

NEPCon Evaluation of Glowwood Industria S.A. Compliance with the SBP Framework: Public Summary Report

Second Surveillance Audit & Scope
Extension Audit

www.sbp-cert.org



Completed in accordance with the CB Public Summary Report Template Version 1.0

For further information on the SBP Framework and to view the full set of documentation see
www.sbp-cert.org

Document history

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1 Overview

CB Name and contact: NEPCon, 28001

Primary contact for SBP: Ondrej Tarabus, ot@nepcon.net

Report completion date: 06/NMar/2018

Report authors: Rui Simões

Certificate Holder: Glowood, Industria S.A. Parque Empresarial, Lote 11. Expansão 1, CP. 7555-213. Portugal

Producer contact for SBP: Natércia Carvalho, ncarvalho@glowood.pt, +351 269 949 393

Certified Supply Base: Portugal continental

SBP Certificate Code: SBP-01-30

Date of certificate issue: 18/Aug/2016

Date of certificate expiry: 18/Aug/2021

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	First Surveillance Audit	Second Surveillance Audit (Scope extension audit for SBE)	Third Surveillance Audit	Fourth Surveillance Audit
<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Scope of the evaluation and SBP certificate

Production of wood pellets, for use in energy production, at Glowood plant in Cercal and transportation to the Sines harbour. The scope of the certificate includes de Supply Base Evaluation of primary feedstock from Continental Portugal.

Scope Item	Check all that apply to the Certificate Scope			Change in Scope (N/A for Assessments)	
Approved Standards:	SBP Standard #1 V1.0 SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0 http://www.sustainablebiomasspartnership.org/documents			<input checked="" type="checkbox"/>	
Primary Activity:	Pellet producer			<input type="checkbox"/>	
Input Material Categories:	<input checked="" type="checkbox"/> SBP-Compliant Primary Feedstock	<input checked="" type="checkbox"/> SBP-Compliant Secondary Feedstock		<input type="checkbox"/>	
	<input checked="" type="checkbox"/> Controlled Feedstock	<input type="checkbox"/> SBP non-Compliant Feedstock			
	<input type="checkbox"/> SBP-Compliant Tertiary biomass	<input type="checkbox"/> Post-consumer Tertiary Feedstock			
	<input type="checkbox"/> SBP-approved Recycled Claim	<input type="checkbox"/> Post-consumer Tertiary Feedstock			
Chain of custody system implemented:	<input checked="" type="checkbox"/> FSC	<input type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL	<input type="checkbox"/>
	<input type="checkbox"/> Transfer	<input type="checkbox"/> Percentage	<input checked="" type="checkbox"/> Credit		<input type="checkbox"/>
Points of sales	<input type="checkbox"/> Harbour – Permanent storage (Storage site)	<input checked="" type="checkbox"/> Harbour – Temporally storage (Logistic site)	<input type="checkbox"/> Other point of sale (e.g. gate of the BP, boarder, railway station etc.)		<input type="checkbox"/>
Provide name of all points of sales	-	-Sines harbour	-		

Use of SBP claim:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/>
SBE Verification Program:	<input type="checkbox"/> Low risk sources only	<input checked="" type="checkbox"/> Sources with unspecified/ specified risk	<input checked="" type="checkbox"/>
	New districts approved for SBP-Compliant inputs:		
Sub-scopes			<input type="checkbox"/>
Specify SBP Product Groups added or removed:			
Comments: BP has extended the scope of the certificate for supply base evaluation for primary feedstock from continental Portugal..			

3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

The scope of the evaluation covered:

- Review of the BP's management procedures;
- Review the BP's Supply Base Evaluation and its Mitigation Measures;
- Field visits to verify the Mitigation Measures in forests being exploited;
- Review of the production processes, production site visit;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- SAR and profiling data collection analysis;

4 SBP Standards utilised

4.1 SBP Standards utilised

Feedstock Compliance Standard, SBP Standard 1, Version 1.0, March 2015

Verification of SBP-compliant Feedstock, SBP Standard 2, Version 1.0, March 2015

Chain of Custody, SBP Standard 4, Version 1.0, March 2015

Collection and Communication of Data, SBP Standard 5, Version 1.0, March 2015

Instruction-Document-5A-Collection-and-Communication-of-Data-v1-1-Oct16

Instruction-Document-5B-Energy-and-GHG-Data-v1-1-Oct16

Instruction-Document-5C-Static-Biomass-Profiling-v1-1-Oct16

<http://www.sustainablebiomasspartnership.org/documents>

4.2 SBP-endorsed Regional Risk Assessment

Not applicable.

