

Harvest Energy

Annual RTFO Sustainability Report :Year 3



Harvest
energy

Harvest Energy Annual C&S Report

15th April 2010 – 14th April 2011

Contents:

1. Introduction and scope
2. Aggregate C&S data of fuel supplied
3. General
4. Annual summary tables
5. Other information
6. Verifier's opinion



Introduction & Scope

- The DfT requires obligated companies to submit an annual report of their UK Biofuel carbon and sustainability credentials for each period.
- The tables contained within are in a format requested by the DfT.
- This report is for the period 15th April 2010 – 14th April 2011 and is verified and signed off by Inspectorate, our independent auditor for the RTFO Year 3 period.



Biofuel Supply

- Harvest Energy is an independent supplier of road fuel in the UK. As per EU & government mandates a proportion of the fuel supplied by the company is Biodiesel - Bioethanol.
- Where possible Harvest has committed to using Biofuel from waste streams or recycled feedstocks, as this helps to reduce conflict with other feedstock uses and give better GHG saving performance.
- Harvest has its own producing facility focusing on waste streams. The manufacturing plant is based in Teesside, UK and is one of the largest biofuel producing plants in the UK.



Biofuel Supply to Industry

- Harvest Energy blends and supplies biodiesel to the wider oil industry from tanks in the Amsterdam Rotterdam Antwerp region.
- Harvest Energy has developed and maintained auditable management systems to track origin and sustainability details of the product it markets to other oil companies.



Aggregate annual volume and C&S data tables

Table 1 – Summary Supply Data

Feedstock	General		Environmental	Social	Carbon	
	% Fuel supplied by feedstock type (by volume)	% Data reported on biofuel characteristics	% Meeting Qualifying and/or RTFO standard	% Meeting Qualifying and/or RTFO standard	Average carbon intensity g CO ₂ e / MJ	Average % GHG saving
Biodiesel ME						
Soya beans	46	75	0	0	58	30.8
Tallow	21.3	100	100	100	17	79.7
Unknown	2.6	0	0	0	93	-11
Oilseed rape	30.1	73.1	23	0	52	37.9
Bioethanol						
Corn (Produced outside)	76.5	71.5	0	0	58.7	30
Wheat (Fuel not specifi	19.4	70.6	35.9	0	42.8	48.9
Sugar cane	3.6	88.9	55.7	55.7	24	71.4
Barley	0.1	75	0	0	78	6.9
Corn (Community prod	0.4	50	0	0	43	48.7
Biodiesel UCO						
Used cooking oil	100	100	100	100	14	83.3
Weighted average (all fuels)		84.2	48.9	44.8	37	55.9
Target (2010/2011)		90	80			50

Aggregate annual volume and C&S data tables

Table 2 – Year 3 reported C&S breakdown

General information		Sustainability information				Carbon	
% of total feedstocktype	Feedstock origin	Standard	Env Level	Social Level	Land use on 01 Jan 2008	Average carbon intensity g CO2e / MJ	Average % GHG saving
Soya beans							
65.4	Argentina	Unknown			Cropland - protection	58	30.8
34.6	Argentina	None			Cropland - protection	58	30.8
Corn (Produced outside the EC)							
13.9	United States	Unknown			Unknown	62	26
71.9	United States	Unknown			Cropland - protection	57.4	31.6
8.8	United States	Unknown			Cropland - non protected	62	26
5.3	United States	None			Cropland - protection	62	26
Wheat (Fuel not specified)							
53.7	United Kingdom	Unknown			Unknown	44	47.5
31.6	United Kingdom	Assured Combinable	QS		Cropland - protection	35.6	57.5
3.7	United Kingdom	Unknown			Cropland - protection	45.7	45.4
4.3	United Kingdom	Genesis Crops	QS		Cropland - protection	36	57
6.7	France	Unknown			Cropland - protection	70	16.5
Used cooking oil							
13.0	Spain	By-product	QS	QS	By-product	14	83.3
34.3	Germany	By-product	QS	QS	By-product	14	83.3
18.0	Netherlands	By-product	QS	QS	By-product	14	83.3
18.2	United Kingdom	By-product	QS	QS	By-product	14	83.3
0.8	Austria	By-product	QS	QS	By-product	14	83.3
0.7	Ireland	By-product	QS	QS	By-product	14	83.3
8.0	Belgium	By-product	QS	QS	By-product	14	83.3
4.4	France	By-product	QS	QS	By-product	14	83.3
1.6	Portugal	By-product	QS	QS	By-product	14	83.3
0.0	Italy	By-product	QS	QS	By-product	14	83.3
0.1	Luxembourg	By-product	QS	QS	By-product	14	83.3
0.1	Switzerland	By-product	QS	QS	By-product	14	83.3
0.8	United States	By-product	QS	QS	By-product	14	83.3
Sugar cane							
55.7	Brazil	RTFO Sustainable	QS	RTFO	Cropland - protection	24	71.4
44.3	Brazil	None			Cropland - protection	24	71.4

