Supply Base Report: Holzkontor und Pelletierwerk Schwedt GmbH

Second Surveillance Audit

www.sbp-cert.org

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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Contents

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:	02.12.2021
Close of last CB audit:	14.12.2020, Schwedt
Name of CB:	Preffered By Nature
Translations from English:	Yes to German
SBP Standard(s) used:	Standard 2 Version 1.0
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	Standard 5 Version 1.0
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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**
☐	☐	☒	☐	☐

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), rarery 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:

- European larch (Larix decidua)
- Norway spruce (Picea abies)
- Scots pine (Pinus sylvestris)
- Douglas fir (Pseudotsuga menziesii)

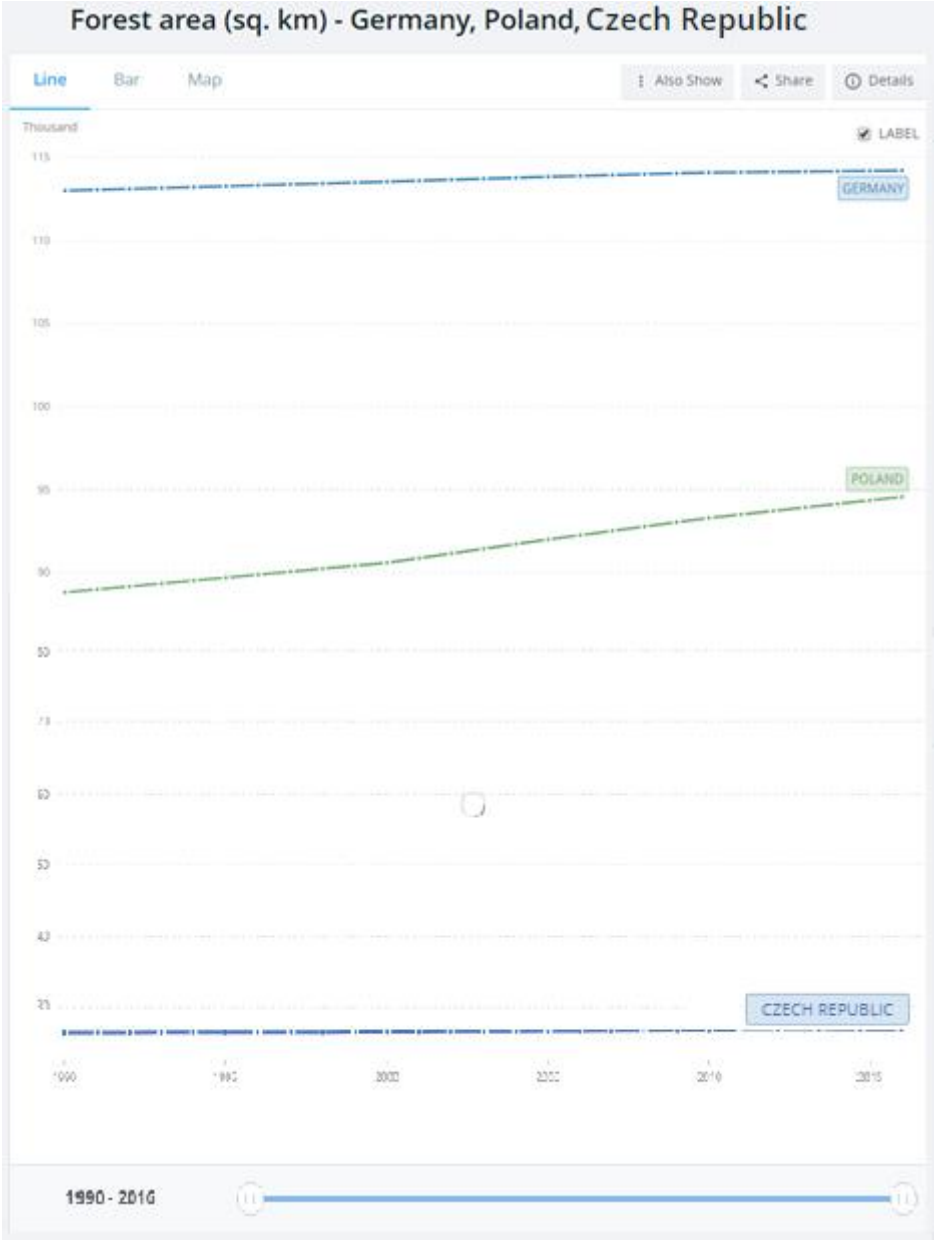
The supply base is Poland, Germany, Czechia and (sometimes) the Leningrad region (Russia).

