4.1			
2.4.2			
2.4.3			
2.5.1			
2.5.2			
2.6.1			
2.7.1			
2.7.2			
2.7.3			
2.7.4			
2.7.5			
2.8.1			
2.9.1			
2.9.2			
2.10.1			

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

Not applicable

8.2 Site visits

Not applicable

8.3 Conclusions from the Supplier Verification Programme

Not applicable

9 Mitigation Measures

9.1 Mitigation measures

Not applicable

9.2 Monitoring and outcomes

Not applicable

10 Detailed Findings for Indicators

Not applicable

11 Review of Report

11.1 Peer review

The SBR was reviewed by Jaroslaw Senczyszyn, M.Sc. in ichthyology, Ph.D. in economics, who is working for an affiliated company that is also the main supplier of HPS.

The SBR was prepared with assistance of Rens Hartkamp, BiomassConsult (M.Sc. in forestry; Ph.D. in economics). Rens Hartkamp has around 20 years of experience in forest certification and 10 years in biomass certification. In total, he assisted around 40 companies on SBP certification. He passed the SBP auditor exams in 2015. He has also been active in the field of benchmarking and developing indicators for biomass certification systems.

11.2 Public or additional reviews

No public or additional reviews were performed.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:		Certification manager Authorised representative HPS	02.12.2020
	Sylwia Senczyszyn		
	Name	Title	Date
The undersigned persons confirm that I/we are members of the organisation's senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report.			
Report approved by:			
	Stanislaw Senczyszyn	Director HPS	02.12.2020
	Name	Title	Date

13 Updates

Note: Updates should be provided in the form of additional pages, either published separately or added to the original public summary report.

First audit: not applicable.

13.1 Significant changes in the Supply Base

First audit: not applicable.

13.2 Effectiveness of previous mitigation measures

No SBE: not applicable.

13.3 New risk ratings and mitigation measures

Provide an update of risk ratings for all relevant Indicators.

13.4 Actual figures for feedstock over the previous 12 months

*0 – 200,000 tonnes of feedstock**

- *Around 50% SBP-compliant Secondary Feedstock*
- *Around 50% SBP-controlled Secondary Feedstock*

13.5 Projected figures for feedstock over the next 12 months

*0 – 200,000 tonnes of feedstock**

- *Around 50% SBP-compliant Secondary Feedstock*
- *Around 50% SBP-controlled Secondary Feedstock*

* As exact data differ every year and are considered confidential, ranges (bands) of feedstock amounts and percentages are presented.