Limited Liability Company
BALTICFLOC, Reg. No.
44103062908, Apt. 601, 40/22

Phone: +371 26336333,
e-mail: info@balticfloc.lv
account No. LV84HABA0551046104448

SIA BALTICFLOC implemented project

"Alternative recycling of waste paper and hemp fibre into innovative thermal insulation materials with improved thermal conductivity", project No. LIFE17 ENV/LV/000335, project abbreviation LIFE_PHIPP

Monitoring committee meeting

Minutes No. 1

Cesis January 29, 2021

The monitoring committee meeting is organised to implement the project "Alternative recycling of waste paper and hemp fibre into innovative thermal insulation materials with improved thermal conductivity", project No, LIFE17 ENV/LV/000335, project abbreviation LIFE_PHIPP, financed by the European Commission Programme for the Environment and Climate Action LIFE (hereinafter referred to as the project).

The meeting is attended by:

SIA BALTICFLOC, Project Manager Zane Sērmaukša;

SIA BALTICFLOC, Chairman of the Board and Project Manager Edžus Cābulis;

BALTICFLOC, technology Transfer Manager Ēriks Nordens;

SIA BALTICFLOC, Marketing and Communication Specialist Līva Cābule.

Members of the Supervisory Committee:

Head of the Environmental Quality and Waste Management Division of the Ministry of Environmental Protection and Regional Development Ērika Lagzdiņa;

Deputy Director of the Nature Protection Department and Head of the Species and Habitat Protection Division of the Ministry of Environmental Protection and Regional Development Ilona Mendziņa;

NGO Zaļā Brīvība, Chairman of the Board Jānis Brizga;

SIA Zaļā Josta, Marketing Manager Laima Kubliņa.

The monitoring committee meeting is held online, starts at 10:00.

Progress of the meeting:

1. Meeting the participants.

2. Project progress presentation from the Project Manager Zane Sērmaukša.

3. Presentation by the Project Technology Transfer Manager Ēriks Nordens about project activity B.5.

4. Presentation by the Marketing and Communication Specialist Līva Cābule on project communication activities D.1 and D.2.

5. Questions and answers section:

5.1. Ilona Mendziņa asks a question – Do you have plan B, if the exhibitions do not pay back, how do you plan to reach your potential market?

5.2. Ilona Mendziņa asks a question – If potential markets are Germany, England and Finland, why do you print a booklet in Spanish?

5.3. Ilona Mendziņa asks a question – About demo houses, how do you technically plan to do this, will you send your material to local manufacturers or installers and agree? How will you get involved in this? How will you convince that this is super material? How will you achieve the monitoring results intended and the targets set in the project in these funny circumstances in which we are now?

5.4. Ilona Mendziņa asks a question – Clarify from Zane's presentation. Will you test the material for 10 years? How about the outcomes during the project?

5.5. Ēriks Nordens answers – Plan B is already in action, because this is our only option now – remote meetings, no other way. Establishment of contacts does not always happen with the first face-to-face meeting, for example, at exhibitions. We currently use the online meeting opportunities provided by fairs and the target markets are set only within the project. We will not spurn other markets. We have talks with a representative of the European Builders Confederation, and then we will have an opportunity to address representatives of many European countries. The first purpose of any contact is to spark the interest, to capture the attention, to present an idea and then in-depth talks are held with those, who are truly interested.

5.6. Demo houses will be installed in the target markets and we have a little bit easier situation here, because quite a lot of Latvian manufacturers of wooden carcass house structures work in the Scandinavian and European market. For now, we have had first talks with manufacturers, where we don't have any specific contracts yet, but we have positive references on potential cooperation. It would be possible to thermally insulate demo houses using our material, but in cooperation with Latvian manufacturers of wooden carcass houses. These are the options being considered and talks have started. We do not have a final agreement, because we do not have any final material and this is a matter of planning both for builders and us.

5.7. Zane Sērmaukša answers about testing for the production line and material for 10 years. We install a production line and its functioning and usage period is intended for 10 years. The testing of materials is planned initially. Within the project, the plan is to test the new material recipe for a month, but while this line is functioning, we can test any new fibre, a combination of new materials and create a slightly different recipe, material or fibre at any time. For example, we can replace hemp or pulp fibre with wooden fibre or any other textile fibre. It is intended in this way for us to be able to experiment with the line, while it is in operation and to create new products and new recipes.

5.8. Zane Sērmaukša answers about the translation of the booklet into Spanish. It is provided in the project that the booklet will be translated into 8 languages and but the languages were not specified, but there were plans to participate in an exhibition in Spain. Spanish is one of the most popular languages not only in Europe and in the world. We translated the booklet also into Russian, which was not the initial target market, because many people speak this language.

5.9. Līva Cābule answers about participation in exhibitions. On my behalf, I could add something about exhibitions and search for extra solutions how else we can reach the target audience. The current solution is to e-mail booklets directly to industry representatives. It is also possible to publish ads on websites, which are directly targeted to the specific industry. Many industry journals also have websites, where we can post ads. There are also websites created like blogs presenting construction industry news and innovation articles. We will search for an extra solution to replace exhibitions.