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 also amongst the most productive in Europe. The annual actual cut over 6 m^3 per hectare is below the annual average increment. In general, the principles of sustainable forest management are being adhered to.

Information on the Leningrad region is given at the end of the supply base description. HPS is planning to procure feedstock shipments from that region incedentely. It concerns SBP-compliant primary feedstock. HPS buys only with the FSC 100% claim. Regarding this region, HPS considers PEFC certified wood and information on FSC Controlled Wood risk assessments ‘not applicable’.

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 Bialowieża, Hajnówska, and Browsk Forest Districts;
- The conservation of High Conservation Values in the protected forest of Bialowieża (Hajnówska, and Browsk Forest Districts) and in the Krosno Regional Directorate of State Forests.
- The Suspension of FSC Certificates of Regional Directorate of State Forests in Łódź Poland (FSC-C018276 SGS-FM/COC-011009 Suspended valid: 2018-05-07 2023-05-0) for the Łódź – Brzeziny, Gostynin, Grotniki, Kolumna, Kutno, Łąck, Opoczno, Piotrków, Płock, Poddębice, Przedbórz, Radomsko, Radziwiłłów, Skierniewice, Smardzewice, Spała, Wieluń, Złoczew

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, and for the Leningrad region (Russia).

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 2020 of abt. 84 mln. m³, there has been 22,3 mln m³ used as fuelwood and 61,7 mln. m³ where processed in the saw mill and wood industry.