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

Glowood – Industria, SA was founded in May 2011 with the support of IAPMEI through the POAlentejo program. Dedicated to the production and marketing of pellets, with strong commitment to the foreign market, since more than 90% of the production is for export.

BP purchases logs, chips and sawdust for primary production. Species are mainly pine (*Pinus pinaster* and *Pinus pinea*).

For the drying process, in addition to pine biomass (small logs, bark, waste and leftover), the BP also use small roundwood and leftovers of Eucalyptus (*Eucalyptus* spp.) and rarely poplar (*Populus* spp), acacia (*Acacia* spp) and Ash (*Fraxinus angustifolia*).

All incoming feedstock is either FSC certified, FSC Controlled or controlled according to the existing FSC Controlled wood verification program. FSC Controlled wood verification program is applicable for feedstock originating from Portugal continental. Origin information at FMU level (forestry) is available on the delivery documents.

The BP is implementing FSC credit system. Biomass is transported by truck and is sold at Sines Port. Transport responsibility is hold by the customer from Sines Port under incoterms conditions FOB.

5.2 Description of Biomass Producer's Supply Base

All wood comes from forested areas of Portugal, mainly from the districts of Setúbal, Beja, Évora, Lisbon, Portalegre, Santarém, Castelo Branco, Faro, Leiria and Coimbra. Supply base area has not been modified since the first evaluation in 2016.

The primary material (logs, harvesting waste and other forest waste mainly branches from pruning of umbrella pine) is supplied by approximately 40 small and medium companies which are made aware of and controlled in order to obtain the necessary information about the origin of the management unit, with a compromise stated to that effect.

Portugal has about 9.8 million inhabitants and 8.7 million hectares.

According to preliminary data from the latest National Forest Inventory, 2013 (IFN6 - Areas of land use and forest species in mainland Portugal in 1995, 2005 and 2010), the forest land use is the dominant use of the mainland. The Portuguese forest occupies 3.2 million hectares, which corresponds to 35.4% of the country, one of the largest proportions of forested areas of Europe.

From the total forest land the main forest correspond with Eucalyptus forest (26%) followed by cork (23%). The pine forest is distributed throughout the with Maritime Pine occupying 23% of the forest area of the mainland, mostly located in small areas and Umbrella Pine occupying 6% of the total forest area of continental Portugal, with its main distribution in the south of the country.

Maritime Pine (*Pinus pinaster*) forests are usually managed in stands of trees, generally of seed or seedling origin, that usually develop a high closed canopy, and can be managed using natural regeneration or by sowing or planting. In Umbrella Pine (*Pinus pinea*) silviculture, management is oriented to cone production, the trees should grow in favourable light and ventilation, in order to develop large canopies that favour the production of pine cones.

Over the period 1995-2010 the forest areas exhibited a decrease of 4.6%, corresponding to a net loss rate of 0.3% / year (10 mil ha / year). The net decrease of forest areas (-150,611 ha) is mainly due to conversion to the land use class "brush and pastures." In addition to this conversion, significant amount of forested land was converted to urban use between 1995 and 2010 (28 000 ha). Additional information about this evolution, risk and facts connected with the supply base are detailed in the SBR.

5.3 Detailed description of Supply Base

- a. Total Supply Base area: 3,2 million ha
- b. Tenure by type: Private: 3,1 million ha (97%, including 8% community managed)
 - Public: 0,09 million ha
- c. Forest by type: Temperate: 3,2 million ha
- d. Forest by management type: Plantation: 812.000 ha
 - Natural regeneration: 2.388.000 ha
- e. Certified forest by scheme: FSC: 391 677 ha
 - PEFC: 253 025 ha

Quantitative description of the Supply Base can be found in the Supply Base Report of the Biomass Producer

5.4 Chain of Custody system

The Organisation holds valid FSC Chain of Custody with FSC Controlled wood in the scope of the certificate. Critical control points of the FSC CoC system were evaluated also during SBP audit.

The Organisation has implemented FSC credit system. All the input materials are received either with FSC certified claim, FSC Controlled wood claim or the material is covered by organisation's own Controlled wood verification system. The Controlled wood system includes only material from Portugal continental. The organization does not use any imported material. Incoming wood reception register and supplier list are maintained. All material is checked during the arrival and correctly recorded in the internal system. No physical separation is needed. Based on the credit account management the proportion of the SBP-compliant and SBP-controlled biomass is calculated and all records are kept.