Aggregate annual volume and C&S data tables

Table 2 Continued – Year 3 reported C&S breakdown

Tallow							
21.7	Netherlands	By-product	QS	QS	By-product	17	79.7
69.9	United Kingdom	By-product	QS	QS	By-product	17	79.7
7.0	Germany	By-product	QS	QS	By-product	17	79.7
0.4	Belgium	By-product	QS	QS	By-product	17	79.7
0.4	Denmark	By-product	QS	QS	By-product	17	79.7
0.5	France	By-product	QS	QS	By-product	17	79.7
Unknown							
100.0	Unknown	Unknown			Unknown	93	-11
Oilseed rape							
23.0	United Kingdom	Assured Combinable	QS		Unknown	52	37.9
7.5	Ukraine	None			Unknown	52	37.9
5.7	United Kingdom	Unknown			Cropland - protection	52	37.9
11.8	Ukraine	None			Cropland - protection	52	37.9
29.6	Ukraine	None			Cropland - non protected	52	37.9
8.7	Ukraine	Unknown			Cropland - protection	52	37.9
13.8	France	Unknown			Cropland - protection	52	37.9
Barley							
100.0	France	Unknown			Cropland - protection	78	6.9
Corn (Community produced)							
100.0	Hungary	Unknown			Unknown	43	48.7

Supplier Information

- Harvest's intended policy is always to maximise "Recycled Biofuel feedstocks" to further increase GHG savings. Harvest has developed Biofuel tolling and production in various EU locations which allows more control of the supply chain and feedstock.
- In RTFO Year 3, where appropriate Harvest purchased product directly from producers to maintain better supply origin information. This percentage further increases in Year 4. Further improved results from this strategy should be evident in the more recent obligation period starting April 2011 (Year 4).



Future Development Beyond Year 3

- In RTFO Year 4, ahead of RED mandatory schemes, Harvest is planning to purchase a good percentage of its feedstocks and biofuels with approved RED compliant voluntary schemes.
- In the previous period Harvest declared some material grown to RSPO (Roundtable on Sustainable Palm Oil), but in Year 3 Harvest has not bought palm based biofuels.
- Harvest has been purchasing more feedstock for biofuel processing. This is material only grown to “RTFO environmental qualifying farming standards” and only from countries with low risk of deforestation and environmental damage. The resultant Bio-product is expected to enter the fuel chain during Year 4.
- Harvest has contracted to becoming ISCC (a method of RED compliance) compliant for relevant supply chains. This is prior to the mandatory UK RED requirements. In recent months Harvest has employed verifiers to monitor this.

This slide relates to future non-verified RTFO periods



Indirect Land Use Change / Data Accuracy

- Harvest is committed to sourcing feedstock with a low risk of indirect land use change and has reported land use where possible.
- During Year 3 Harvest has received a proportion of data with higher accuracy levels (Harvest reported some fuel at accuracy level 5).



Other Information

- Harvest Energy has had no prosecutions against it for breaches in compliance with any environmental and or social regulations relating to biofuel activities.
- Harvest Energy is committed to being a first class operator in the Biofuel market. Harvest's ambitions are to remain amongst the best performers of GHG saving Biofuel providers. Harvest has robust data and systems to handle chain of custody.
- Harvest's more recent moves into feedstock procurement and processing are expected to significantly improve GHG and "qualifying standard" biofuel in the fuel chain in Year 4.