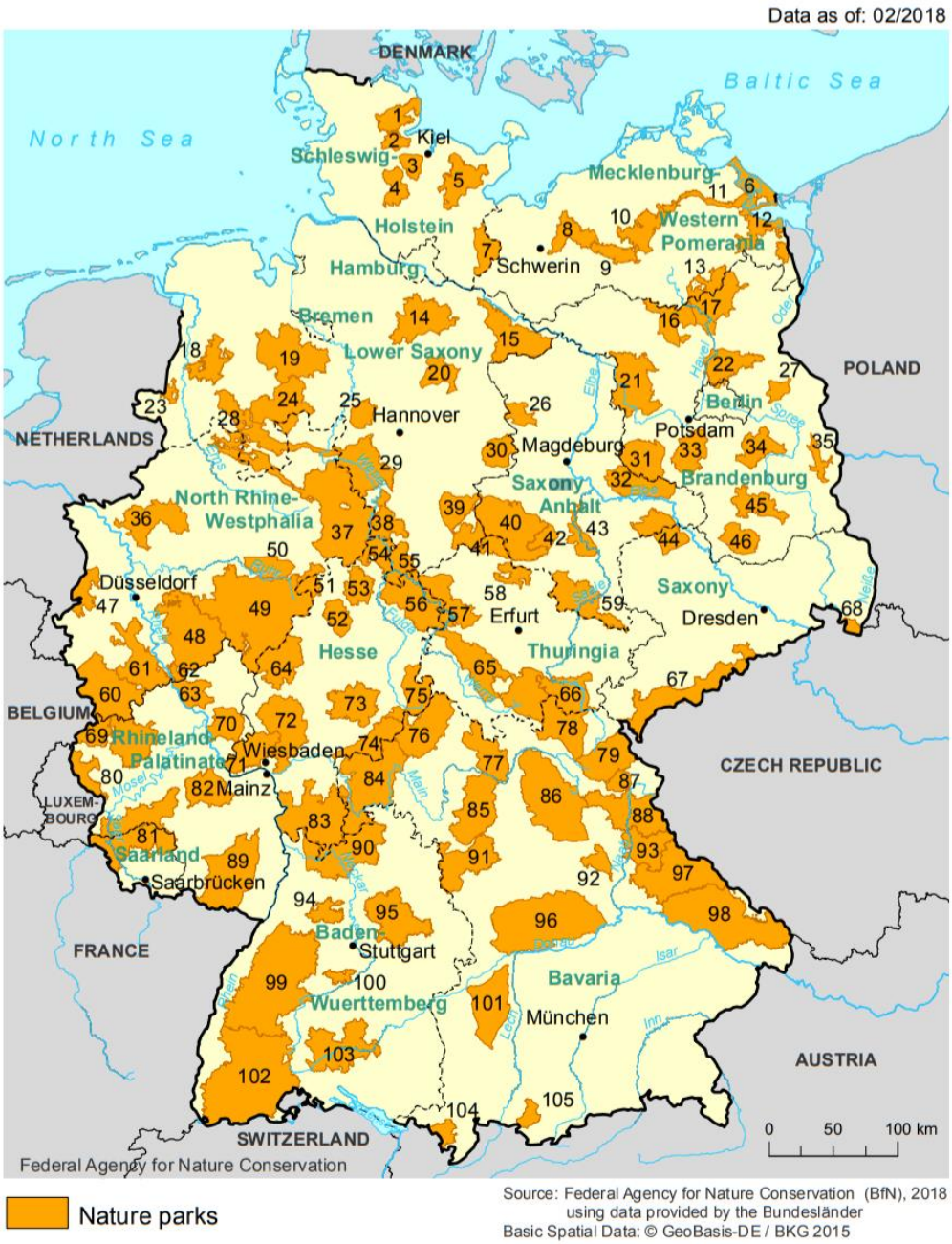


Illustration 1: Nature parks in Germany, of which 56% are protected areas

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). Approx. 72% of the total area of the Polish state forest are FSC-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 Polnad 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 2020 of abt. 40,5 mln. m³, there has been 4,7 mln m³ used as fuelwood and 35,8 mln. m³ where processed in the saw mill and wood industry.