6 Evaluation process

6.1 Timing of evaluation activities

The annual and scope extension audit was carried out between 9th to 12th of January 2018, which included also FSC audit. Three and half days were needed for the onsite audit and two additional days for the documentation review prior the audit

Activity	Place	Auditor(s)	Data/hora
Opening meeting*	Office,	RS	09/01/2018 10.00-10.30
New SBP and FSC Requirements and procedures review FSC & SBP STD Open NCR's and OBS SBP/FSC	Office,	RS	09/01/2018 10:30-12.00
SBE, Mitigation Measures, Stakeholders Consultation and e SBP Standard #1 /FSC CW-DDS	Office	RS	09/01/2018 10:30-12.00
Interview with staff responsible for purchase /sales department	Purchasing department	RS	09/01/2018 12:30-13:15
Break			09/01/2018 13:15-14:15
Feedstock and suppliers records with purchasing staff interviews	Office,	RS	09/01/2018 14:15-16:45
Meeting with feedback from the first audit day and preparation of field day	Office,	RS	09/01/2018 16:45-18:00
Opening meeting	Office,	RS	10/01/2018 09:00-09:15

Documents, records and procedures related to feedstocks, CoC system control, volume summary, credit system, SBP feedstock input groups, H&S . Interviews to responsible staff	Office,	RS	10-01-2018 09.30-13.00
Break			10-01-2018 13:00-14:00
CoC cycle and H&S with site tour. Interviews to relevant staff. Reception, logyard, industrial areas, warehouse	Production unit	RS	10-01-2018 14:00– 16:00
Collection and communication of sustainable data SAR, Static Biomass Profiling Data, SBR,	Office	RS	10-01-2018 16:00 - 17:30
Field visit to suppliers	Alcácer do Sal Almodôvar Mértola	RS	11/01/2018 08:45-18:00
Last information, records and documents	Office	RS	12/01/2018 09:00 – 10:30
Auditor Preparation	Office	RS	12-01-2018 10.30-11.30
Closing meeting	Office,	RS	12-01-2018 11.30-13.00
Estimated end of the evaluation	Office	RS	12/01/2018 13:00

6.2 Description of evaluation activities

The annual audit visit was focused on management system evaluation: Supply Base Evaluation and Mitigation Measures, division of the responsibilities, document and system, input material classification (reception and registration), analysis of the existing FSC CoC system, FSC CoC system control points, the existing minor NCRs opened during last assessment as well as the collection of the energy and emission data.

All SBP related documentation connected to the SBP as well as FSC CoC/Controlled sources system of the organisation, including SBP Procedures, Energy related data, Supply Base Reports, SBE, Stakeholders Consultation, were evaluated during the audit.

Auditor was welcomed in Glowood. Audit started with an opening meeting attended by the Quality Manager, the Chief Officer and the external consultant that supported the company in the SBP implementation.

Auditor provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified verification scope. During the opening meeting the auditor explained CB's approval related issues.

After that auditor went through all applicable requirements of the SBP standards nr.1, 2, 4, 5 and instruction documents 5a, 5b and 5c covering input clarification, existing chain of custody and controlled wood system, management system, CoC, recordkeeping/mass balance requirements, emission and energy data and categorisation of input and verification of SBP compliant and SBP Controlled feedstock/ biomass. During the process overall responsible person for SBP system and as well as other persons having key responsibilities within the system were interviewed.

A preparation of field visit was made at the end of first audit day.

After that, roundtrip around BP's pellet production was undertaken. During the site tour reception process were observed, applicable records were reviewed, pellet factory staff was interviewed and FSC system critical control points were analysed.

At field visits the Glowood supplier verification program was questioned at all the visited sites. Sampling was made according to FSC sampling process for small size FMUs ($X = 0.8 \cdot \sqrt{y}$; $y = \text{FMU total number}$ and $x = \text{FMU sample}$), giving a number of 3 FMU's to be visited at audit.

The classification of inputs categories was asked and verified. The supplier's staff was interviewed for issues related to potential specified risks.

At the end of the audit findings were summarised and audit conclusion based on use of 3 angle evaluation method were provided to Glowood team which includes the quality manager, CEO and External Consultant.

Composition of audit team:

Auditor(s), roles	Qualifications
Rui Simões Lead Auditor	Forestry engineer with more than 20 year experience in forest project, management and works. Author of several fluvial and desartic restoration projects and field works.

	<p>FSC, PEFC in SBP and COC auditor for NEPCon.</p> <p>EU Nature Conservation Projects Evaluator.</p> <p>International experience working on English, Spanish and French language, besides mother Portuguese.</p>
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6.3 Process for consultation with stakeholders

A stakeholder consultation process was made at 02/10/2017 for Supply Base Evaluation. About 60 emails were send to several profiles of Stakeholders following SBP requirements. Additional stakeholder consultation was done by the certification body. Over 200 stakeholders were informed about the audit and provided with the organization risk assessment as well as proposed mitigation measures which were described in the BP SBR (send to the stakeholders as an exhibit).

