

Terravesta Assured Energy Crops **Sustainability Data Return**



Sustainability Policy & Sustainability Data Return:

Forward

Sustainability is core to our products. It is the quality that our customers require, that they cannot gain through fossil fuel derived energy. Increasingly it is driven by regulation, and the economic consequences of failure to comply can be high.

Because no business operates in isolation, a substantial part of sustainability compliance rests on the sustainability of suppliers.

For Terravesta, our growers and suppliers, this Sustainability Assurance is a great opportunity. It is our “Raison d’etre.” It is as important as the tangible products that we sell, the reason our customers buy from us, and why we buy from trusted suppliers who are as committed to sustainability principles as we are.

With this opportunity comes responsibility. We have to deliver on our Sustainability Assurance, and we have to be able to prove it. The consequences of not doing so could be disastrous for our customers, and the repercussions would pass down the supply chain.

So this is a document of two parts;

The first part is our TERRAVESTA SUSTAINABILITY POLICY, a document which states our policy, and what we require of our suppliers.

The Second part is the Supplier’s SUSTAINABILITY DATA RETURN, a document in which the Supplier demonstrates compliance with the Terravesta Sustainability Policy.

It is a condition of supplying Terravesta that each supplier receives and reads the Sustainability Policy, completes a Sustainability Data Return, and agrees to partake in periodic audit to ensure compliance with the policy.

William Cracroft-Eley
Chairman
Terravesta Ltd

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TERRAVESTA SUSTAINABILITY POLICY

Introduction

Terravesta aspires to be a leader in the responsible and economic evolution of sustainability in biomass energy.

We aim to be at the forefront of sustainable biomass practices and have a policy of driving our feedstock procurement activities through a set of sustainability principles that are applied across our biomass business.

Sustainability Principles

Our policy is designed to ensure that we can verify that our biomass and energy products have been legally produced and are environmentally sustainable. We will comply, as a minimum, with the sustainability requirements being introduced by the UK Government, reflected through the needs of our customers.

In addition, our procurement process is aimed at ensuring that the production and delivery of our products will:-

- Significantly reduce greenhouse gas emissions compared to fossil fuel derived alternatives and give preference to biomass sources that maximise this benefit.
- Not result in a net release of carbon from the vegetation and soil of either forests or agricultural lands.
- Not endanger food supply or communities where the use of biomass is essential for subsistence (for example heat, medicines, building materials).
- Not adversely affect protected or vulnerable biodiversity and where possible we will give preference to biomass production that strengthens biodiversity.
- Deploy good practices to protect and/or improve soil, water (both ground and surface) and air quality.
- Contribute to local prosperity in the area of supply chain management and biomass production.
- Contribute to the social wellbeing of employees and the local population in the area of the biomass production.

Implementation

These biomass sourcing principles are based on the developing regulatory and policy initiatives of the UK, European Union and other markets. Over time we will seek to amend or improve them by working with accredited bodies to develop the use of internationally recognised standards and principles which will apply to all of our biomass procurement activities. In so doing we hope to foster environmental leadership today and in the future.

Accordingly we will:-

- Use our purchase contracts to ensure our suppliers address these principles and provide Terravesta with the required information to demonstrate that these sustainability principles are being met.
- Participate with applicable regulatory and policy initiatives to share experience, learn and help shape policy that will ensure sustainable biomass fuels throughout the UK and abroad.
- Systematically review these principles and their application to anticipate, meet and lead sustainability policy in the UK and all the countries in which we operate.

Signed on behalf of Terravesta Ltd

TERRAVESTA
SUSTAINABILITY DATA RETURN

Completing the Return

There are no expected answers to the questions in the form, or any pass or fail criteria.

In all cases the correct answer is the truthful one.

It is important to be able to support the answers with evidence if asked to do so. For this reason a Checklist of Evidence follows the Return.

There are notes to explain most of the questions, and to assist you in providing a relevant answer.

There is a specimen return, with some example answers, for your guidance. These are just for the sake of illustration. Remember, you will need to be able to justify your answers and produce supporting evidence.

Please complete and post your Sustainability Data Return to;

We recommend that you retain a copy for your records.

