

NEPCon Evaluation of Glowwood-Indústria, SA Compliance with the SBP Framework: Public Summary Report

Third Surveillance Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.4

*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

| | |
|---------------------------------|---|
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| Current report completion date: | 15/May/2019 |
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| Name of the Company: | Glowood, Industria S.A. |
| Company contact for SBP: | Natércia Carvalho, ncarvalho@glowood.pt, +351 269 949 393 |
| Certified Supply Base: | Portugal |
| SBP Certificate Code: | SBP-01-30 |
| Date of certificate issue: | 18/Aug/2016 |
| Date of certificate expiry: | 17/Aug/2021 |

This report relates to the Third Surveillance Audit

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.

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

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from <https://sbp-cert.org/documents/standards-documents/standards>

- SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)
- SBP Framework Standard 2: Verification of SBP-compliant Feedstock (Version 1.0, 26 March 2015)
- SBP Framework Standard 4: Chain of Custody (Version 1.0, 26 March 2015)
- SBP Framework Standard 5: Collection and Communication of Data (Version 1.0, 26 March 2015)

4.2 SBP-endorsed Regional Risk Assessment

N/A

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Glowood – Indústria, 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. 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 Company'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 increased since the first evaluation in 2016, because now it includes the Azores islands also, as a very small quantity of wood biomass (126 metric tonnes) came from São Miguel Island.

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.

Azorean productive forest of Eucalyptus and Cryptomeria stands are those that have the main market economic interest, being Cryptomeria stands occupying about of 12.500 hectares, which corresponds to 60% of the area of production forest.

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 (ha): FSC: 423.580 ha PEFC: 268.813 ha

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. 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 audit was carried out between 25th to 27th of February 2019, which included also FSC audit. Three days were needed for the onsite audit and two additional days for the documentation review prior the audit and reporting.

| Activity | Place | Auditor(s) | Data/hora |
|--|-----------------------|------------|---------------------------|
| Opening meeting* | Office, | RS | 25/02/2019 10.00-10.30 |
| New SBP and FSC Requirements and procedures review FSC & SBP STD Open NCR's and OBS SBP/FSC | Office, | RS | 25/02/2019 10:30-12.00 |
| SBE, Mitigation Measures, Stakeholders Consultation and e SBP Standard #1 /FSC CW-DDS | Office | RS | 25/02/2019 10:30-12.00 |
| Interview with staff responsible for purchase /sales department | Purchasing department | RS | 25/02/2019 12:30-13:15 |
| Break | | | 25/02/2019 13:15-14:15 |
| Feedstock and suppliers records with purchasing staff interviews | Office, | RS | 25/02/2019 14:15-16:45 |
| Meeting with feedback from the first audit day and preparation of field day | Office, | RS | 25/02/2019 16:45-18:00 |
| Opening meeting | Office, | RS | 26/02/2019 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 | 26/02/2019 09.30-13.00 |
| Break | | | 26/02/2019 13:00-14:00 |
| CoC cycle and H&S with site tour. Interviews to relevant staff. Reception, logyard, industrial areas, warehouse | Production unit | RS | 26/02/2019 14:00– 16:00 |
| Collection and communication of sustainable data SAR, Static Biomass Profiling Data, SBR, | Office | RS | 26/02/2019 16:00 - 17:30 |
| Field visit to suppliers | Herdade Do Cabeção, Corte Gafo, Mértola Herdade das Quintas, Colos Herdade do Raco, São Luís Herdade da Fonte da Telha, Santa Cruz, Santiago ZILS, Sines | RS | 27/02/2019 08:45-17:00 |
| Auditor preparation | Office | RS | 27/02/2019 17:00-17:30 |
| Closing meeting | Office, | RS | 27/02/2019 17:30-18:00 |

| | | | |
|---------------------------------|--------|----|---------------------|
| Estimated end of the evaluation | Office | RS | 27/02/2019 18:00 |
|---------------------------------|--------|----|---------------------|

6.2 Description of evaluation activities

The audit visit was focused on management system evaluation: division of the responsibilities, document and system, input material classification (reception and registration), analysis of the existing FSC CoC system and FSC CoC system control points as well as the collection of the energy and emission data.

Description of the audit evaluation:

The 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 Report, were evaluated during the assessment.

Auditor was welcomed at Glowood. Audit started with an opening meeting attended by the Quality Manager, the Chief Officer and an external consultant that supports the company in the SBP (and FSC) 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 nrs. 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, 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 as well as other persons having key responsibilities within the system were interviewed.

Open NCR's were evaluated to understand the management modifications and other BP development addressed to close them.

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.