No comments were received from any stakeholder about the SBE or SBP certification Glowood process.

7 Results

7.1 Main strengths and weaknesses

Strengths:

The BP has implemented a robust Supplier Qualification Program and Mitigation Measures to use a SBE Portugal Risk Assessment provided by Pellet Association – ANPEB.

With this tools BP started to go on field and developed a classification process of feedstock over the Risk Analysis to find Low Risk inputs.

Also some FSC (and PEFC) inputs were bought as primary and secondary feedstock.

Weaknesses: See NCRs and OBSs.

7.2 Rigour of Supply Base Evaluation

The main component of BP's Supply Base Evaluation was the organization risk assessment. which was based on the first draft of ANPEB (Portuguese Pellet Association) Regional risk assessment and includes the Continental Portugal as a Regional Risk Assessment.

As no unspecified risks were found, no Supplier Verification Program was performed by BP.

Nowadays (from 15/01/18) ANPEB as provided a Regional Risk Assessment to SBP webpage to start a Public Consultation. [Regional Risk Assessment to Public Consultation](#) . All indicators with specified risks designated by Glowood are also considered specified risk in the RRA. Glowood has identified some few additional indicators with specified risk.. After the risk assessment was completed, mitigation measures were proposed and consulted with stakeholders. As no comments were received, the organization has implemented the mitigation measures for the specified risk indicators.

7.3 Compilation of data on Greenhouse Gas emissions

SAR completion has been done according to the standard all data provided by the BP were verified for their consistency and accuracy, and no NCR have been issued.

7.4 Competency of involved personnel

The key personnel involved directly in the audit and the SBP implementation are the 3 listed below. During the annual (and scope extension) audit it was revealed that their competences, expertise and capacities were suitable to implement SBP certification requirements:

- Natércia Carvalho, Environment Eng, . QAS – Quality manager, who is managing also all the certificates of BP;

- Giovanni Alencastro, Forest Engineer , External Consultant who is contracted for forest matters, which includes sourcing the forest based material and field visits and reports for SBP Std.#1;
- João Baetas, CEO – Mechanic engineer, CEO

7.5 Stakeholder feedback

The stakeholders acknowledge the reception of the consolation but did not provided any comments.

7.6 Preconditions

No preconditions were issued.

8 Review of Biomass Producer’s Risk Assessments

No Supplier Verification Program has been performed as no Unspecified Risks were identified. Mitigation Measures were applied to avoid feedstock with Specified Risks and exclude it from SBP-Compliant Biomass.

Table 1. Final risk ratings of Indicators before mitigation measures.

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Specified	Specified
2.1.2	Specified	Specified
2.1.3	Specified	Specified
2.2.1	Specified	Specified
2.2.2	Specified	Specified
2.2.3	Specified	Specified
2.2.4	Specified	Specified
2.2.5	Low	Low
2.2.6	Specified	Specified
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Specified	Specified
2.4.2	Specified	Specified
2.4.3	Low	Low
2.5.1	Specified	Specified
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Specified	Specified
2.9.1	Specified	Specified
2.9.2	Low	Low
2.10.1	Low	Low

Table 1. Final risk ratings of Indicators after mitigation measures.

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Low	Low
2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

9 Review of Biomass Producer’s mitigation measures

BP has applied a two phase system to address the identified risks:

Supplier Qualification –where the suppliers are submitted to a presentation, enquiries and visits Field visits were done by BP of all supplier accepted in the SBE. An initial selection identified 14 potential suppliers but only 11 of them were trained by BP and the **final number of 8 were qualified and formally agreed to participate**. Based on the information from the area previously provided, the suppliers managers evaluate the framework and identify any aspects to be verified and confirmed by Glowood

Origin Verification of Forest Material – done for each forest job per selected supplier including remote evaluation and field visits.

Table 2. Summary of Mitigation Measures and Means of Verification adopted by Glowood

