

EPAGMA Sustainability Agenda – Roadmap

Letter from the EPAGMA Chairmen



The company members of the European Peat and Growing Media Association (EPAGMA) are undertaking a concerted effort to continuously improve the sustainable development of the business. The EPAGMA Sustainability Agenda is the result of work carried out in the course of 2013 and builds on previous responsible use initiatives undertaken by the association, in particular the EPAGMA Code of Practice for Responsible Peatland Management and the two life cycle analysis projects on growing media constituents and energy peat.

Our Sustainability Agenda sets out the priority areas identified by EPAGMA as important for future actions as well as a set of two first commitments that our members will strive to achieve within these areas. Ahead of EPAGMA's ten year anniversary in 2014, we are happy to establish this framework for EPAGMA's actions on sustainability. While efforts to increase the environmental, social, and economic performance of the business are not new to our members, this process has been a challenging journey and is the first concerted EU level endeavour of its kind for the industry. Although we can see efforts made over the last years, we believe that this framework can only be the start of more work to be undertaken by the industry. For us, the EPAGMA Sustainability Agenda is not complete, but a living document that we hope to develop over the coming years. In this regard, the agenda represents the first priority areas and two initial commitments, on which EPAGMA members would like to focus their actions for the next years.

EPAGMA commits to communicate on its efforts under the current areas of work and the review of new priority areas. We also would like to invite stakeholders to comment and submit suggestions to this paper and ideas for further commitments. The concept of sustainability in the growing media (GM) sector is currently pursued via various worldwide initiatives in e.g. Canada, the United Kingdom etc. and we hope that EPAGMA's agenda can be a contributor to as well as an umbrella for to the broader debate on this topic.

We are looking forward to your contributions, questions and comments to our agenda.

Norbert Siebels
Chairman, EPAGMA

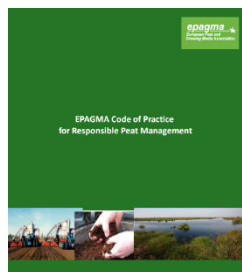
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Background

The current roadmap is the result of work undertaken by the member companies of the European Peat and Growing Media Association in the course of 2013 and builds on previous initiatives in the field of responsible development by EPAGMA.



In 2009 in its Code of Practice, EPAGMA member companies committed themselves to apply the highest standards and best practices to the production of peat by its member companies. All member companies committed to complying with the Code of Practice in a responsible manner. This voluntary Code of Practice has been designed to monitor industrial peat production chains and to gradually increase the quality of growing media constituents.

EPAGMA members have long believed in making informed decisions about their choices in improving the sustainable development of the business. In 2010 and 2013 respectively EPAGMA commissioned a Life Cycle Analysis study on growing media constituents and an LCA study review on energy peat. The study *“Comparative life cycle assessment of horticultural growing media based on peat and other growing media constituents”* was conducted by the independent research consultancy, Quantis. Quantis is a leading life cycle assessment (LCA) consulting firm specialised in supporting companies to measure, understand and manage the environmental impacts of their products, services and operations. The purpose of the study was to provide a better understanding of the environmental impacts of growing media. The results helped EPAGMA to identify further actions for a more sustainable development of the business and is in part exemplified by the roadmap.



In 2013, EPAGMA presented a new study by the independent Swedish Environmental Research Institute: *“Comparative review of variations in LCA results and peatland emissions from energy peat utilization”*. The aim of the study was to compile current knowledge from existing Life Cycle Analysis’ studies and to assess how the choice of peatland, different production methods, and after-use strategies applied affects the climate impact from energy peat compared to the present situation. The study shows that, with proper management and an LCA approach, energy peat is comparatively better from a climate impact perspective than fossil fuels, such as coal. The LCA perspective shows the potential that a proper management strategy can shift peatland from a source to a sink of CO₂. The climate impact from the combustion of energy peat over time can be substantially compensated for by responsible after-use of the harvested area. This effect is most evident for high emitting peatlands (i.e. cultivated peatlands) but the effect can also be seen for forestry drained sites.

Following the information provided by the two LCA projects and based on the Code of Practice, EPAGMA worked towards establishing a framework for its work on sustainable development.