After the first round another field day was needed to complete de SBP Standard #1 assessment, regarding mitigation measures applied by BP at FMU's level. The visited FMU's were V#FMU of all of the ones which have been included by BP to the SBE scope, meaning out of 19 FMUs , 5 of approved FMU's were visited.

At the end of the audit findings were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the all the Glowood team.

Composition of audit team:

| Auditor(s), roles | Qualifications |
|----------------------------|---|
| Rui Simões Lead Auditor | Forestry engineer > 20 year experience in forest project, management and works. Author of several fluvial and desertic restoration projects and field works. FSC, PEFC in SBP and COC auditor for NEPCon. EU nature conservancy projects evaluator. PhD Climate Change student. International experience working on English, Spanish and French language, besides mother Portuguese. International experience working on English, Spanish and French language, besides mother Portuguese. |

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6.3 Process for consultation with stakeholders

Not applicable for this audit

7 Results

7.1 Main strengths and weaknesses

Strengths:

BP purchases of FSC certified and SBP compliant feedstock and both has increased comparing with last year.

Weaknesses:

BP purchases of biomass are being sourced from areas more far away from the plant compared to last year.

7.2 Rigour of Supply Base Evaluation

Supply Base has increased to include Azorean islands, but Glowwood did not included this region in the scope of the Supply Base Evaluation (SBE). As such, the SBE is still the same from 2018 year, found at

SBP GLOWOOD

As no unspecified risks were found (only specified), no Supplier Verification Program was performed by BP.

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 as initially proposed.

7.3 Collection and Communication of Data

SAR completion has been done according to the standard and all data provided by the BP were verified for their consistency and accuracy.

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 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

Any comments were reported by BP form stakeholders.

7.6 Preconditions

NA

8 Review of Company’s Risk Assessments

Company Risk Assessment was not changed since previous audit.

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.

Table 1. Final risk ratings of Indicators as determined BEFORE the SVP and any 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 2. Final risk ratings of Indicators as determined AFTER the 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 Company’s mitigation measures

Mitigation measures taken by BP to address specified risks have the following development:

- a) Suppliers evaluation and selection to assure they comply with relevant legal requirements, which is done by a group of procedures including declaration (IMP31), collection of information and internal monitoring audit by forest specialist and quality manager.
- b) Harvesting Plot – All the FMU’s for the SBE process are evaluated prior to harvesting by the external forest specialist. The first step is to conduct a desk assessment evaluating different documents received from the suppliers and FMUs. Based on the information received, it is designated whether low risk for all indicators was reached or if field assessment is necessary. Field assessment process is applicable to all FMU’s were documents evaluated during the desk verification did not clearly prove that there is low risk for specific FMU. In case the evaluation of the documents did not prove clearly the low risk for each FMU field verification done by forestry expert is carried out prior the harvesting works..

During the harvesting plot assessment all the specified risk indicators related with FMU’s and harvesting process are checked.

| Indicator | Description |
|----------------------------|--|
| 2.1.1 | <i>The Biomass Producer has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped.</i> |
| Mitigation measures | <ul style="list-style-type: none"> • Suppliers Qualification and Control Program (PSI 16 -Programa de Qualificação e Controlo Fornecedores), including consultation of cartography and others information sources, and verification that forests and other areas with high conservation values (HCV), specifically HCV 1.2, HCV 1.3, HCV 1.4 and HCV 3, are identified and mapped. • GPS onsite and desk map verification • Disqualify material coming from areas where high conservation values are not identified and mapped. |
| 2.1.2 | <i>The Biomass Producer has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.</i> |
| Mitigation measures | <ul style="list-style-type: none"> • Consultation of information sources regarding HCVs. • Procedures for conduct specific field audits to identify and address real and potential threats to forests and other areas with high conservation values, specifically HCV 1, HCV 2, HCV 3 and HCV 4, which were previously identified and mapped. • Promotion of Good Forest Practices • Disqualify material coming from areas where forest management and operations represent evident threats to HCV 1, HCV 2, HCV 3 and HCV 4. • Monitoring plan |