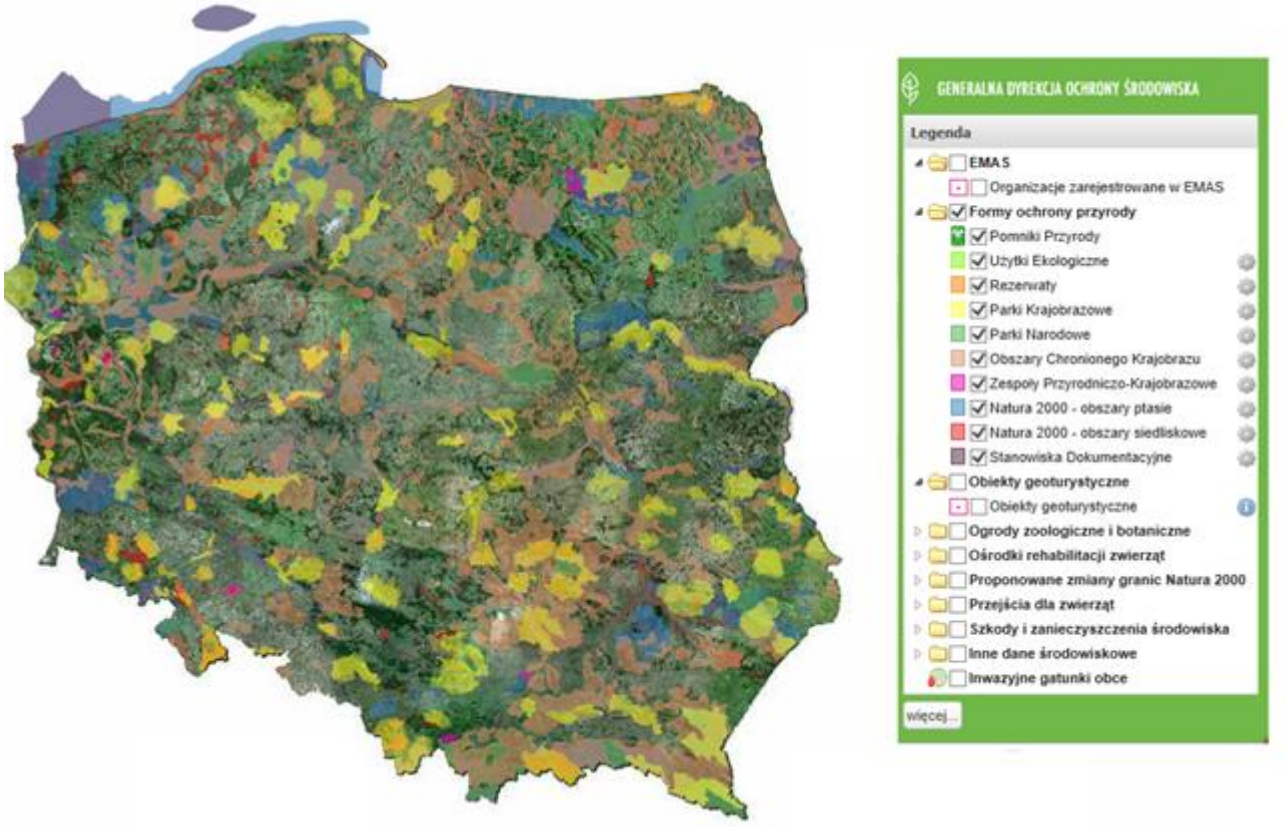


Illustration 2: Different kinds of protected areas in Poland (interactive map of GDOS)

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 divited 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 milions 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. The data for 2020 has still not been published.