Indicator	Mitigating measures	Means of Verification
2.1.1 2.1.2 2.2.3 2.2.4	<ul style="list-style-type: none"> •All suppliers are verified and approved during the supplier qualification program which is based on information provided by supplier about health and safety, social security, insurance and similar documents. •Promoting good practices: Each supplier is provided with description of good practices •Verification of feedstock at the entrance to disallow feedstock from areas where there are proven threats to biodiversity. This is done based on the information from the FMU audits reports which decide if the material comes from low risk sources or not and the FMU is mentioned on the delivery documents and thus can be traced back and recorded as compliant by the office worker (if the FMU audit end up with positive results). Monitoring activities done by the forest external consultant to confirm the results are becoming in a positive trend. Each FMU is checked before reception of the material from that FMU (when the harvesting work begins). 	<ul style="list-style-type: none"> •Checklist completed by supplier/property owner “Informação de Origem de Material Florestal” where basic information is mention such as FMP, contract, harvesting permit, info if it is inside protected areas, etc. •Evaluation of the information, cartography and other conditions established for the areas. This phase is done at office with web search help and authorities consultation if needed. • Supplier/FMU audit “Auditoria de Monitorização” of all harvested sites before the material is delivered. During the audit it is evaluated and confirmed the obtained information about HCV, including protected and classified areas, key habitat and species. The checklist of the FMU evaluation includes all classes of HCVs, different biodiversity indicators, species etc.
2.1.3	<ul style="list-style-type: none"> • Disallow feedstock from forests planted with eucalyptus after 2008, or to be planted with eucalyptus, or converted to pasture, agriculture or other use to be sourced as “low –risk”. • Monitoring actions to confirm and analyse the results of field audits. 	<ul style="list-style-type: none"> •Checklist completed by supplier/property owner asking if the felled forest was natural before 2008, detailing forest areas dominated by oaks or riparian. See NCR 01/18
2.2.2	<ul style="list-style-type: none"> •Disallow feedstock from areas susceptible to desertification with proven soil damages, and areas 	<ul style="list-style-type: none"> Consultation of the cartography of ICNF and the respective PROF to confirm if the cutting plot is inside the

	<p>above the minimum size required to have a PGF as established in the respective PROF, is the last chance measure used by BP to prevent an entry when a “low risk” is not confirmed for this indicator.</p> <ul style="list-style-type: none"> • Monitoring actions to confirm and analyse the results of field audits. 	<p>desertification susceptible area according to Forest Services (ICNF) cartography and the Regional Forest Management Plan (PROF) to check if the property size is above minimum size required for Forest Management Plan for the region.,</p> <ul style="list-style-type: none"> • Field Inspection to find if erosion signs exist at both Supplier and Monitoring Audit checklists.
<p>2.2.1 2.2.6</p>	<ul style="list-style-type: none"> • Disallow feedstock from clear-cut areas above the maximum limit is the last chance measure used by BP to prevent an entry when a “low risk” is not confirmed for this indicator. • Qualification of the suppliers to select those with best management practices who are able to understand and comply with soil damage prevention. • Promoting good practices after sending and making presentation of Good Practices on forestry. • Monitoring as above described. 	<ul style="list-style-type: none"> • Checklist completed by supplier/property owner with questions about size area and type of cutting Consultation of the respective PROF to find the the maximum clearcutting area or the size of even aged monoespecific forest stand. • Inspection to confirm the supplier statements and verify the harvesting operations done.
<p>2.4.1 2.4.2</p>	<ul style="list-style-type: none"> • Approval and qualification of the suppliers to select those with best management practices who are able to understand and comply with ecosystem services provided by forests. • Promoting good practices: Each supplier is provided with description of good practices • Disallow feedstock from areas with proven threats to the health and vitality of the forest is the last chance measure used by BP to prevent an entry when a “low risk” is not confirmed for this indicator. • Monitoring as above described. 	<ul style="list-style-type: none"> • Checklist completed by supplier/property owner includes some abiotic and biotic forest questions like fire, plagues and diseases. • Inspection by BP team include environment questions related to machines (oil, maintenance among others) and also forest productivity, vitality and sanity factors
<p>2.5.1</p>	<ul style="list-style-type: none"> • Disallow feedstock from areas with abusive use of the fences is the last chance measure used by BP to prevent an entry when a “low risk” is not confirmed for this indicator • Monitoring as above described. 	<ul style="list-style-type: none"> • Checklist completed by supplier/property owner includes specific question about the use of fences around the forest area. • Inspection is also made with a point to fulfill regarding social requirements.
<p>2.8.1</p>	<ul style="list-style-type: none"> • Approval and qualification of the suppliers to select those with best management practices which include Health and Safety procedures in every harvesting, loading and field transportation operations • Promoting good practices after sending and making presentation of Good Practices on forestry • Disallow feedstock where failure to comply with health, safety and workers’ rights have been proven is the last 	<ul style="list-style-type: none"> • Documentation from the supplier/property owner include Insurance, Aptitude forms, Declarations from Social Security, Training records, Records of PPE distribution, among other documents and information. • Field inspection is done by BP team to confirm all the Operations procedures

