An introduction to IWPB
(Initiative of Wood Pellet Buyers)

Developing a sustainable value chain for solid woody biomass in power generation

June 2013
Initiative of Wood Pellet Buyers (IWPB)
Sustainability is a prerequisite for further growth of solid woody biomass in energy use

**Current situation**
- supply chain for solid biomass is growing internationally as European energy utilities demand more biomass in large scale power generation
- there is a need to develop a viable solution to meet compliance needs as a EU member's regulatory requirements grow
- public, government and regulatory stakeholders are looking towards industry to ensure sustainable biomass sourcing

**IWPB's contribution to the biomass industry**

**Unify existing industry practises**
- create a single sustainability standard, initially legislatively driven, for adoption across industry

**Develop the supply chain for solid woody biomass**
- address the regulatory uncertainty on sustainability that is stifling development of the biomass supply chain

**Create a broadly accepted sustainability standard**
- involve stakeholders in evolving standard into a multi-stakeholder standard
History & Context of IWPB

Originally created to facilitate intercompany trading of solid woody biomass
Moving towards a stakeholder driven effective & credible sustainability standard

IWPB current members:
Critical market players in biomass use for large scale power generation

IWPB today and tomorrow:

<table>
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<th>History</th>
<th>Phase 1: Immediate Goal (Q4 2013)</th>
<th>Phase 2: Long Term Goal</th>
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<td>Facilitate trade:</td>
<td>Develop scheme to demonstrate legal compliance</td>
<td>Create a multi-stakeholder initiative</td>
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<td>- common EFET contract</td>
<td>- Unify existing standards</td>
<td>Evolve standard &amp; scheme based on:</td>
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<td>- common specifications endorsed by ISO</td>
<td>- Certification Scheme</td>
<td>- 9 IWPB sustainability principles</td>
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<td>- 9 IWPB sustainability principles</td>
<td>- Develop a certification scheme</td>
<td>stakeholder perspectives</td>
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<td></td>
<td>- Set up not for profit organisation</td>
<td>- best available science on sustainable solid woody biomass</td>
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<td></td>
<td>- Excess cash to be reinvested in standard development</td>
<td>- Compliance with developing legislation at EC and MS level</td>
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Phase 1: Legislative Compliance (Q4 2013)
The immediate goal of the IWPB is to create a sustainability standard and implement a certification scheme to achieve legislative compliance on solid biomass sustainability

Standard
- Unify existing industrial practices by merging GGL, Drax and Laborelec procedures
- Creation of harmonised standard based on compliance UK, NL and BE legislation
- Build on Sustainable Forest Management for the raw material
- Audit focuses on the wood pellets factory

Certification Scheme
- Demonstrate compliance with UK, BE and NL legislations
- Rely on existing PEFC/FSC forests and CoC schemes when available and otherwise on risk assessment for the sourcing of raw material in the forests
- Become the reference for the wood market for bio-energy

Governance Model
- Steering Committee: drives the development of sustainability standard and certification scheme
- Sounding Board: advises on creation of harmonised standard through technical review of documentation
- Producer in separate chamber, further integration being discussed
- Secretariat by BSR, Paris
Phase 2: Multi stakeholder initiative

The key long term goal of the IWPB is to evolve the standard into a credible multi-stakeholder initiative for sustainable supply chains in solid woody biomass.

<table>
<thead>
<tr>
<th>Standard</th>
<th>Certification scheme</th>
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<td>▪ Development of a standard incorporating stakeholders’ perspectives for solid biomass</td>
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<tr>
<td>▪ Covers all 9 IWPB sustainability schemes along the whole supply chain</td>
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<td>▪ Integrate best available science and monitoring techniques</td>
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<td>▪ Continuously evolving,</td>
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<tr>
<td>▪ Widely used scheme for solid biomass to bio-energy</td>
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<tr>
<td>▪ Endorsement of existing forest management standards e.g. FSC and PEFC</td>
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Governance Model

Final governance and legal bodies to be evolved in Phase 1 and include wide range of stakeholders from EU/member state authorities, forestry owners, NGO's, forest certification schemes and academia

▪ Steering Committee → Board of Directors
▪ Sounding Board → Advisory Board
▪ Technical Committee
▪ Accreditation Committee
Timeline for IWPB: next steps

IWPB has a two-phased approach:

Phase 1) create a compliance standard in Q4 2013 and
Phase 2) create a multi-stakeholder initiative