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The Agenda: Process and Key Aspects

The 2013 EPAGMA Sustainability Workshop was the first step towards forming EPAGMA's sustainability agenda. The objective was to identify priority areas on which EPAGMA should focus its first set of activities to be undertaken by members across the peat and growing media supply chain and lifecycle. In a first step, EPAGMA members prioritised 5 areas for action:

1. Supporting responsible peatland management
2. Increasing transparency of peat extraction
3. Reducing transport emissions
4. Contributing to stable employment in rural areas
5. Ensuring security of supply

For the first two areas, EPAGMA members have already agreed two initial commitments as set out in this paper. On an annual basis, EPAGMA will report on the progress for identifying further commitments in these priority areas. At least every two years, EPAGMA members will review the set of priority areas. Furthermore, EPAGMA will communicate on these efforts on EU level as well as on international level via its members' work in the International Peat Society, aiming at increasing the industry efforts outside the EPAGMA membership.

The Agenda: Peat

The industry acknowledges and takes into account that the concerns around peat stem from allegations against its extraction and use. The use of peat has been criticised for many years, and the industry would like to reiterate the rationale for using peat.



Peat in GM

The GM industry does not choose constituents based on ideological considerations, but based on scientific knowledge, performance, availability and sustainable development. EPAGMA members have and will continue to use those products delivering the demanded results. Today, this includes the use of peat.

EPAGMA members agree that, when alternative materials that are economically viable, available and present the same beneficial growing conditions; these can be used to complement the essential role of peat in GM.

The use of a mix of different GM constituents, based on the demands of the relevant application, is a reality in the GM business. GM products supplied by EPAGMA members contain the complete range of available GM constituents. However, peat remains the main constituent for many GM because no other material combines as many favourable characteristics as peat. Therefore, peat is recognised as an

essential GM constituent by a wide range of national environmental and organic labels as well as under the EU's organic farming framework.

For these reasons, EPAGMA member companies are using peat for various applications. However, we are aware that our business comes with the responsibility to carry out extraction as carefully as possible. EPAGMA members believe that site selection, peat extraction and after-use can be undertaken in a responsible manner. Therefore, this first version of the EPAGMA sustainability agenda will focus on the priority area of responsible peatland management.

Peat and Energy

Energy peat is an indigenous energy source that contributes to security of supply and the energy mix prioritised in the European Union. The role of energy peat is fundamental for heating purposes for more than 2 million households. Energy peat is helping to decentralise the energy system as it is empowering the demand side to use the most affordable and reliable energy source available. Moreover, a recent LCA review study shows that thanks to a proper management, energy peat is comparatively better from a climate impact perspective than fossil fuels, such as coal. Using an already-drained peatland, that can revert to a carbon sink once peat extraction has ceased, and taking a full life-cycle approach, enables peat used for energy purposes to perform comparatively better from a climate point of view than certain other fuels such as coal, etc.

The most important producers and users of energy peat within the European Union are Finland, Ireland, Sweden, Latvia, Lithuania, Estonia and Scotland. The total primary energy consumption in these six EU countries is approximately 122 Mtoe of which about 3.6 Mtoe (41.9 TWh) is produced with peat. Therefore the overall share of peat of the primary energy consumption is 3% in these countries. The importance of peat at the national level is the most significant in Finland. In Finland and in Ireland about 5-7% of primary energy consumption is produced with peat. Estonia is the biggest peat user among the Baltic Countries, about 1.2% of primary energy consumption and 4% of district heat is produced with peat.

The regional benefits of peat production and use are mostly directed to rural areas which suffer from migration of young people and from a workforce with a high average age, as well as from relatively low income. Peat contractors usually practice agriculture or forestry or some kind of contracting work in addition to the work in the peat sector. Therefore peat brings extra income to people and regions which are less developed and disadvantaged economically.

Co-firing peat with biomass allows for benefits to both users and society at large, including increased efficiency of energy conversion and lower emissions to the environment. In addition, co-firing leads to an improved local and general security of supply. Local co-firing can reduce the risk that consumers are left without supplies of electricity and/or heating.