	<p>chance measure used by BP to prevent an entry when a “low risk” is not confirmed for this indicator</p> <ul style="list-style-type: none"> • Monitoring as above described. 	<p>in respect to Health and Safety, generating records.</p>
<p>2.9.1</p>	<ul style="list-style-type: none"> • Approval and qualification of the suppliers to select those with best management practices which include understanding and complying with requirement of riparian species and old oaks. Promoting good practices after sending and making presentation of Good Practices on forestry • Disallow feedstock from riparian areas and harvest or conversion of mature oak after 2008 is the last chance measure used by BP to prevent an entry when a “low risk” is not confirmed for this indicator. 	<ul style="list-style-type: none"> • Checklist completed by supplier/property owner include question about forest stand occupation before 2008, detailing forest areas dominated by oaks or riparian and the cutting license for Protected and classified áreas cork and holm oaks and riparian species. • Inspection is done to confirm and fullfill the same kind of conditions respecting licenses.

10 Non-conformities and observations

NCR: 01/18	NC Classification: Minor
Standard & Requirement:	Standard #2 V1.0 - Verification of SBP-compliant feedstock – 16.1
Description of Non-conformance and Related Evidence:	
<p>BP has developed Mitigation Measures (MM) to apply in all 13 indicators which are rated as Specified Risk. These Mitigation Measures are based in a two step approach in which BP selects the Suppliers (first step) and then execute field visits to all the FMU's sourcing feedstock with potential to be considered as Low Risk (second step).</p> <p>The strength of the designed MM's can be found on the results of the first round of application in 2017 year, meaning that only 8 out of 14 potential suppliers were formally selected at the first step. Also the results of second step field visits were rejecting 7 supplies, with justifications described about the risks that couldn't be mitigated.</p> <p>However during the audit it was possible to see that the mitigation process is complex and dynamic and BP must improve its system accordingly in order to reduce all the indicators classified with specified risks to Low Risk. There were some issues identified during the audit to field visits:</p> <ul style="list-style-type: none"> • in a FMU located in Mértola county inside a Classified Area Natura 2000 -ZPE Guadiana- it was found a pine thinning of 170 ha where 95% trees were cutted over the size of 50ha indicated for the region (HVC 4 & HVC5). No approved Forest Management Plan or a license from the Authorities ICNF was found (indicators 2.1.1 & 2.1.2). BP team identified correctly the classified area and also considered well the benefits of cutting the pine stands according to the classified area guidance management rules. The cutting was not continuous because of terrain slope and also some areas were left around the water dams but it was a 95% cutting, in the edge of defforestation. Anyway at the field note BP team recorded correctly a "strong thinning converting to herbaceous vegetation" at the monitoring cheklist audit (Auditoria de Monitorização Exhibit 21). Also the supplier recorded correctly that the area was to become defforested. Even so, in the end the BP team considered the supply as Low Risk to all indicators with no mention of conversion indicator 2.1.3. About conversion it was found a wrong interpretation by BP at summary 2.1.3 Indicator MM and also at SBR Annexe 1 (Exhibit 9), considering only the conversion from natural forests in contrary to SBP indicator which includes conversion from all forests, not only natural forests; • Visit at a 800 ha logging site in FMU at Alcácer-do-Sal could show an operation of tree stump removal included at a pine thinning that doesn't maintain or improves soil quality (Indicators 2.2.1 and 2.2.2) . No Forest Management Plan was available. The stump removal operation was starting at the audit day, so it was not seen by BP team before. <p>As the mitigation measures are implemented and these issues contain only fraction of the complex system for assurance that only low risk material is sourced this non-conformity is considered as minor.</p>	

Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next annual surveillance audit, but not later than 6 months from report finalisation date
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN

NCR: 02/18	NC Classification:Minor
Standard & Requirement:	Standard #4: Chain of Custody:16.1(point of report)
Description of Non-conformance and Related Evidence:	
During the audit all quantitative elements asked were presented to auditor, however the presented annual volume summary include some inconsistencies which disallow to conclude the volume summary of the audited period. (Exhibit 3- Consumos2017).	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next annual surveillance audit, but not later than 12 months from report finalisation date
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN

NCR: 03/18	NC Classification:Minor
Standard & Requirement:	Standard #2 V1.0 - Verification of SBP-compliant feedstock – 18.4
Description of Non-conformance and Related Evidence:	
The Glowood SBR, includes a SBE summary of mitigation measures and results of monitoring actions. Exhibit 4 SBR 2017. Exhibit 9 - Annexe 1. However some relevant details are missing which could help the full understanding of the mitigation mechanism, such as:	

