

Control Union Certifications B.V.
Evaluation of Pelletsfirst
Produção e Comercialização de
Pellets de Madeira, SA
Compliance with the SBP
Framework: Public Summary
Report

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: Control Union Certifications; Meeuwenlaan 4-6; P.O.Box 161, 8000AD Zwolle, Netherlands.

Primary contact for SBP: Loek Verwijst

Report completion date: 14/Nov/2017

Report authors: Mr. L. Holm (Lead Auditor)
Mr. L. Vaz Freire (Auditor)
Mr. H. Jurczyszyn (Certifier)

Certificate Holder: Pelletsfirst, Produção e Comercialização de Pellets de Madeira, SA
Zona Industrial Casal da Areia, Rua B, Lote 81
2460-396 Cós, Portugal

Producer contact for SBP: Silvia Jorge

Certified Supply Base: Continental Portugal

SBP Certificate Code: SBP-06-13

Date of certificate issue: 31/Jan/2018

Date of certificate expiry: 30/Jan/2023

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

2 Scope of the evaluation and SBP certificate

The certificate scope covers the production site in Cós, Portugal. The Organisation has been audited against FSC® Chain of Custody certificate with FSC Controlled wood in the scope of the certification, the certificate has been issued in 2017. Feedstock used in the biomass production originates from Continental Portugal. A Supply Base Evaluation is not included in the scope of the evaluation.

The following SBP standards are applicable and form the scope of the evaluation and thus, the SBP certificate: Standard 2, Standard 4 and Standard 5. All material is either SBP compliant or SBP controlled through FSC certified or FSC controlled materials.

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 the 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 of the production processes, production site visit;
- Review of FSC system control points and an analysis of the FSC CoC system (certificate not yet issued);
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients; and
- GHG data collection analysis.

4 SBP Standards utilised

4.1 SBP Standards utilised

SBP Standard 2: Verification of SBP-compliant Feedstock

Version 1.0: published 26 March 2015

<https://sbp-cert.org/docs/2015-03/sbp-standard-2-verification-of-sbp-compliant-feedstock-v1-0.pdf>

SBP Standard 4: Chain of Custody

Version 1.0: published 26 March 2015

<https://sbp-cert.org/docs/2015-03/sbp-standard-4-chain-of-custody-v1-0.pdf>

SBP Standard 5: Collection and Communication of Data

Version 1.0: published 26 March 2015

<https://sbp-cert.org/docs/2015-03/sbp-standard-5-collection-and-communication-of-data-v1-0.pdf>

4.2 SBP-endorsed Regional Risk Assessment

Company is not having SBE in the scope of the certificate.

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

1. Summary of the company

The Enerpellets Group has its origin from an initiative coming from a group of professionals highly experienced in the management of companies. This group identified an export opportunity in the value chain of thermal and electrical production.

The Enerpellets Group is active in the energy business as a competent producer of renewable biomass, wood pellets. The Group has two industrial units located in Pedrogão Grande and Alcobaça, both units situated in the District of Leiria.

In 2011, the construction of the new pellet production plant in Alcobaça began, and its inauguration took place in October 2012.

Pelletsfirst is designed to be flexible and is therefore capable of producing pellets for the "commercial and domestic market" segments.

It is also prepared with the maximum flexibility in terms of receiving raw material, as it can process biomass forest waste, wood chips, sawdust costarian and it has a large capacity equipment for debarking, thereby reducing the percentage of ash in the final product.

This unit has an annual effective production capacity of 110,000 tons, and the final product can be supplied in bulk, in bags and in big bags.

Since part of its production is shipped by the Figueira da Foz Port, this port was selected for its relative proximity to Alcobaça

The transport of the pellets from the Unit to the Port of Figueira da Foz is guaranteed by truck, benefiting from excellent highways

The company purchases forest waste from the logging process as well as left - over's from the thinning of the forest and industrial sub-sawmills products like wood chips and timber processing residues.

The BP has a FSC credit system to manage their Chain of Custody.