- **Phase 1**
  - May 13-14th: Kick-off meeting
  - Sounding Board

- **Phase 2**
  - 2014: harmonize existing practices
  - 2015: certification scheme, multi-stakeholder initiative

- 2013: establish Legal Entity to host the scheme
- 2015: first cash-generating year
Role of Sounding Board: gather representatives of the civil society

Providing advice to IWPB's Steering Committee (and it's successor) in its strategic decision-making and development of associated multi stakeholder processes

Critical role
- Recommendations discussed with the Sounding Board
- All advices considered by the SteerCo
- Independently chaired by Prof. Dr Jacqueline Cramer

Phase 1: Short Term Goal
Immediate Role
- Technical review of the harmonised scheme
- Members from the regulators UK/BE/EC
- Members from PEFC, FSC, SFI, NEN (NTA8080)
- Kick-off meeting 13-14 May Schiphol

Phase 2: Long Term Goal
Sounding Board Transition
- Turned into Advisory Board for the multi stakeholder phase 2
- Members from NGO’s

Success of IWPB is greatly dependent on engagement and contribution of the Sounding Board to create a trustworthy and independent entity to drive sustainable development of the value chain for solid biomass
### IWPB Principles Phase 1

**Principle A: GREENHOUSE GAS BALANCE (GHG)**

Greenhouse gas (GHG) data are collected along the whole supply chain including production, processing and transport. On the basis of those data, the biomass end user is able to prove that the generated GHG savings with respect to reference fossil fuels are above the applicable threshold when using the applicable calculation tool.

**Principle B: SUSTAINABLE FOREST MANAGEMENT**

The biomass end producer sourcing raw material from forests must seek to ensure that sustainable forest management is in place such that:

- Forestry operations are conducted maintaining forest's ecological, social and economic values,
- Biodiversity, health and vitality of forest ecosystems are maintained or increased,
- Use of chemicals and pest treatment are appropriate,
- Forests are protected from unauthorised activities such as illegal logging, mining and encroachment.

**Principle C: PROTECTION OF WATER QUALITY**

Production of wood pellets should not exhaust ground and surface water and should avoid or significantly limit negative impacts on water.

**Principle D: PROTECTION OF AIR QUALITY**

Production of wood pellets should avoid negative impact or significantly reduce impact on air quality.

**Principle E: LOCAL SOCIO-ECONOMIC PERFORMANCE**

Production of wood pellets should respect property rights.

**Principle F: SAFETY AND LABOUR RIGHTS**

The biomass end producer shall insure:

- Freedom of association and the effective recognition of the right to collective bargaining;
- The elimination of all forms of forced labour, child labour or discrimination with respect to employment and occupation;
- Appropriate safeguards to protect the health and safety of the workers.

### IWPB Principles Phase 2

**Principle 1: GREENHOUSE GAS BALANCE (GHG)**

The greenhouse gas (GHG) savings along the entire life-cycle, taking into account the whole supply chain including production, processing, transport and end-use are at least 60% with respect to reference fossil fuels (this supposes that a common GHG calculation tool is available).

**Principle 2: CARBON STOCK**

Production of woody biomass does not take place at the expense of significant carbon reservoirs in vegetation and soil.

**Principle 3: BIODIVERSITY**

Production of woody biomass may not take place in areas with high biodiversity value, unless evidence is provided that the production of that raw material did not negatively interfere with nature protection purposes.

**Principle 4: PROTECTION OF SOIL QUALITY**

Production of woody biomass should maintain or improve the soil quality.

**Principle 5: PROTECTION OF WATER QUALITY**

Production of woody biomass should not exhaust ground and surface water and should avoid or significantly limit negative impacts on water.

**Principle 6: PROTECTION OF AIR QUALITY**

Production of woody biomass should avoid negative impact or significantly reduce impact on air quality.

**Principle 7: COMPETITION WITH LOCAL BIOMASS APPLICATIONS**

Production of woody biomass should not endanger food, water supply or subsistence means of communities where the use of this specific biomass is essential for the fulfilment of basic needs.

**Principle 8: LOCAL SOCIO-ECONOMIC PERFORMANCE**

Production of woody biomass should respect property rights and contribute to local prosperity and to the welfare of the employees and the local population.

**Principle 9: ETHICS**

Ethical issues that the organization should uphold include at least respect of internationally proclaimed human rights, freedom of association and the right to collective bargaining, elimination all forms of forced and compulsory labour, effective abolition of child labour, elimination of discrimination in respect of employment and occupation, health & safety.