Other Information

- It is clear that new legislation from the EU Commission RED will be the overriding issue into reporting mandate structure going forward. This will replace some of the existing RTFO systems but as an independent market player Harvest Energy Ltd is confident to be able to adapt efficiently to new demands and believes it will perform well under forthcoming legislation.
- Harvest has committed itself to sourcing Ethanol from suppliers with RED ready material who have suitable information flow and supply chains in place to provide the highest level of reporting to our customers. For more information please contact the Ethanol Trading Desk.
- Harvest Energy is one of the UK's largest producer of biofuels from locally sourced bi-products such as used cooking oil, improving GHG savings from domestically produced biofuel and supporting UK employment in the North East of England.



Data Verification

- In the RTFO Year 3 (2010/2011) Harvest has employed the international inspection company “Inspectorate” to perform verification of Carbon and Sustainability data.
- Inspectorate has international commodity coverage and experience and as such is a suitable & qualified verifier for the RTFO.
- Further to minimum requirements Harvest has recently employed voluntary 3rd party verification of its largest biofuels suppliers.
- A verifier’s opinion will accompany this report.



For and on behalf of Harvest Energy Limited

Signed

A handwritten signature in black ink, appearing to read 'Janet Ashdown', with a stylized flourish at the end.

Date: 27th, September 2011
Janet Ashdown – CEO Harvest Energy Limited



INDEPENDENT ASSURANCE STATEMENT

To: James Ross – Head of Trading

Harvest Energy Limited

2 Cavendish Square,

London, W1G 0PU

This Independent Assurance Statement is given on 27 September 2011.

RESPONSIBILITIES

It was the responsibility of your company to prepare **the RTFO C&S Annual Report for the period 15 April 2010 to 14 April 2011** (the 'C&S Report').

It is the responsibility of Inspectorate International to provide you with assurance conclusions on this C&S Report.

THE CRITERIA

The criteria used to perform our evaluation of the C&S Report are as follows:-

- Renewable Transport Fuels Obligation technical guidance parts 1 & 2 (Version 3.4 – May 2011, and Version 3.1 -, April 2010, respectively)
- RFA Guidance for verifiers (Version 3.0 – March 2011)
- ISAE 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information (Dated January 2005)

We confirm that the RFA C&S Technical Guidance was the Source Criteria used by your company to prepare the C&S Report.

LIMITATIONS

In determining that a limited level of assurance should be supplied, we have taken into account the requirements placed upon the audit by the rules of the scheme; in particular the guidance that data supplied by third parties should be subject to scrutiny by the reporting organisation and its appointed auditors.

The degree of sampling conducted has been adequate to meet the requirements of limited assurance; however, this would need to be significantly greater in order to meet the requirements of reasonable assurance. Within the sampled supply chains, however, data

has been reviewed back in all cases to the primary source. Where questions have been left unanswered about particular supply chains the default position adopted has been to defer to an "Unknown" classification.

WORK PERFORMED

The conduct of our audit involved examining, on a test basis, evidence to give us **limited assurance** that the amounts and disclosures relating to the C&S Report have been properly prepared. This included but was not restricted to a review and sampling of the following:

- Interviews with relevant personnel
- Monthly ROS Data and Reports
- Data management spreadsheets and data management systems
- Purchase contract documentation
- Bills of lading and related shipping documentation
- Out-turn reports
- Supplier declarations
- Interviews with suppliers where appropriate
- Third-party reports and certifications

ASSURANCE CONCLUSIONS

In our opinion, on the basis of the testing undertaken, nothing has come to our attention to suggest that the Harvest Energy Limited Annual Carbon and Sustainability Report to the DfT for reporting period 15 April 2010 to 14 April 2011 has not been properly prepared, in all material respects, in accordance with the documentation listed above.

FURTHER OBSERVATIONS

The following comment(s) should be noted as observations. These should not be regarded as impacting upon the positive verification opinion given above:

- None

Authorised by:- 

Adrian Mason

Business Development Manager