5.2 Description of Biomass Producer's Supply Base

The forest material is provided by approximately 57 small and medium-sized companies, every company informed and controlled in order to have the necessary information about the management of the sourced area. Furthermore each one of these companies declares in writing their commitment for this purpose.

All of the material comes from forested areas in Portugal.

The wood material from Portugal, comes mainly from the forested areas in the districts of Aveiro, Beja; Castelo Branco, Coimbra; Évora, Leiria; Lisboa; Portalegre, Santarém e Setúbal.

Suppliers, who buy standing timber and contract the operation, make the selection of round wood for value added processes like saw mills (*Pinus spp*), wood pulp industries (*Eucalyptus globulus*). Left over's i.e. waste from forestry exploitation, namely thinning of forests and cleaning of round wood without any conditions for other uses (bent, defective round wood, a lot of resin, burned, sick trees, etc.) are destined for other processes giving economical value to this kind of woody material, including the manufacturing of wood pellets, energy production, and MDF chipboard.

The practice to buy left over's is encouraged by the company including a supply policy to promote the good use and the sustainability of forest resources. The reception of thinned wood is limited to diameters ≤ 40 cm, except in the cases of defective pieces without any possibility for use for in demanding added value processes.

The timber processing residues from the sawmilling industry (wood chips, slabs and sawdust) are provided from about 15 sawmills, who in their turn also supply wood from forested areas in Portugal. The main part of this material is coming from neighbouring forested areas and to a very small extent from other regions in Portugal.

Consequently the supplying area includes the Portuguese continental territory.

5.3 Detailed description of Supply Base

Portuguese Forest

The Portuguese Forest occupies 3.2 million hectares representing 35.4% of the national territory, one of the highest proportions of forested areas across Europe.

Land use in Portugal – 2010

Source: ICNF – Inventário Florestal Nacional, Resultados Preliminares, 2013

- 35% Forest
- 32% Brushwood and Pastures
- 24% Agriculture
- 5% Urban
- 2% Lakes and rivers
- 2% Not productive

Forest occupation (species) for Continental Portugal – 2010

Source: ICNF – Inventário Florestal Nacional, Resultados Preliminares, 2013

- 26% *Eucalyptus spp.*
- 23% *Quercus suber*
- 23% *Pinus pinaster*
- 11% *Quercus rotundifolia*
- 6% *Pinus pinea*
- 2% *Quercus spp.*
- 1% *Castanea sativa*
- 6% Other broadleaf species
- 2% Other conifer species

The forested land whose dominant species are *Eucalyptus spp* represents the largest area of the country (26%), 812,000 ha. The second in range is *Quercus suber* (737,000 ha; 23%), followed by *Pinus pinaster* (714,000 ha; 23%). The area occupied by conifer species corresponds to 31% of the total Portuguese forest, land and the rest (69%) is occupied by different hardwood species.

Over the period 1995-2010, forested areas show a decrease of - 4.6%, which corresponds to a net loss of - 0.3%/year (10000 ha/year). The net decrease of forested areas (-150 611 ha) is due mainly to their conversion to brushwood and pastures. Apart from that a significant size of forested land has been converted to urban use between 1995 and 2010 (28000 ha).

It is important to remember that this reduction is not very dramatic despite a decrease in forest area which demonstrates the Portuguese forests resilience. There have been very significant disturbances during the reviewed period like many wild fires. During the last two decades > 2,500,000 acres of forest burnt has burnt. Furthermore the outbreak of diseases such as the Pine Wood Nematode has severely affected the pine forest. The result has been the introduction of phytosanitary regulations and a national implementation of exceptional cutting of trees in affected areas, no other European country has been subjected to this level of disturbances.

The decrease of forested area is a result of land temporarily stripped of any trees (forest fires, harvested land and forest regeneration). The increase of forested area that can be explained in part by action of nature (natural regeneration) shows the natural aptitude of the Portuguese soil for forest use. The actions of the forest owners have also been important which have continued to invest in the forest through various actions of reforestation.

According to preliminary data in the IFN6, the principal changes for the land use of different forest species between 1995 and 2010, occurs at the level of the *Pinus Pinaster* demonstrating a decrease of about 263,000 ha (26.9%). The main part of this area was transformed into "brushwood and pastures" (165,000 ha) and converted to *Eucalyptus spp* (70, 000 ha). Other tree species have taken over 13 000 ha and finally forested land which was converted into urban space reached 13700 ha.