| | |
|----------------------------|---|
| | <ul style="list-style-type: none"> • GPS onsite and desk map verification • Field audit |
| 2.1.3 | <i>The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is not sourced from forests converted to production plantation forest or non-forest lands after January 2008.</i> |
| Mitigation measures | <ul style="list-style-type: none"> • Consultation of historical information sources and information from stakeholders • Analysis of owner's information regarding the past and future area's covering and use. • Procedures to conduct monitoring field audits to verify if feedstock is or is not sourced from forests converted to production plantation forest or non-forest lands after January 2008. • Promotion of Good Forest Practices • Monitoring plan • Disqualify material coming from areas where natural forest were converted into Eucalyptus or other plantation from 2008, or to be converted with Eucalyptus or other plantation, or transformed into pasture, agriculture or other non-forest use; • desk map verification • Field audit looking for signs of conversion in the ground. • Stakeholders and landowner consultation |
| 2.2.1 | <i>The Biomass Producer has implemented appropriate control systems and procedures to verify that feedstock is sourced from forests where there is appropriate assessment of impacts, and planning, implementation and monitoring to minimise them.</i> |
| Mitigation measures | <ul style="list-style-type: none"> • Consultation of information sources and legislation regarding impact assessment. • Analysis of information from the area regarding social and environmental aspects • Procedures for conduct field audits to verify social and environmental aspects and the appropriate assessment, planning and implementation of measures for minimise real or potential impacts, especially in case of clear cuttings made over a specific size area, defined regionally by each Regional Forest Plan (PROF), as the maximum clearcutting area or the size of even aged monocultural forest stand. • Promotion of Good Forest Practices • Monitoring plan • Disqualify material coming from areas where no appropriate assessment of impacts, and planning, implementation and monitoring to minimise them, is confirmed; • Landowner Checklist |

| | |
|----------------------------|--|
| | <ul style="list-style-type: none"> • Field Audit |
| 2.2.2 | <i>The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is sourced from forests where management maintains or improves soil quality (CPET S5b).</i> |
| Mitigation measures | <ul style="list-style-type: none"> • Consultation of information sources and legislation related with soil aspects • Analysis of information from the area regarding soil erosion. • Procedures for conduct field audits to verify if forest management maintains or improves soil quality, especially in forest lands located on desertification susceptible area according to Forest Services (ICNF) cartography and with size above minimum size required for Forest Management Plan in respective PROF. • Promotion of Good Forest Practices • Monitoring plan • Disqualify material coming from areas where is confirmed that forest management do not maintains or improves soil quality. In this indicator special attention is given to erosion, slopes, and harvesting with excess of moisture in the soil. • Landowner Checklist • Field Audit |
| 2.2.3 | <i>The Biomass Producer has implemented appropriate control systems and procedures to ensure that key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).</i> |
| Mitigation measures | <ul style="list-style-type: none"> • Consultation of information sources regarding biodiversity • Analysis of information from the area regarding biodiversity. • Procedures for conduct specific field audits to identify and address real and potential threats to conservation of key ecosystems and habitats. • Promotion of Good Forest Practices • Monitoring plan • Disqualify material coming from areas where forest management and operations represent evident threats to conservation of key ecosystems and habitats. • Landowner Checklist • Field Audit |
| 2.2.4 | <i>The Biomass Producer has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).</i> |
| Mitigation measures | <ul style="list-style-type: none"> • Consultation of information sources regarding biodiversity. • Analysis of information from the area regarding biodiversity. • Procedures for conduct specific field audits to identify and address real and potential threats to protection of biodiversity. |

| | |
|-----------------------------------|---|
| | <ul style="list-style-type: none"> • Promotion of Good Forest Practices • Monitoring plan • Disqualify material coming from areas where is confirmed that forest management and operations do not ensure that biodiversity is protected. • Landowner Checklist • Field Audit |
| <p>2.2.6</p> | <p><i>The Biomass Producer has implemented appropriate control systems and procedures to verify that negative impacts on ground water, surface water and water downstream from forest management are minimised (CPET S5b).</i></p> |
| <p>Mitigation measures</p> | <ul style="list-style-type: none"> • Consultation of information sources and legislation related with water. • Analysis of information from the area regarding soil erosion. • Procedures for conduct field audits to verify if forest management maintains or improves soil quality, especially in case of clear cuttings at dimensions above to the maximum area indicated for each region by PROF (Regional Forestry Management Plan), in areas which are not managed by ICNF. • Promotion of Good Forest Practices • Monitoring plan • Disqualify material coming from areas where is confirmed that forest management do not minimise negative impacts on ground water, surface water and water downstream. • Landowner Checklist • Field Audit |
| <p>2.4.1</p> | <p><i>The Biomass Producer has implemented appropriate control systems and procedures for verifying that the health, vitality and other services provided by forest ecosystems are maintained or improved (CPET S7a).</i></p> |
| <p>Mitigation measures</p> | <ul style="list-style-type: none"> • Consultation of information sources regarding biotic and abiotic risks for the ecosystems services. • Analysis of information from the area regarding biotic and abiotic risks. • Procedures to access information from the area regarding biotic and abiotic risks, and procedures for conduct monitoring field audits to verify ecosystems services, social and environmental aspects and the appropriate assessment, planning and implementation of measures for minimise real or potential risks and impacts. • Promotion of Good Forest Practices • Monitoring plan • Disqualify material coming from areas where health, vitality and other services provided by forest ecosystems are not maintained or improved; • Landowner Checklist • Field Audit |