<p>1) Clarification when the onsite supplier audit(s)/field visits are done (each FMU, Supplier, delivery etc.);</p> <p>2) Detailing what pieces/implemented procedures are needed from the suppliers for their qualification;</p> <p>3) Details about the monitoring system implemented;</p> <p>4) Details about verifiers checked for each indicator at documents, web and on-site visits;</p> <p>5) Details about BP procedures if problems are identified at the FMU/supplier level (NCR, stop sourcing, etc.)</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	By the next annual surveillance audit, but not later than 12 months from report finalisation date
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN

OBS: 01/18	Standard & Requirement:	SBP Standard # 4 requirement x
	Report Section	Appendix C p 16.1
Description of findings leading to observation:	<p>One purchasing invoice was found (ALTRI 109 30-11-2017 Exhibit 10) corresponding to FSC 100%/100% PEFC raw material transportation documents (numbers 084998, 084997, 084996, 090840, 084995) which didn't include description or FSC and PEFC category accordingly. During the audit the supplier was contacted and could send a corrected invoice (Credit Note 9000001/10-01-2018 and invoice 1000003/10-01-2018 Exhibit 11).</p>	
Observation:	<p>Organization should reinforce its reception procedures to all involved personnel.</p>	

11 Certification decision

Based on Organisation's conformance with SBP requirements, the auditor makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification approved: Upon acceptance of NCR(s) issued above
<input type="checkbox"/>	Certification not approved:
Based on auditor's recommendation and NEPCon quality review following certification decision is taken:	
NEPCon certification decision: The Biomass Producer has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be maintained. Additionally, the scope of the certificate can be extended for SBE, primary feedstock from Portugal continental.	
Certification decision by: Ondrej Tarabus	
Date of decision: 06/03/2018	
Next surveillance audit should take place:	<input type="checkbox"/> within 12 months <input checked="" type="checkbox"/> more frequently (6 months)

12 Surveillance updates

12.1 Evaluation details

Please see in a section: p.6.2. Description of evaluation activities

12.2 Significant changes

Major change since last audit is the SBE implementation by BP as described above.

12.3 Follow-up on outstanding non-conformities

NCR: 01/17	NC Classification: minor
Standard & Requirement:	SBP Standard # 2 requirement 6.2.
Description of Non-conformance and Related Evidence:	
<p>In case of secondary feedstock, according to internal procedures and records reviewed during the audit, every 15 days, Glowood select one supplier of secondary feedstock and ask all “manifestos” used in that month for the primary feedstock where the origin at the level of FMU is specified. The internal document “Verificacao de origen de material florestal” is fulfilled with references to all “manifesto” codes which gave rise to the secondary material.</p> <p>During the audit, some internal audits were sampled for revision:</p> <p>The report from Palser (March 2017) included 5 manifestos with origin within the Supply Base and one self-declaration from Palser with a commitment to inform the BP in case the origin of the feedstock used will be different from Portugal. In the same line was reviewed the report from Madeca (December 2016).</p> <p>The other supplier audit sampled Bento acts as trader from 2 sawmills (Cercalserra and Milane Carmo). Manifestos with information at the level of FMU have been provided in case of Cercalsera but only information at the level of the sawmill location have been provided for Milane Carmo. In this last case, there is no enough records of the origin of the secondary material at FMU level as it is requested by the indicator.</p> <p>Based of the scope, impact and occurrence of this lack of information the NCR is classified as minor.</p>	
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	By the next annual surveillance audit, but not later than 12 months from report finalisation date
Evidence Provided by Organisation:	The Organization contacted the supplier (Bento) to send the sub-supplier Milne e Carmo about FMU origin documents.

	<p>As no successful answer was given, the Organization suspended all the supplies from Bento (Exhibit 12 email 5/01/18), and remove this supplier from the suppliers list (Exhibit 8 COC-CW-Supplier-Management-Glowood_V2).</p> <p>Also there was a credit removal from the FSC CW credit-account since 30/06/17 (Exhibit 14_Conta Creditos).</p>
<p>Findings for Evaluation of Evidence:</p>	<p>The provided evidences were verified and could show that the origin of material on this supply chain was not evidenced, even after the Organization's efforts.</p> <p>As such the Organization has suspended the supplier from their supply-chain, and removed the equivalent credits from the FSC Controlled Wood credit-account and on sequence from SBP Controlled Biomass.</p> <p>During the audit the evidences provided above by Organization were verified, and also the following:</p> <ul style="list-style-type: none"> - Chapter 11_CoC Manual (Exhibit 1a) Manual CDR 08) - Chapter 6.1, Non-conforming FSC product (Exhibit1c PSI-07); - Chapter 4.2, Supplier qualification procedures(Exhibit 1b PSI.16) - Chapters 6 & 7 DDS (Exhibit 1d PSI 15.2); - The total amount of the envolved supplier was checked, and it was found it was not over 0,65% during the year 2017 (and 1,67% on 2016 year) ; - All other supplies of secondary material were verified and they could show that Organization could access to origin document in the great majority of them (14 manifests verified from Cercalserra, Madeca and Palser). - And when the origin was not evidenced, the same procedure was implemented, meaning suspension of the supplier Goldsermad (Exhibit 14); - <p>All this verifications could demonstrate that the question was addressed by Organization according to FSC and SBP applicable requirements.</p>
<p>NCR Status:</p>	<p>CLOSED</p>