An electronic version is available, either via our website or by email request

TERRAVESTA
SUSTAINABILITY DATA RETURN

TERRAVESTA ASSURED ENERGY CROPS Ltd will only purchase biomass that can be proven to be sustainably produced in accordance with the Terravesta Sustainability Policy and that exceeds thresholds set by the UK Regulatory Authority (Ofgem) for subsidy support. The following questions are required to cover each of the areas on which such compliance is judged. A copy of this Biomass Sustainability Data Return document should be submitted for each separate pelleting or biomass processing facility

1. FUEL ORIGIN DATA

Question	Response	
<p>1 Define the proportions of the source raw material from the following types (described by the UK regulator). If more than one feedstock type, please assign the percentage of each.</p> <p>What proportion, if any, of the source raw material will be produced and is traceable under an environmental (or other) quality assurance scheme? If applicable, please provide the name(s) of the scheme(s) and give details of the certification number (e.g. FSC, SFI, GGL, ISO).</p> <p>Certification Scheme and Number: Eg Energy Crops Scheme ref no.</p> <p>Please specify the proportions of traceable certified material as a percentage of the source raw material.</p>		
Agricultural biomass	% Biomass	% Certified
miscanthus	100	
other		
<p>2 Identify the land use category (see Notes) for the areas from which your source raw material will be taken. Specifically, indicate the status of such land on January 1, 2008 and whether there has been any change in status since then (i.e. has there been any change in land use?).</p>	<p>Cultivated Miscanthus Energy Crop in 2008. No change since</p>	

Question	Response
<p>3 Can you (or your suppliers) provide evidence (maps) of the boundaries of the areas from which the source raw material has been extracted, including areas of high conservation value or other protected areas?</p>	<p>Yes - plans can be viewed at growers offices "Magic" mapping http://magic.defra.gov.uk/ for areas of any recognised conservation or protection status</p>
<p>4 For the source raw material supply chains you propose to use, do all cultivation and harvesting operations meet <u>all</u> applicable national legislation with respect to replanting, endangered species, biodiversity and forest/land management?</p> <p>Can you provide evidence of compliance from your all suppliers and their service providers?</p>	<p>Yes. Farmed in accordance with the Code of Good Agricultural Practice. Complete site audit undertaken as part of Energy Crop Scheme application process</p>
<p>5 In the areas from which your source raw material is to be taken, and since January 1, 2008, do controls exist to ensure that all harvesting and cultivation operations have avoided highly biodiverse grasslands, protected (or designated) areas, and areas of high conservation value and primary forest?</p> <p>Where biomass is grown on wetlands and peatlands, confirm that that no drainage has occurred? (See Notes)</p>	<p>Yes ECS ensures that the crop has not been planted on such areas</p>
<p>6 Can you demonstrate that all land used for source raw material has been replanted or regenerated or that formal management systems, practices, plans and timelines exist for the subsequent replanting or regeneration of all harvested areas?</p>	<p>Yes Miscanthus is a perennial energy crop which regenerates annually</p>

Question	Response
<p>7 Can you provide evidence a system that can trace the complete supply chain from forest/biomass source to your processing plant? This could be a chain of custody system and/or utilize an effective mass balance management system (for both your suppliers and sub-suppliers) and provide data on (inter alia) fuel origins, processing plant throughputs, certified and non-certified source raw material extraction areas.</p>	<p>Yes</p>
<p>8 Please confirm that there will be no fossil fuel contamination of the product. Please confirm whether binders are employed and if so, provide a composition and % used.</p>	<p>No contamination</p>
<p>Please provide any other relevant information that is related to the questions provided above.</p>	

2. Supply chain CO₂ emissions and processing information

Question	Response
<p>9 <u>Process Type</u> Will/does your process use bulk or continuous drying? What is the fuel used (e.g. biomass or natural gas)? What is the energy use for drying and pelleting per tonne of finished product?</p>	<p>No</p>
<p>10 <u>Transport</u> Distances: answers should be in kilometres. If more than one main source and/or material type are included, separate answers should be provided for each. Form of transport means road, rail, barge or ship</p>	

Question		Response
	Distance and mode of transport from farm/forest to processing plant. (provide maximum and, if possible, annual average distance)	150km
	Distance and form of transport from processing plant to intermediate storage (if applicable).	EXW Terms
	Distance and form of transport from intermediate storage to international seaport (if applicable).	N/A
	Name of international seaport (if applicable).	N/A
	Proposed vessel size for transport from international seaport to UK seaport (if applicable). (examples include Coaster, Handysize, Handymax or Panamax)	N/A

3. ASSESSMENT OF ENVIRONMENTAL, ETHICAL AND SOCIAL CRITERIA

Question		Response	
11	<p>Policy Principle: Significantly reduce greenhouse gas emissions compared with coal-fired generation and give preference to biomass sources that maximise this benefit.</p> <p>Do you have and can you provide, upon request, evidence that efforts have been made to understand, quantify and reduce the GHG footprint of the supply chain?</p>	yes X	no