On the other hand, the area of the *Eucalyptus* has increased with about 95 1000 ha. Another fact to draw the attention to is the increase of *Pinus Pinea*, 46% in total area and 54% in terms of forested area.

The area for the remaining species has less expressive changes during the period 2005 to 2010.

According to "Estratégia Nacional para as Florestas" (National Forestry Strategy), the forest property in Portugal is mostly private, covering 2,800,000 acres. Small landholders own 84.2% of the total forested area. These properties are often family-oriented and only 6.5% of the forest land is owned by industrial companies. The Public Forest Estates correspond to 15.8% of the total forest land and only 2% (the lowest percentage in Europe) is directly owned by the State.

The size of the forest property has a very much defined geographical distribution. The largest number of properties is situated in the north and central part of Portugal. In these parts the size of a property is less than one hectare many times. It is estimated that there are over 400 000 forest owners in the country.

According to a study in 2013 (Estudo Prospectivo e Visão) published by AIFF (Competitiveness and Technology Center for the Forest Industries), the size of the properties is a key factor in the context for the Portuguese forest, with important repercussions on the activity regarding profitability and sustainability. In the north and the centre of the country around 54% of the forest area belongs to holdings with less than 10 hectares. The small size of the property is of particular relevance for the two main species whose distribution and exploitation areas are in the Central and Northern regions:

- ***Pinus Pinaster***: 63% is situated in woodlands with holdings less than 10 ha and 25% less than 2 ha;
- ***Eucalyptus spp***: 50% is situated in woodlands with holdings less than 10 hectares

Nevertheless according to the same study, the business structure in Portugal for the forest industry has some of the most representative European companies in the sector. From an international perspective of the transactions of forest products, the most important are: paper and paperboard, cork, furniture, wood and resin products.

The wood based industries, in particular the subsectors for resinous wood for industrial purposes and the resinous wood for sawing, essentially rely on the production of *Pinus Pinaster*. The pulp, paper and paperboard industry are based mainly on eucalyptus production.

According to the “Relatório de Caracterização da Fileira Florestal” published in 2014 (A characterization of the Portuguese Forest Industry by AIFF, Competitiveness and Technology Center for the Forest Industries), the forest sector presented a positive trade balance of 2,474,000,000 Euros in 2013. This value represents 9.1% of the total national exports of goods and 3.4% of the total national imports of goods. Forest industry occupies 2.2% of the total number of employees in Portuguese companies and 1.7% of the total occupied population.

Analysing the production of goods from the forest sector allows us to observe trends. The production of pine (coniferous wood for industrial purposes) presents a decrease of 3.6% in value since 2011 and, for the year 2002, a decline of 4.5%. In 2012, the production value of sawed wood was lower than the previous year (- 2.3%) as a result of reduced prices (-2.6%), though the volume increased (+0.4%), for the third consecutive year.

The production of *Eucalyptus* (hard wood for shredding) maintained its growing trend (only interrupted in 2009), showing an total increase of 63.4% and compared with previous year (2013), an increase of 9.2%. This high production increase for eucalyptus wood for industrial use turns *Eucalyptus* to the main forest asset (36,8%) almost 17 % higher than the production of resinous wood for industrial purposes.

According to AIFF in 2012, the gross value added (GVA) for forestry products showed an increase of 3.9% in volume and 2.4% in value, compared to 2011. There was also an 4,3 % increase in volume and 3,6 % in value in relation to the forestry production during the same period. In 2012 the GVA of the forest industry accounted for 1.2% of the national GVA, having maintained a significant weight among all the manufacturing industries (about 11%).

The analysis of the VAB by sector reveals a particular negative impact on the timber industries in recent years. The VAB value has been reduced by approximately 40% between 2007 and 2012 (- 429 1,000,000 Euros). This value is much higher than the values recorded for the sector of pulp and paper, paperboard and wood articles (- 4%). However considering the whole period (2004-2012), this segment reports a GVA growth.