<p>NCR: 02/17</p>	<p>NC Classification: minor</p>
<p>Standard & Requirement:</p>	<p>SBP Standard # 2 requirement 7.1.</p>
<p>Description of Non-conformance and Related Evidence:</p>	
<p>The BP has prepared a Supply Base Report (SBR) and the report from the main evaluation is updated under the BP's website. https://glowood.yolasite.com/resources/SBR-2015-EN.pdf</p> <p>The BP has not upload yet the latest SBR from 2016 reviewed during the annual audit with the updates done for the last reporting period from 2016.</p>	

Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next annual surveillance audit, but not later than 12 months from report finalisation date
Evidence Provided by Organisation:	Organization has upload the latest versions of SBR from 2016: http://glowood.pt/wp-content/uploads/2016/12/SBR-2016-PT-final.pdf http://glowood.pt/wp-content/uploads/2016/12/SBR-2016-EN-final.pdf
Findings for Evaluation of Evidence:	The SBRs above listed were updated according to 2016 year reporting period.
NCR Status:	CLOSED

NCR: 03/17	NC Classification: minor
Standard & Requirement:	SBP Standard # 4 requirement 5.5.2
Description of Non-conformance and Related Evidence:	
Relevant staff is aware about the existing 2 claims. Written procedures also include SBP compliant biomass and SBP-controlled biomass as the 2 possible claims. See Manual CdR.02 section 7.2. Invoices reviewed include partially the SBP claim. It is included “SBP controlled” instead of the fill claim ‘SBP-controlled biomass’.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next annual surveillance audit, but not later than 12 months from report finalisation date
Evidence Provided by Organisation:	Organization has corrected the invoicing system to include the complete SBP Claim.
Findings for Evaluation of Evidence:	Verified invoices included complete SBP claim: Exhibit 15# FTV/20170079 Exhibit 16 # FTV/20170065
NCR Status:	CLOSED

NCR: 04/17	NC Classification: minor
Standard & Requirement:	SBP Standard # 5b requirement 6.1.5.
Description of Non-conformance and Related Evidence:	
6.75% of biodiesel is used in Portugal as it is published by the national entity for fuel markets. This percentage has not been reported in the SAR document by the BP, it has been included in CB comments (pag. 15). http://www.enmc.pt/pt-PT/atividades/biocombustiveis/explicador/incorporacao-metas-e-obrigacoes-2/	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next annual surveillance audit, but not later than 12 months from report finalisation date
Evidence Provided by Organisation:	Organization as modified its 2017 SAR to include the biodiesel share. Exhibit 2 – SAR2017
Findings for Evaluation of Evidence:	Verified the SAR 2017, could show Organization has used the biodiesel share for the Country.
NCR Status:	CLOSED

12.4 New non-conformities

See section 10.

12.5 Stakeholder feedback

See section 7.5.

12.6 Conditions for continuing certification

The certificate can be maintained under the condition that the next surveillance audit (focused on SBE aspect of the SBP system) will be conducted within 6 months from the approval of this report.

12.7 Certification recommendation

Certificate can be maintained.

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Natércia Carvalho, ncarvalho@glowood.pt
Auditor(s):	Rui Simões
People Interviewed, Titles:	<p>João Baetas, Engº Mec., CEO Natércia Carvalho, Engª Amb., Resp. QAS Giovanni Alencastro, Engº Flor. Cons. Externo Ana Carina Sobral, administration (invoices and delivery records) Felipe Costa, material reception; Sérgio Martins, Engº Elec., Production Director. Vasco Cortinhas, Panel Operator João Neto, Turn Chief Sandro Jacinto, Packaging Diogo Sobral, Loader Machine</p> <p>At the field visits: Bioflorestal/Transfialense Arménio Cardoso, chips operator Sérgio Pinho, tractor Rafael Carvalho, escavator Henrique SIlva, forwarder :</p> <p>Ecotimber: Manuel Roque , Fellerbuncher operator Vitor Vidal, Chainsawer</p> <p>Biopower: Claudia, Field Coordinator Gonçalo Gonçalves, chainsawer</p>
Brief Overview of Audit Process for this Location:	See section No. 6 above
Comments:	N/A