| | |
|-----------------------------------|---|
| <p>2.4.2</p> | <p><i>The Biomass Producer has implemented appropriate control systems and procedures for verifying that natural processes, such as fires, pests and diseases are managed appropriately (CPET S7b).</i></p> |
| <p>Mitigation measures</p> | <ul style="list-style-type: none"> • Consultation of information sources and legislation regarding natural processes (fires, pests, invasive species, and diseases). • Analysis of information from the area regarding invasive species, diseases, resources for fire prevention and protection • Procedures for conduct field audits to verify these aspects if necessary. • Promotion of Good Forest Practices • Monitoring plan • Disqualify material coming from areas where natural processes, such as fires, pests and diseases, are not managed appropriately. • Landowner Checklist • Field Audit |
| <p>2.5.1</p> | <p><i>Legal, customary and traditional tenure and use rights of indigenous people and local communities related to the forest are identified, documented and respected (CPET S9).</i></p> |
| <p>Mitigation measures</p> | <ul style="list-style-type: none"> • Analysis of information from the area regarding use and abuse of fences and inadequate signs and closed gates • Procedures for conduct field audits to verify these aspects if necessary. • Promotion of Good Forest Practices • Monitoring plan • Disqualify material coming from areas where is confirmed the use and abuse of fences and inadequate signs and closed gates in a way that customary rights are not respected (except in case of licensed cattle parks or big game hunting areas). • Landowner Checklist • Field Audit • License verification |
| <p>2.8.1</p> | <p><i>The Biomass Producer has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).</i></p> |
| <p>Mitigation measures</p> | <ul style="list-style-type: none"> • Suppliers training and qualification. • Confirmation of legal status of qualified suppliers in relation with health and safety requirements. • Procedures for conduct monitoring field audits to verify all the aspects related with health and safety of forest workers. • Promotion of Good Forest Practices • Monitoring plan • Disqualify material coming from areas where there are insufficient or inappropriate safeguards to protect the health and safety of forest workers. |

| | |
|-----------------------------------|--|
| | <ul style="list-style-type: none"> • H&S Documentation from supplier • Field Audit |
| <p>2.9.1</p> | <p><i>Feedstock is not sourced from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks.</i></p> |
| <p>Mitigation measures</p> | <ul style="list-style-type: none"> • Consultation of information sources regarding high carbon stocks areas (wetlands, peatlands and old mature forests stands). • Analysis of information from the area regarding the riparian vegetation and old mature forests stands. • Procedures for conduct monitoring field audits to verify if biomass is sourced from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks. • Promotion of Good Forest Practices • Monitoring plan • Disqualify material coming from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks. • Landowner Checklist • Field Audit • License verification |

10 Non-conformities and observations

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:

- applicable requirement(s)
- grading of the non-conformity (major or minor) or observation with supporting rationale
- timeframe for resolution of the non-conformity
- a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.

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| 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: | Consumos 2018 Exhibit 3 |
| Findings for Evaluation of Evidence: | During audit the volume summary was assessed and also the origin of the figures. It was considered as consistent with the requirement |
| NCR Status: | Closed |

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| 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: | |
| <p>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> <ol style="list-style-type: none"> 1) Clarification when the onsite supplier audit(s)/field visits are done (each FMU, Supplier, delivery etc.); 2)Detailing what pieces/implemented procedures are needed from the suppliers for their qualification; 3) Details about the monitoring system implemented; 4) Details about verifiers checked for each indicator at documents, web and on-site visits; 5) Details about BP procedures if problems are identified at the FMU/supplier level (NCR, stop sourcing, etc.) | |
| 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: | <p>PSI.16 –Programa de Qualificação de Fornecedores (Exhibit 1b) Annexe 1 (Exhibit 9) SBR – (Exhibit 4) IMP 44 (Exhibit 10)</p> |
| Findings for Evaluation of Evidence: | <p>The BP procedures were modified to include clarification on the field visits, supplier qualification, monitoring system (section 8 of PSI.16 (Exhibit 1b), and indicator check lists for field visits (IMP 44 Exhibit 10). Mitigation the risks procedure was developed to include more precise actions needed (section 9 of PSI.16 Exhibit 1b).</p> <p>The modified procedures were audited on the base of the results from one year, being visited during the audit #5 FMU's all accepted by BP as with low risks to all indicators and as such with feedstock being classified as "SBP compliant feedstock".</p> |
| NCR Status: | Closed |

11 Certification decision

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| Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken: | |
| Certification decision: | Certification approved |
| Certification decision by (name of the person): | Ondrej Tarabus |
| Date of decision: | 15/May/2019 |
| Other comments: | N/A |