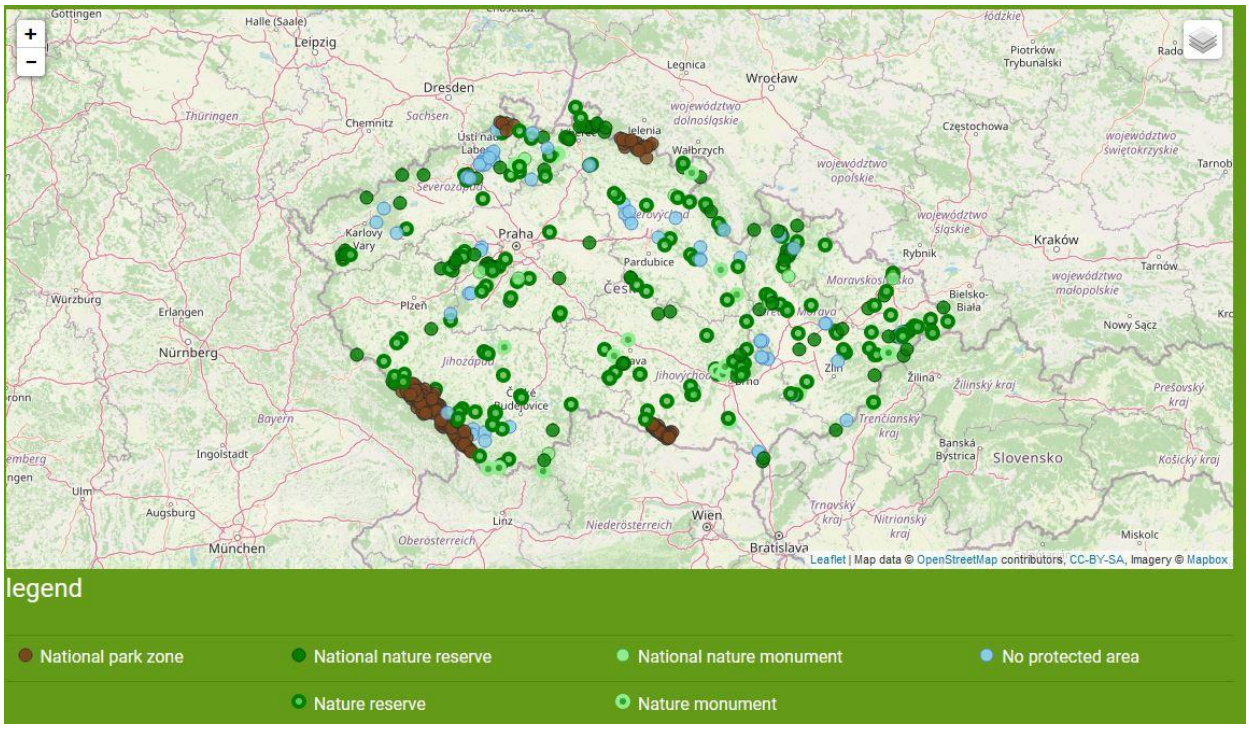


Illustration 3: Natural forests in Czechia (source: www.naturalforests.cz)

Leningrad Region (Russia)

The Leningrad region is located at the Northwest of Russia, around the city of St. Petersburg. The city itself, however, is not a part of region. It is one of the smaller regions of Russia, covering 8.39 million ha. (around the size of Austria, and less than 0,5% of Russia in total).

The region has a 'Forest Fund' of 5.68 million hectares (68% of the total area). This Forest Fund area is considered for this Supply Base. The Forest Fund is one of the official land-use categories in Russia. However, not all areas in the Forest Fund are covered with forests, and not all forests are located in the Forest Fund. From 2018 to 2021 the area covered with forests increased by 12.542 thousand ha. The Forest Fund, however, decreased by 8.5 thousand ha. The presently ongoing forest inventory indicates an increase of standing stock, but this increase could be considered a result of the present measurement methods. In 2019, 5.2 million m^3 were felled in the Leningrad region.

The whole forest area is in the boreal zone. Regarding the Russian categorisation of the taiga, the forests fall under two regions:

- The Baltic - Belozersk region of the taiga (consisting of the Boksitogorsk, Volosovo, Volkhov, Vsevolozhsk, Vyborg, Gatchina, Kirov, Lodeinopolsk, Lomonosov, Podporozhsk, Priozersk, Tikhvin, and Tosno districts). The forests are characterised by mixed forests of dark coniferous, light coniferous, and small-leaved trees species, in different combinations;
- The south taiga (consisting of the Kingisepp, Kirishi, Luga, and Slantsy districts). In the southern taiga Norway spruce (*Picea abies*) and Scots pine (*Pinus sylvestris*) prevail, but several deciduous trees cover large parts of the forests also. It are mainly strong pioneers. After felling and replanting coniferous species, the harvesting plots can anyway become dominated by the natural regeneration of birch and aspen. As the forests evolve, the coniferous species normally take over again, but slowly. A mixture of hardwood species can stay present in the second forest layer.

Pine forests predominate, occupying around 40% of the forested area. Around a third are spruce forests, and a quarter are birch forests. The average age of the plantings is a little over 60 years, and the average stock per hectare 'operational forest fund' is 246 m^3.

Socio-economic aspects

The Forest Fund of Russia is owned by the federal government. Leningrad region has 19 state forestry districts with 277 district forestry departments under the jurisdiction of the Committee on Natural Resources of Leningrad Region. Legal entities can obtain the right to lease forest areas for a period of 10 to 49 years (with the possibility to prolong the lease agreement afterwards). Regarding wood harvesting in Russia, long-term lease contracts are the most common arrangement. The leased areas are recorded in the cadastral register.

At the end of the last century and beginning of the present one, the Russian forestry sector was plagued by many problems, including illegal harvesting and outdated forestry laws and norms. But much has improved over the last 10 years. In the last years, several improved laws and norms have come in force. The new laws give structural development to the system of forest harvesting and regeneration. For example, the Order of the Ministry of Natural Resources and Ecology of the Russian Federation of March 25, 2019 №188 'On approving the Rules of reforestation, the arrangement of the reforestation projects, and the procedure for developing a reforestation project and amending it' (amended on August 14, 2019).

Besides, an obligatory digital data processing system, the 'Uniform State Automated Information System' (EGAIS) was launched January 1, 2015. Every legal entity trading roundwood (and several timber related

products) has to register its trade flows in this system. The imported data become publicly available online. The system is a useful tool in fighting illegal wood.