According to Centro PINUS (Association for the development of the Pine Forest), as to recently published data from the INE (National Institute of Statistics), the turnover for pine wood industrial companies in 2014 was 3,600,000,000 Euros, representing an increase of 9% compared to 2013. The pine wood industry succeeded in reaching a turnover of 46% for the wood manufacturing sector in Portugal. This is an evidence as good as any for the powerful dynamism and economic importance of the pine wood industries in Portugal.

According to Pedro Sebastião Perestrelo de Souza e Holstein Campilho in his thesis “Assessment of National Potential for Forest Biomass Utilization for Energy Purposes” published in 2010, the trend of loss of socioeconomic sustainability for the Portuguese forestry sector in recent years, when supported with measurements to encourage the production of renewable energy, transforms this situation into a set of developments increasing the demands for biomass from logging residues for energy use. The demand for biomass tends to be met in the short term, in scenarios more or less sustainable. However, in the medium and long term projection, and without considering significant increases in the demand for this resource, the result will be difficulties to meet existing market demands and to secure sustainability as those observed in the short term.

The pine forest is distributed throughout the Portuguese territory. *Pinus Pinaster* occupies 23% of the continental forested area, mostly located in the small holdings. *Pinus Pinea* occupies 6% of the total forest area of the Portuguese mainland, with main distribution area in the South of the country.

According to a Spanish report, "Diagnóstico del Sector Forestal Español Análisis y Prospectiva - Serie Agrinfo/Medioambiente nº 8", Spain has 18,400,000 ha of forested area, corresponding to 36.3% of the national territory which is the third largest forested area among European countries. Currently, 68.6% of the forest area is private and 31.4% public, mainly owned by local authorities (Ayuntamientos).

There is a huge diversity, both in the number of existing species as to the variety of forest types. According to the National Forest Inventory, more than 80% of the forest areas are composed of two or more species.

As reported by "Criterios e Indicadores de gestión forestal sostenible en los bosques españoles" ("Criteria and indicators for sustainable forest management in Spanish forests" a publication by the MINISTERIO DE AGRICULTURA, ALIMENTACIÓN Y MEDIO AMBIENTE, the volume of wood including bark, according to the third National Forest Inventory, achieves a figure of 927,760,000 m³. The average annual production of timber and firewood, according to the data available (2005-2009) was 17,190,000 m³ with bark - 14,450,000 m³ debarked.

The average soft wood production corresponds to 45% of the total production, 35% is hardwood and 20% are mixtures of several species. The main wood-producing species are *Eucalyptus spp*, *Pinus Radiata*, *Pinus Pinaster*, *Pinus Silvestris* and *Populus spp*, totalizing an annual production close to 500,000 m³ or more.

Between 1970 and 2010 the forest surface in Spain increased by around 6,480,000 ha. Between 1990 and 2010 the growth was 31%, (4,400,000 ha), with an average rate of 210,000 ha/year. Spain is the country in Europe with the fastest growing forest area.

Forestry and timber harvesting together with wood industry and paper produced 2009 a GVA of € 6,635,000,000 Euros, representing a direct contribution of 0.63% to the Spanish GDP. Forestry and timber harvesting employed in 2013 approximately 31,000 active workers in average, while forest-based industry (wood, cork and paper) occupied around 104,600 workers.

The forests composed of *Pinus Pinaster* are normally maintained as high growing trees and are regenerated naturally by sowing or planting.

The work operations initially intend to gradually reduce the density of plants from 1200 to 1600 trees/ha when applying natural regeneration and sowing. In the beginning in rows and then selectively by harrowing or mechanical or manual trimming.

After 10 years the first pruning can be done (1 to 2) and thinning (2 to 3). The cut material is used and the final cut is done after 30-40 years, corresponding to about 500 to 600 trees/ha. The spontaneous vegetation along the growth process is controlled by harrowing or mechanical or manual trimming. When using natural regeneration approximately 25 large trees/ha are left as a seed source.

Before planting, the soil is prepared with harrowing, ripping or by sub soiling. If the area is sloping > 30% the preparation and planting is manually done. The planting density depends on the quality of the site; 1200 to 1600 trees/ha.