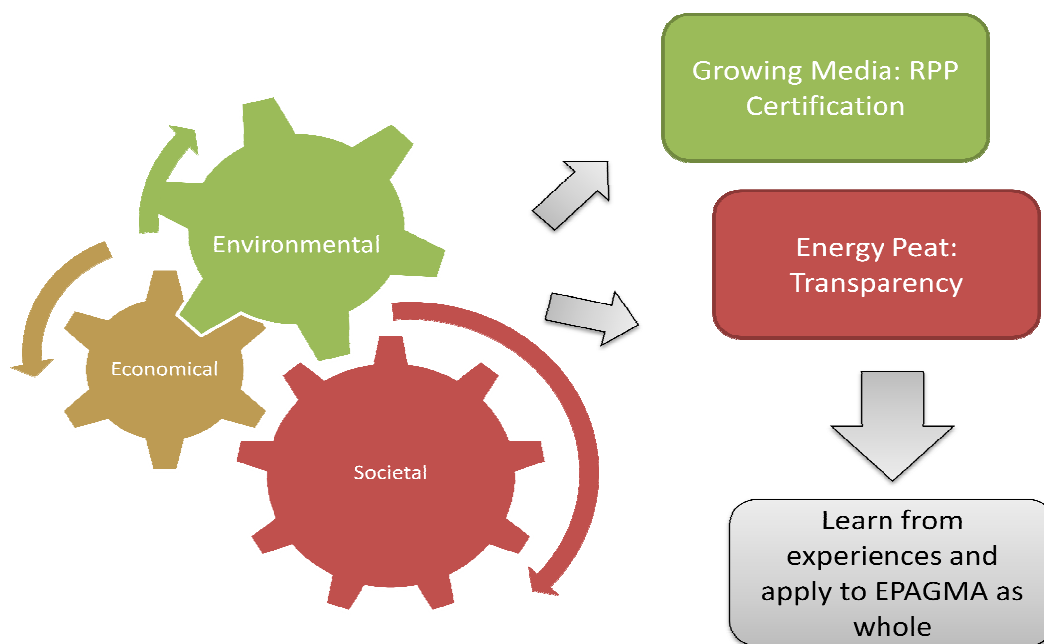
The Agenda: Commitments and Priority Areas

As noted above, EPAGMA members prioritised 5 areas for further action in the coming years:

1. Supporting responsible peatland management
2. Increasing transparency of peat extraction
3. Reducing transport emissions
4. Contributing to stable employment in rural areas
5. Ensuring security of supply

COMMITMENTS

For the first two areas, EPAGMA members have already agreed two initial commitments as set out below. The two EPAGMA Sector Groups will each pursue one commitment in order to make the most use of resources and provide for efficient division of labour. The experience gathered by each Sector Group will be used to assess what measures work well and could be applied to EPAGMA as a whole.



I. Responsible Peatland Management

EPAGMA members believe that site selection, peat extraction and after-use can be undertaken in a responsible manner. As peat extracting industry and/or users of peat, EPAGMA members know they have a special responsibility in terms of peatland conservation. EPAGMA is committed to wise after-use of industrial peatlands (e.g. rewetting, rehabilitation, restoration – where possible) to create a new

environment which stimulates and increases peatland biodiversity and carbon capture. Such peatland areas can then shift from a source of carbon emission to a carbon sink.

In this regard, EPAGMA members decided to support the establishment of a certification system for responsibly produced peat (RPP) for GM applications (<http://www.responsiblyproducedpeat.org>). The system will lay down requirements from site-selection till after-use, which are established in consultation with various stakeholders and organisations (GM producers, environmental NGOs, GM users and scientists). The certification will be undertaken by independent certification institutes. The criteria are currently under development and will cover the following aspects of peat extraction:

- Legality
- Good governance
- Site selection
- Site preparation and peat extraction
- After-use



The initiative resulted from fruitful discussion and cooperation between EPAGMA, the International Peat Society (IPS) and the Dutch Growing Media Producers Organisation (VPN). For further development and management the Foundation for Responsibly Produced Peat was established in September 2013, which will represent the entire supply chain as well as the above mentioned stakeholders.