What has not changed is that forest use in Russia is characterized by a negative ratio of forest income and costs for the government (the owner of the forests). The government budget spent on forest management is around 170% the income the government obtains from the exploitation of forests.

According to the State Statistics Committee of Russia (1 Jan. 2021), the Leningrad Region has a population of 1.9 million people, of which 16 thousand people have a job directly related to the timber industry. Timber industry products account for 10% of the region's exports. The leading areas of wood processing are the production of lumber, plywood, fiberboard, chipboard, pulp and paper, cardboard production, and wooden housing construction. Pellet production accounts for only a few percent of the total wood processing.

Regarding 'adjacent land use' and 'forestry management practices or land management practices' inside the region (thus regarding other users of forests and users of adjacent lands), or in the surrounding regions:

- Adjacent land use concerns relatively intensive agricultural use for the northwest of Russia, nature protection zones, urban areas, and, for example, areas with small cottages (dachas) where many people from the city spend their weekends;
- The profile of forest management systems are the same (in the region), or very similar (surrounding regions). Wood is harvested through maintenance fellings, and mainly through small to medium sized clearcuts. Natural regeneration systems are used most often. The forests in the neighboring countries Finland and Estonia are being managed and exploited more intensively. Especially in Finland, but also in Estonia, the forest infrastructure is better;

In the Leningrad region there are no indigenous people, who are still living in a traditional way (they are not dependent on forests for their livelihood).

Forest management

The Russian Forest Code obliges each concession holder to develop a forest plan for 10 years (based on the state forest inventory data) and to implement measures on forest conservation, protection and regeneration. Once a yearly quarter, concession holders are required to submit a report on harvested areas and volumes, and on the implementation of planned forest management measures.

Forest management practices are based on the achievement of sustainable forest management in accordance with the requirements of forest legislation and the principles of forest certification. The rotation period is 61-120 years. Regarding 'final cutting methods' nearly always medium sized clear cuts are used as the method of wood harvesting, after the official maturity age has been reached. Selective cutting systems are seldomly used as a final harvesting system, but are the usual way of performing forest maintenance. Sanitary fellings and forest reconstruction operations are performed when needed. .

Reforestation can be done with planting seedlings (in ca 20% of the cases) or the promotion of natural regeneration (in ca. 80% of the cases). Ensuring high-quality reproduction of forest resources and protective afforestation is a prerequisite for the use of forests. To do this, a Forest Development Project is being developed, the measures in which are aimed at improving the forestry characteristics of the forest area, and the implementation of continuous and sustainable forest management. All logging and forestry operations must be carried out in ways that prevent soil erosion, exclude or limit a negative impact of the use of forest resources on the condition and regeneration of forests, as well as on the quality of water bodies.

There are no energy plantations in the region, the primary feedstock used for the bioenergy sector are mainly forest maintenance and harvesting residues. No GMO trees are not used in Russian forestry.

Over the last decades, FSC certification has proven to be an effective and important risk mitigation measure on sustainable forest management in Russia. Although in Russia it does take much effort to certify forest management to the standards of FSC, Russia has recently become the country with the most FSC certified forests in the world. Russia is also one of the few countries in the world where there still is a considerable growth in FSC certified forest area.

2,501,174 ha of forests are FSC certified in the Leningrad region beginning of 2022 (around 44% of the Forest Fund). The amount of PEFC certified forests is difficult to establish; it is, however, considerably less than the FSC certified area. HPS considers PEFC certificationin the Leningrad region 'not applicable' because it will buy from this region wood with FSC certified claims only.

Protected species and conservation areas

The Federal Service for Supervision of Natural Resources of Russia (Rosprirodnadzor) approved the list of animal and plant species that fall under the Convention on International Trade in Endangered Species of wild fauna and flora (CITES). The CITES list became effective from June 12, 2013. In Russia there are four CITES listed timber species: Taxus cuspidata, Fraxinus mandshurica, Pinus koraiensis, and Quercus mongolica. These tree species, however, are only found in the Asian part of Russia.