The techniques applied for *Pinus Pinea* when planting depends on the final purpose of the forestation: production of wood or pine nuts.

When the forest production will be used for wood based products the natural pruning is tightened and encouraged (4 x 3). The distance between lines should allow the passage of agricultural machines for the cleaning of the forest. In stands for production of pine nuts (using or not grafting techniques), the trees must grow in good light and with good ventilation, in order to develop large crowns that promote the production of cones. The most widely used measure is (5 x 5), but (6 x 5), (6) and (8 x 6) are also used.

In sites well adapted to ***Pinus Pinea*** natural regeneration is reliable. The natural spread of this species presents a high quantity of plants per hectare. The selection of those plants in the beginning will guarantee that the selected ones will have the best conditions.

Stand tending is done through pruning and thinning which produces considerable amounts of woody material. The first pruning occurs 5/6 years after planting. The second pruning occurs after 10/12 years and taking into considering the development of the stand. This pruning often coincides with the first thinning. The third pruning will occur after 20/25 years coinciding with the second thinning. The final cutting is typically done from 40 years age.

Eucalyptus forestry (mainly ***e. globulus***) is based on the clear-cutting of the forest, typically between 10 to 15 years of age. All wood is used, removed from the stand with or without bark (Simple Coppice). The plants are rotated and cut one, two or even three times. After every cut a selection of seedlings is left. After the last final cutting considered productive the area is reforested. In mixed populations with pine trees, the system is based on a thinning of the forest in order to leave a percentage of remaining trees for future utilization and rotating the seedlings from cut strains of eucalyptus trees (composed coppice).

An eucalyptus plantation starts with the preparation of land, which normally means the shredding of existing wood material which will be incorporated in the soil preparation. After this the normal procedure is tillage (harrowing, ripping and sub soiling).

Fertilization depends on the quality of the site and the landowner's conditions. The planting is done with a planting density from 1,100 to 1,300 plants per hectare. Between the second and the sixth year it is recommended to do a second fertilization and a control of competing vegetation.

The selection of seedlings is done every two or three years, maintaining the number of plants per hectare corresponding to the initial planting density.

In most cases, the cutting is done after 10 to 15 years. The system normally used for cutting is based on the combination of tractor processors and tractor loaders, usually with manual felling. .

The ***Populus spp*** is currently cultivated on a small scale. Depending on the nature of the soils (depth and moisture), the ground preparation is prepared late in summer or early fall. The model usually used is 4 x 4 meters. Plants from cuttings and one year old cuttings with buds are planted as deep as possible (0.5 meters) to develop a good root system.

Usually there is a strong competition from weeds which obliges hand weeding twice, complemented with surface harrowing during the first 4 years. The pruning during the first 3 to 4 years is very important to avoid forks and add value to the wood as normally the final destiny are production plants that process the round wood.

The ***Populus spp*** can be cultivated in coppice, with clear-cutting from 14 years of age, but often older depending the purpose and the opportunity of exploitation.

The ***Acacia spp*** is an invasive species in Portugal, appearing in pure or mixed stands. The plantation or cultivation of ***Acacia spp*** is not permitted but their exploitation is allowed.

A quantitative description of the Supply Base can be found in the Biomass Producer's Public Summary Report.

5.4 Chain of Custody system

The Organisation has been audited against FSC Chain of Custody. Valid FSC system description and other documents exist. The Organisation is implementing a FSC credit system. This Credit system is used for materials received as FSC certified, FSC Controlled wood and feedstock verified according to the

Organisation's own Controlled wood verification system, covering Continental Portugal. Feedstock whose origin cannot be verified as per the established Due Diligence system will be considered as Non-Controlled and will not be included in the production of certified products nor supplied as FSC CW - Controlled Wood. Supplier list is maintained. After the reception, incoming feedstock is unloaded into piles according to type of feedstock and load is registered into the recordkeeping system. All input material is weighted and recorded in tonnes. For the credit account purposed the volume of feedstock is recalculated by using the conversion factor of the production, FSC credit account is updated once in a month: data about received raw materials by FSC certification status and volume of sold pellets are recorded. In case of the FSC and/or SBP sales, the volume of sold pellets is withdrawn from the credit account.