For two years, EPAGMA members have been active in the development of the certification scheme, and we welcomed this initiative as a useful system to develop further existing voluntary initiatives such as EPAGMA's Code of Practice (2009) and the IPS's Strategy for Responsible Peatland Management (2010). EPAGMA aims at promoting this certification system as the mainstream approach for the industry in the future, guiding the complete European industry towards a more sustainable development of their business.

Based on the experience gathered from RPP as well as other ongoing national certification efforts, EPAGMA will review potential follow-up actions for energy peat.

Commitment to support responsible peatland management on a European scale

EPAGMA members commit to:

- I. continue their support for the establishment of a certification scheme for responsibly produced peat (RPP) for GM with the aim of certifying the first peat production sites by the latest in 2015
- II. set targets for increasing the number of peat production sites certified in the beginning of 2016

II. Transparency

EPAGMA members believe in the need for continuing an open dialogue on peat extraction. In this regard, many EPAGMA members are undertaking transparency initiatives such as peat extraction databases. EPAGMA's energy peat companies will review transparency projects undertaken by EPAGMA

members and other industries, to assess EU level activities in 2014 and report about the outcomes of this exercise in 2015.

Based on the experience gathered from the energy peat sector group's efforts on transparency, EPAGMA will review potential follow-up actions for its GM member companies.

Commitment to assess transparency initiatives

EPAGMA members commit to investigate in 2014 options for increasing transparency of energy peat extraction.

PRIORITY AREAS

Transport

The LCA study has shown that transportation plays a significant and dominating role in terms of environmental impact for some constituents during the production/mixing phase and for all growing media during the distribution phase. Generally speaking, transport has a higher impact than choice of constituent. This is mainly due to the consumption of fuel and related CO2 emissions and particulate matter. In this regard, EPAGMA members have identified this area for priority action and will review potential commitments in the coming years.

Job Stability/Job Security

The current crisis increases the pressure on the European industry and employment markets. In particular, rural areas and young people are affected by the rising unemployment in Europe. Most of the horticultural peat producers in the EU are small to medium-sized companies but with strong impact in the rural areas in which peat reserves are located. There are over 520 peat and GM producing companies in Europe. The estimated number of full time employees involved in the production, processing, development, marketing and sales of peat and peat-based horticultural products is 11 000.

We continuously strive to offer good quality working opportunities for people living in rural areas. In light of the current crisis and its tremendous effects on young people, EPAGMA has chosen this area as a priority for future activities.

Security of Raw Material and Energy Supply

A study conducted by the independent research organisation VTT Technical Research Center revealed that fuel peat is an important indigenous energy source, providing household heating to almost 2 million European citizens. As a local fuel, it plays an important role in the decentralized and diversified energy system, securing energy supply.

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The peat and GM industry is also an important contributor to the sustainability of modern horticulture. It is essential to the EU horticulture industry which is estimated to have a turnover of approx. € 60 billion and provides for over 750,000 jobs. Regarding the world production of edible and ornamental plants Europe holds the biggest market share (38%), although only approx. 9% of the global production area is located in this continent. Its high production value can be explained by a very intensive cultivation under glass. In this regard, EPAGMA members acknowledge the important role played by GM which need to perform well to sustain this economic sector in the European Union.

EPAGMA members will work towards securing the supply of peat to the GM and energy industry as well as investigate the sustainable production of GM constituents other than peat.

Next Steps

Following publication, EPAGMA members will commence work on implementing the two identified commitments, reporting steps taken and advancements to the EPAGMA Secretariat. At the end of 2014, EPAGMA members will evaluate the progress made so far, and prepare a report on the state of play and where further work needs to be undertaken to achieve the objectives.

Furthermore, in 2014/ 2015, EPAGMA members will start a new review process to understand whether and which further commitments can be added to the sustainability agenda, based on the identified priority areas. Comments received on the agenda and in particular the priority areas throughout 2014 will serve to inform this process and relevant stakeholders will be invited by the association to provide input.

This roadmap is a living document, which will go through continuous updates in the future. We believe this is only the first step towards a more sustainable development of our business. In this regard, we welcome your comments and further suggestions on our roadmap. Please direct any comments to Julia Riss (julia.riss@bm.com), EPAGMA Secretariat at Burson-Marsteller which acts as the Secretariat of the Association, located in Brussels.

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