In the Leningrad region Forest Fund there are no CITES or IUCN red-listed tree species. Considering relevant tree species stated on national and regional red-lists, one can find in the Leningrad region the following species: the Karelian birch (Betula pendula var. carelica*)*, European white elm (Ulmus laevis), Wych elm (Ulmus glabra), Russian larch (Larix archangelica); Russian willow (Salix rossica); Swamp willow (S. myrtilioides); downy willow (S. lapponum); almond willow (S. triandra); and the shrub Dwarf bog birch, or 'shrubby birch' (Betula humilis).

The Forest Fund is divided in two forest exploitation categories: 'production forests' and 'protective forests'. In the Leningrad region around half of the Forest Fund are 'protective forests' (2,84 million ha). These forests are located along lakes, swamps and other environmentally sensitive objects, as also along important highways and railways. A more strict control regime is applied and low-impact forest harvesting methods are allowed. The forests of the Karelian isthmus, for example, also fall under the protective forests

There are several categories of protected areas and forests in Russia, which have various types of harvesting restrictions. Considering all forests (also those outside the Forest Fund), 3,0 million ha of forests in the Leningrad region are granted a certain status of protection. The Leningrad Region has, for example, also Specially Protected Natural Areas (SPNA). In 2018 the total area of SPNA was 603 thousand ha., 72 thousand ha. of this area was covered with protected forests of the Forest Fund. In practise, however, not all High Conservation Value Forests (HCVFs) are found within the protected areas. Besides, only the most strict categories of protection areas sufficiently guarantee forest conservation. Public organizations are actively promoting initiatives to establish stricter restrictions on logging in HCVFs. Practically all stakeholders agree, FSC certification has proven to be an effective and sufficient mitigation measure regarding the present legality and sustainability concerns in Russia.

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 2020). 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]

<table>
<tr><td rowspan="3">Suppliers of primary feedstock (roundwood and wood chips)</td><td colspan="2">Secondary feedstock supply by sawmills and integrated wood processors (PEFC or FSC certified)</td><td rowspan="3">HPS
120 thousand ton pellets per year production capacity</td><td rowspan="2">Exports to the industrial market</td></tr>
<tr><td>Secondary feedstock supply by sawmils and integrated wood processors</td><td rowspan="2">Traders (PEFC or FSC certified)</td></tr>
<tr><td colspan="2"></td><td>Sales on the regional market of high quality pellets</td></tr>
<tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr>
</table>

2.5 Quantification of the Supply Base

Supply Base

a. Total Supply Base area (ha): 29.23 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)
   - Forests in the Len. region: 5.68 milion ha (2021)

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
   - Forests in the Len. region: 5.68 milion ha publicly owned

c. Forest by type (ha): 23.55 million ha temperate forests
   5.68 milion ha boreal forests

d. Forest by management type (ha): managed natural

e. Certified forest by scheme (ha): 10,703,935 ha FSC, 17,528,881 ha PEFC
   - Forests in Germany: 1,442,626 ha FSC (2021), 8,700,643 ha PEFC (2021)
   - Forests in Poland: 6,628,694 ha FSC (2021), 7,155,300 ha PEFC (2021)
   - Forests in Czech: 131,441 FSC (2021), 1,672,938 ha PEFC (2021)
   - Forests in the Len. region: 2,501,174 ha (2022); PEFC n/a from this region (for HPS)

Feedstock

f. Total volume of Feedstock: 0 – 200,000 tonnes*

g. Volume of primary feedstock: 0% in the reporting period (0%-19% in the next)

h. List percentage of primary feedstock (g), by the following categories.
   Subdivide by SBP-approved Forest Management Schemes:
   - 100% Certified to an SBP-approved Forest Management Scheme
   - 0% 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.);
   - 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% in the reporting period (80%-100% in the next)*

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
☐	☒

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:	 **Sylwia Senczyszyn**	**Certification manager** **Authorised representative HPS**	**02.12.2021**
	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**	**02.12.2021**
	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.

Second Survailance audit: no significant changes

13.1 Significant changes in the Supply Base

Second Survailance audit: no significant changes

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 45% SBP-controlled Secondary Feedstock*
- *Around 5% SBP-compliant Primary Feedstock*

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