Question	Response	
<p>12 Policy Principle: Not result in a net release of carbon from the vegetation and soil of either forests or agricultural lands.</p> <p>Do you have and can you provide, upon request, evidence that there has been no net release of carbon due to a recent (i.e. after Nov 2005) change in the use of the land from which your source biomass will be derived?</p>	yes	no
<p>13 Policy Principle: Not adversely affect protected or vulnerable biodiversity and where possible we will give preference to biomass production that strengthens biodiversity.</p> <p>Do you have and can you provide, upon request, evidence that protected areas and/or those containing vulnerable biodiversity have not been adversely affected by procurement of source biomass?</p>	yes	No
<p>14 Policy Principle: Deploy good practices to protect and/or improve soil, water (both ground and surface) and air quality.</p> <p>Do you have and can you provide, upon request, evidence that good practices have been used to protect and/or improve soil, air and ground/surface water quality?</p>	yes	no
<p>15 Policy Principle: Not endanger food supply or communities where the use of biomass is essential for subsistence (for example, heat, medicines, building materials).</p> <p>Do you have and can you provide, upon request, evidence that food supplies and communities have not been endangered where the pre-existing use of biomass is essential for subsistence (e.g. food, heat, medicines, building materials, etc.)?</p>	yes	no
<p>16 Policy Principle: Contribute to local prosperity in the area of supply chain management and biomass production.</p> <p>Do you have and can you provide, upon request, evidence that your activity will/has contributed to local prosperity across the supply chain?</p>	yes	no
<p>17 Policy Principle: Contribute to the social well being of employees and the local population in the area of the biomass production.</p> <p>Do you have and can you provide, upon request, evidence that your biomass sourcing activity will/has contributed to the social well being of your direct employees and to the local population in the area of biomass production?</p>	yes	no

Question	Response
	<p data-bbox="236 208 1422 241">Please provide any other relevant information that is related to the Policy Principles above.</p> <p data-bbox="236 510 1445 745">Voluntary but externally recognized management systems can provide Terravesta Ltd and our product end users with additional comfort in assessment of the robustness of the processes that will be/have been applied to managing sustainability compliance. Please list /explain here any other practices, certifications or activities (not covered above) that can enhance confidence in the sustainable credentials of your biomass products.</p> <p data-bbox="236 813 1445 947">Energy Crop Scheme The crop supplied was planted under this scheme which is subject to compliance audit by Natural England (DEFRA pre 2008) which covers the above questions 3, 4, 5, 12,13, 14.</p> <p data-bbox="236 969 1445 1249">Entry Level Stewardship Voluntary environmental scheme reinforces questions 12, 13, 14 Integrated Administration Control System (IACS) & Single Payment Scheme (SPS). Annual returns under these schemes will demonstrate land use and land use change for the relevant years. As part of such documentation the grower will have received and been required to have read the Code of Good Agricultural Practice, including the guidelines on soil, air and water quality.</p>

4. ATTESTATION AND SIGNATURE

I hereby attest that I am an official representative of the Company, and am authorised to sign on behalf of the Company. I certify that to the best of my knowledge, the information provided in this document is true and accurate

Signature:	
Printed Name:	
Title:	
Company Name:	
Company Address:	
Contact Details:	
Date:	

Evidence schedule supporting answers for questions 11 to 17

Q11	Terravesta Assured Energy Crops works with all supply chain partners to raise awareness, understanding and seek to reduce GHG emissions as an ongoing process
Q12	ECS approval and IACS/SPS field data. However, in the absence of such evidence (eg where land has changed ownership since crop was planted), because miscanthus is a perennial crop it is a carbon sequestrator, and therefore there is unlikely to be a net carbon release over the lifetime of the crop.
Q13	Energy Crops Scheme Approval or other checks from official data (MAGIC mapping) avoids damage for any new planting. History of existing planting taken over can be checked through Energy Crops Scheme data or Grower cropping records
Q14	CoGAP - UK legislation and a condition of all farm payments
Q15	UK is not a subsistence state and national energy crops area is well within sustainable proportions.
Q16	Contributes to farm income, contractors, hauliers and processors income, creating or sustaining employment in all of these areas.
Q17	Our activity provides employment which is governed under EU & UK legislation. Our business is local to the biomass production. The consequential prosperity benefits local communities and the inhabitants thereof.