5.10. Ilona Mendziņa comments. I looked at your website and all the articles and links to Facebook and YouTube and there is some untapped potential in those YouTube videos, they have very few views. We should think about using them as an alternative to exhibitions. And, second, I like your visual identity a lot, this logo with paper and a hemp leaf. The question is: don't you risk putting this hemp leaf and won't people have wrong associations, and have you thought it over. Don't you send wrong signals? Have you thought this thing through?

5.11. Līva Cābule answers. We do not perceive it not just as simple hemp, it is industrial hemp. People may have a different impression and therefore we are thinking to create a blog article on differences between marijuana and industrial hemp on our website, because these are two absolutely different things. Hemp can really create a wrong impression, but at the same time it is one of the things that might interest people when they click and view or ask additional questions about this at exhibitions. On the one hand, this is an incorrect message, but on the other hand it is the edge attracting attention, people ask questions and it is our opportunity to tell more about our product and project.

5.12. Ilona Mendziņa comments. Recently, I have had correspondence with the Latvian Industrial Hemp Association, which wanted extremely to get a permission to grow it. The discussion with the Ministry of Agriculture and Health is not unequivocal. The idea and assumptions about hemp are rather strong and they regulate growing of industrial hemp.

5.13. Jānis Brizga asks a question. I have a question about the environmental performance, environmental benefits of the product. You mentioned this in several places, but I do not quite understand whether you make any comparison? In one place, you mentioned a comparison with glass fibre, have you carried out a lifecycle assessment? Do you compare these alternatives in some other way – is your product compared with some other alternative products by comparing both energy efficiency and directly environmental impact? Will you make these comparisons in accordance with some standard? In one place you had CO2 emissions, but, as far as I understand, this comparison would be valid, if the waste paper you use in manufacturing would get to landfills and would decompose. But this does not cover all lifecycle costs and emissions generated in production and also in agricultural production. There may be different standards, which one do you use?

5.14. Zane Sērmaukša answers. Yes, we do carry out lifecycle assessment within the project. It will include production of the product from raw materials up to final product waste – from the cradle to the grave, according to the ISO standard. For now, we are carryout out one survey to determine the most advantageous service provider. We have surveyed a Belgian university, which we asked for a quote in the phase of writing the project, at the very beginning. In the study, our product will be compared to glass wool and clean pulp fibre thermal insulation material and then recommendations will be produced how else we can improve manufacturing of this product from the environmental point of view.

5.15. Ēriks Nordens supplements the answer in terms of performance. The first lifecycle assessment is the one mentioned by Zane. The other, mentioned by me, is the performance of the thermal insulation material itself, which will be monitored in the project after we use it in demo buildings, which we will then observe. After the use of the product in these buildings, we look at room climate, heat consumption and other indicators in the premises. We will also have accurate data from lab measurements, which we will get in the course of certification and these would be numbers clearly comparable to other heat insulation materials in the market. All the construction materials getting into the market have a "declaration of performance", where laboratory-confirmed numbers can be compared. An assessment of the technology offered for innovative environmental technologies is also expected within the project. This is the environmental technology verification model created by the European Commission, which officially confirms that the production process and the technology are environmentally friendly. I have forgotten its name, maybe Zane knows?

5.16. Zane Sērmaukša answers. Yes, this is Environmental Technology Verification (ETV). This programme was also established as a LIFE project, which initially worked as a pilot project. Now it is already recommended for projects like ours, which is a close-to-market (C2M) project and when it should be proved that the technology truly helps to improve some environmental problem. The technology is verified, tested and it is concluded that we improve some sector.

5.17. Zane Sērmaukša asks committee members how to involve the project in policy making?

5.18. Ilona Mendziņa answers. I could tell from the point of view of LIFE what other projects do. This depends on what we want to achieve. What is the purpose of this dialogue? We have several developing projects, but those are more like paperwork, assessment methodologies and so on. Then their main task is to popularise it further or simply tell policy makers that they have done it. The simplest way to do that is to organise seminars or explanatory activities. Such a LIFE innovation production project is one of the first of the few. Therefore, you should be pioneers in this area. And then the question is what we want to achieve in this dialogue. It is clear that public authorities cannot say that everybody should further use this material only. However, what you can tell and what is expected from you, and what Jānis asked as well is to compare the product with its alternatives throughout its entire lifecycle. And this should be not only from the point of view of the product, but also from the point of view of the benefit for society. How much does the production and use of the material make life easier, does it make life cheaper for everybody? This is about, for example, waste collection, waste sorting, some household expenses and so on. Is your product a bargain from this point of view?