5. NOTES

Questions 2 and 5. Land Use and Land Definitions

continuously forested area means land of an area of more than one hectare which includes—

- (a) trees more than five metres tall providing a tree canopy cover of more than 30%; or
- (b) trees collectively having the capacity to provide a tree canopy cover of more than 30% which
 - (i) are more than five metres tall; or
 - (ii) have the capacity to grow to a height of more than five metres;

lightly forested area means land of an area of more than one hectare which includes—

- (a) trees more than five metres tall providing a tree canopy cover of between 10% and 30%, or
- (b) trees collectively having the capacity to provide a tree canopy cover of between 10% and 30% which
 - (i) are more than five metres tall; or
 - (ii) have the capacity to grow to a height of more than five metres;

primary forest means woodland of native species, where there is no clearly visible indication of human activity and ecological processes are not significantly disturbed

wetland area means land that is covered with or saturated by water—

- (a) permanently; or
- (b) for a significant part of the year.

designated for nature protection purposes means designated pursuant to the law of any country, for the purpose of protecting the natural environment;

Highly biodiverse grassland – “natural” grassland that would remain grassland in the absence of human intervention and that maintains the natural species composition and ecological characteristics and processes OR “non-natural” grassland that would cease to be grassland in the absence of human intervention and which is species rich and not degraded, unless evidence indicates that the harvesting of the raw material is necessary to preserve its grassland status.

Peatland – land where compacted deposits of partially decomposed organic debris accumulate to a depth greater than 30 cm (1 foot), usually saturated with water.

Questions 11 to 17. Policy Principles

Question 11. The policy aim is to determine if all activities, services and suppliers along the supply chain are making measurable efforts to understand and reduce greenhouse gas emissions.

Question 12. The goal is to understand potential changes in carbon ‘stored’ in land, due to the cultivation, management and harvesting of the biomass. The policy aims to ensure carbon sinks / storage are not adversely impacted and to determine if above-ground carbon stock (vegetation) and below-ground carbon stock (roots, soils etc) are conserved and improved if new cultivation and harvesting operations begin (on or

after 1 January 2008). Techniques and methods for determining carbon stocks are available which would allow this principle to be met.

Question 13. The goals are to determine if biomass cultivation and harvesting operations are adversely impacting biodiversity and endangered species, and if measures have been taken to prevent and/or mitigate potential impacts. Many businesses operating within the United Kingdom and much of Europe are closely monitored for regulatory compliance. This public record, together with appropriate certified sustainable management system elements will probably meet the evidentiary requirements.

Question 14. The goal is to determine if operations throughout the supply chain are, at a minimum, protecting soil, water and air quality. Many businesses operating within the United Kingdom and much of Europe are closely monitored for regulatory compliance. This public record, together with certified sustainable harvesting and cultivation operations will probably meet the evidentiary requirements. It should be noted that, because certification programmes do not necessarily address the conservation of water resources, the prevention of soil salinisation, the prevention of burning used to dispose of harvesting wastes, and equipment maintenance, suppliers may need to provide evidence beyond certification.

Question 15. The goals are to ensure that the use of biomass for energy purposes and the growing of energy crops, has not adversely affected local communities that may have relied upon, or are still relying on, the biomass or the land for subsistence. Changes in the use of land are always likely to have some impact and the policy is looking to ensure that measures have been taken to prevent and/or mitigate potential impacts.

Question 16. The goal is to determine if operations throughout the supply chain are a positive economic contribution to the local community, both directly and indirectly. Many businesses operating within the United Kingdom and much of Europe are providing direct economic value to communities, using local suppliers and hiring / promoting local staff. Additionally, regulations in these regions address fair labour practices, and companies are regularly monitored within an active and fully functional justice system. This public record and public system will contribute to meeting the evidentiary requirements.

Question 17. The goals are to determine: if all stages of the supply chain are upholding basic human rights, protecting community health and safety, and implementing fair labour and ethical business practices; and specifically to ensure that cultivation and harvesting operators are:

- Not employing underage workers (as defined by applicable local laws) or using forced labour;
- Not breaching any fundamental human rights in the countries in which they operate, or are complicit in the breach of such rights by third parties, including their governments;
- Upholding high standards of business ethics and not engaging in illegal activities such as corruption, bribery, fraud, extortion or money laundering;
- Providing a safe and healthy working environment for employees, in addition to appropriate training and sufficient personal protective equipment; and
- Not using lands without informed consent of land users and not violating official property use or customary law.

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SUSTAINABILITY DATA RETURN

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2. Supply chain CO₂ emissions and processing information

Question	Response
<p>9 <u>Process Type</u> Will/does your process use bulk or continuous drying? What is the fuel used (e.g. biomass or natural gas)? What is the energy use for drying and pelleting per tonne of finished product?</p>	
<p>10 <u>Transport</u> Distances: answers should be in kilometres. If more than one main source and/or material type are included, separate answers should be provided for each. Form of transport means road, rail, barge or ship</p>	
<p>Distance and mode of transport from farm/forest to processing plant. (provide maximum and, if possible, annual average distance)</p>	

Question		Response
	Distance and form of transport from processing plant to intermediate storage (if applicable).	
	Distance and form of transport from intermediate storage to international seaport (if applicable).	
	Name of international seaport (if applicable).	
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Question		Response	
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12	<p>Policy Principle: Not result in a net release of carbon from the vegetation and soil of either forests or agricultural lands.</p> <p>Do you have and can you provide, upon request, evidence that there has been no net release of carbon due to a recent (i.e. after Nov 2005) change in the use of the land from which your source biomass will be derived?</p>	yes	no

Question	Response	
<p>13 Policy Principle: Not adversely affect protected or vulnerable biodiversity and where possible we will give preference to biomass production that strengthens biodiversity.</p> <p>Do you have and can you provide, upon request, evidence that protected areas and/or those containing vulnerable biodiversity have not been adversely affected by procurement of source biomass?</p>	yes	No
<p>14 Policy Principle: Deploy good practices to protect and/or improve soil, water (both ground and surface) and air quality.</p> <p>Do you have and can you provide, upon request, evidence that good practices have been used to protect and/or improve soil, air and ground/surface water quality?</p>	yes	no
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<p>16 Policy Principle: Contribute to local prosperity in the area of supply chain management and biomass production.</p> <p>Do you have and can you provide, upon request, evidence that your activity will/has contributed to local prosperity across the supply chain?</p>	yes	no
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Question	Response
	<p data-bbox="236 206 1423 241">Please provide any other relevant information that is related to the Policy Principles above.</p> <p data-bbox="236 510 1445 743">Voluntary but externally recognized management systems can provide Terravesta Ltd and our product end users with additional comfort in assessment of the robustness of the processes that will be/have been applied to managing sustainability compliance. Please list /explain here any other practices, certifications or activities (not covered above) that can enhance confidence in the sustainable credentials of your biomass products.</p>

4. ATTESTATION AND SIGNATURE

<p data-bbox="146 1397 1445 1529">I hereby attest that I am an official representative of the Company, and am authorised to sign on behalf of the Company. I certify that to the best of my knowledge, the information provided in this document is true and accurate</p>	
Signature:	
Printed Name:	
Title:	
Company Name:	
Company Address:	
Contact Details:	
Date:	

Evidence schedule supporting answers for questions 11 to 17

Q11	
Q12	
Q13	
Q14	
Q15	
Q16	
Q17	

5. NOTES

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(a) trees more than five metres tall providing a tree canopy cover of between 10% and 30%, or

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primary forest means woodland of native species, where there is no clearly visible indication of human activity and ecological processes are not significantly disturbed

wetland area means land that is covered with or saturated by water—

(a) permanently; or

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designated for nature protection purposes means designated pursuant to the law of any country, for the purpose of protecting the natural environment;

Highly biodiverse grassland – “natural” grassland that would remain grassland in the absence of human intervention and that maintains the natural species composition and ecological characteristics and processes OR “non-natural” grassland that would cease to be grassland in the absence of human intervention and which is species rich and not degraded, unless evidence indicates that the harvesting of the raw material is necessary to preserve its grassland status.

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- Not employing underage workers (as defined by applicable local laws) or using forced labour;
- Not breaching any fundamental human rights in the countries in which they operate, or are complicit in the breach of such rights by third parties, including their governments;
- Upholding high standards of business ethics and not engaging in illegal activities such as corruption, bribery, fraud, extortion or money laundering;
- Providing a safe and healthy working environment for employees, in addition to appropriate training and sufficient personal protective equipment; and
- Not using lands without informed consent of land users and not violating official property use or customary law.

EVIDENCE CHECK LIST

Name

Trading Name

Address

Postcode

Crop address

Postcode

Evidence Item	Y/N/NA	Available to view at	Seen by Terravesta
Landlords Consent			
Energy Crops Scheme Acceptance			
Field Plans			
Magic Mapping showing conservation & protect areas (eg. SSSI etc.)			
Field Data sheets demonstrating land use in 2005 (If No, reason why)			
Field Data sheets demonstrating land use in 2008 (If No, reason why)			
Code of Good Agricultural Practice including air soil and water quality booklets			
Other Environmental Schemes (Eg. ELS, HLS, Campaign for the Environment, others) List Below			
Other Quality Assurance Schemes. List Below			