5.19. Then about industries. I see for sure that you should make friends with farmers and with the industrial hemp growers association, because this is a niche. Hemp growers at least have the same willingness to expand their production, they are somewhat confronted by these formal restrictions to hemp as such and the restrictions, prejudices, regulatory framework and other things, but you can make an alliance with them and then go together with them, because this force is stronger. Because the question also is about other countries, whether you are planning to propose finished product in your target markets or you expect to install the same line there and produce this material there. Then the question is about the situation with growing and availability of hemp fibre in other countries? Do they have exactly the same formal, informal restrictions, what is the size of the hemp fibre market in these countries? As far as I understand, it is clear for you that the waste market and collection and sorting of waste there is slightly different and the challenge is clear. What about hemp fibre, do you have access to it or should you immediately seek an alternative among other fibres? Of course, the simplest way is to popularise your product, but then you are in one line with other thermal insulation materials and you must be extremely convincing that you are at least as good as them. Which properties make you choose it, and purely from the point of view of product marketing, what strengths your product has. And from the point of view of the industry, how your product makes life better and easier for others. How your production helps to develop and create other sectors, the things I mentioned about the hemp industry. Maybe it is worth taking about wooden fibre, wood residues now, because our forestry sector is rather serious and we will certainly use forests for some time and felling residues and wood residues are available in large volumes there. And probably all this should not be taken for pellet production, but maybe this is a good direction to move in. This is what others do, in fact, you should look at the production of the product and the product itself throughout its lifecycle. Are you searching for synergy with other companies and other sectors and make life easier or more interesting there. And then that final product or its implementation, whether installation is better or not. And I can say here that if you can calculate and tell all of this, if we recycle 10% of all Latvian waste paper we get a specific environmental benefit. These are those many small things to look at throughout the entire lifecycle. Yes, and tell about that, tell about these phases. It is good that you are writing that blog, but this should be intensified, 8 additional articles are not enough. Pour your message, your story in many other things and maybe make more articles. If you have one article in Latvijas būvnieks, then you should post links somewhere else, in some specialised industries. Second, use the English version as much as you can and go in that direction, use all of it more broadly. I know that in the capacity project you can discuss with Jānis Vēbers that we have proved that we can cultivate the availability of information and popularise all of it through these Google ads and maybe it is worth developing much more and the English version should be used much more. This would be Plan B for you to handle these other deals. Now I will listen a bit, because I have to go to another meeting soon.

5.20. Maybe I can add something to what Ilona has said. Green procurement is something, where you can draw attention to your product to show it. There should be no regulations making it possible to participate in public procurement with your product in Latvia only, you should look at the entire European market. The Ministry of Environment is working on this and they have green procurement guidelines. There is also the website of the European Commission, its Green Public Procurement section, which contains guidelines for different materials and also construction as such, which is a large segment in state and public procurement. I would recommend to look there, but it would be good to have some data about the product for you to prove that your product is cheaper, quicker, more convenient and ensures the fulfilment of the set goals. You once said that Tetrapak could be one of the material, low class pulp. And this is

important to tell, because this is one of waste sections, which causes problems. Its recycling is very complicated, it is not recycled in Latvia, but is taken to Poland, Finland. Tetrapak itself says that they are able to transfer 5 to 7% for recycling. Different European targets for 2030 should be reached, where we have to reduce landfilling significantly. This is one of the proposals what we can do with those Tetrapaks. This is not just Latvia, this packaging is popular all over Europe. This would be another aspect to look at, but then you compete with incinerators, because you are fighting for the same raw material. These are two aspects to follow up. May be we should contact Tetrapak in Latvia, there are also other manufacturers of this packaging. We should also follow up green public procurement. To follow up what is happening there, because energy efficiency will develop for sure.

5.21. Zane Sērmaukša answers. Thank you! Yes, one of our results is green public procurement recommendations. We use them in Latvia and other target countries to search for ways of offering it to local governments.

5.22. Ēriks Nordens answers. Our emphasis is that one of our raw materials is not just paper, but low quality paper, which cannot be recycled as paper. Therefore, it would be necessary to landfill or incinerate it in the current normal lifecycle. Our technology is unique, because we can continue the life of low quality paper in other form. When the line is installed, we should test this in practice, because until now we have had only early prototype trials. Now we will be able to really test this recipe and see whether it goes on as we want it to.

5.23. Zane Sērmaukša answers. Two products are planned within the project: the technology, which we will offer in the target market to manufacturers, other companies producing thermal insulation material made of natural fibres. We will offer our technology in the form of a licence agreement for them to produce in their region using low class waste paper and to produce this product in their region, be a manufacturer. And the second is the product, which we produce here. This is the interesting thing in our project – it has two products.

5.24. Ilona Mendziņa makes a farewell speech. I wish you good luck in making your product from Tetrapak successfully! I would recommend to stop being shy and to lead an extremely aggressive marketing campaign, particularly outside. This is the problem of everybody and everybody fights it and you have found a solution, don't be shy and tell about this aggressively. Then we should look for relevant visual identity and a marketing campaign. Now everything looks pretty and calm and reserved, while we popularise it, but if the product really goes out, that will be quite a different range. Don’t be afraid, be fearless and tell the main things. Because this is a bigger problem, if we listen what. Then we should say that all of us are much smarter and superior in Latvian, we are just not telling this to anybody. And we should forget this, if we want to get to that large market, then play according to the rules of the large market and be as aggressive as them, it is clear that nobody will let us in, if we just knock politely, we should push everyone with our elbows and never be shy to do that. Good luck!

Sēdi beidz plkst.11:30