6 Evaluation process

6.1 Timing of evaluation activities

The audit occurred between November 2-3, 2017 by the above-mentioned audit team. This report is the result of the findings of a certification evaluation carried out by an independent lead auditor and team of auditors representing Control Union Certifications. The purpose of the assessment was to evaluate the compliance of the client with respect to the standards used within the scope of the certificate

Activity	Date/time	Location	Executed by (role)
Preparation (telephone/email on scope and planning)	01/08/2017 1.5 hours	Remote	Loek Verwijst (certifier)
Public Consultation	28/09/2017	Remote	Lennart Holm (lead auditor)
Audit			
Opening meeting	02/11/2017 09:00-09:15	Pelletsfirst	Lennart Holm (lead auditor)
Review of documents and records, Supply Base Report	09:15 – 12:00	Pelletsfirst	Luis Vaz Freire (auditor)
Review of COC system/procedures, interview responsible personnel	13:00 – 15:00	Pelletsfirst	Lennart Holm (lead auditor)
Interviews key personnel purchase and sales	15:00 – 17:00	Pelletsfirst	Lennart Holm (lead auditor)
Review of documents and records, Supply Base Evaluation	09:15-17:00	Pelletsfirst	Luis Vaz Freire (auditor)
Supplier verification	03/11/2017 09:00 – 18:00	Pelletsfirst	Lennart Holm (lead auditor)
Tour of the facilities	09:00 – 12:00	Pelletsfirst	Lennart Holm (lead auditor)
Tour of the port in Figueira da Foz	09:00 – 12:00	Pelletsfirst	Luis Vaz Freire (auditor)
GHG paper audit and evidence review	12:00 – 16:00	Pelletsfirst	Lennart Holm (lead auditor)
Business integrity, social, health and safety requirements. Logo/Trademark use	12:00 – 16:00	Pelletsfirst	Luis Vaz Freire (auditor)
Closing Meeting	16:00- 17:00	Pelletsfirst	Lennart Holm (lead auditor)
Report writing	14/11/2017	Remote	Lennart Holm (lead auditor)

6.2 Description of evaluation activities

The audit consisted of an opening meeting, during which the scope was confirmed. The auditor also explained the methods to be employed during the audit.

After this introduction, all relevant requirements of the applicable SBP standard(s) were verified on compliance through the use of a report template and checklists.

The audit was completed by filling in the audit report and discussing the audit results. During this closing meeting it was also discussed how evidence can be submitted of corrective action with respect to non-conformities that were identified during the audit.

1. Names and affiliations of people interviewed	
Name:	Affiliation:
Silvia Jorge	Pelletsfirst
Rui Rodrigues	Pelletsfirst
Assis Lopes Martins	Pelletsfirst
Ana Faustino	Pelletsfirst
Jose Mario Santos	Pelletsfirst

2. Critical control points, summary	
<i>Identified CCP</i>	<i>Evaluation CCP</i>
Sourcing and input check	Check prior to sending the material by supplier and check upon request
Reception and storage	Reception and storage of material based on credit control system.
Volume control	FSC Credit Control system
Labelling	No trademark use
Invoicing and shipping	Certified materials are either SBP Controlled or SBP Compliant

6.3 Process for consultation with stakeholders

Consultation with stakeholders' was conducted by Control Union on September 28, 2017, with a final date for submitting comments on October 30, 2017.

The process for stakeholder consultation consisted of sending direct email to different stakeholder categories: state institutions, local NGOs, authorities, government bodies, forest owners associations, academic and research institutions.

No stakeholder comment was received.

7 Results

7.1 Main strengths and weaknesses

The audit of Pelletsfirst demonstrated a good level of compliance with the required criteria of Standard 2, 4 and 5. There was reasonable evidence provided to support compliance where a Non-Conformity was not detected. Company at the time of evaluation was not FSC certified but has implemented FSC compliant management system that is used for SBP. The Non-Conformities presented in this report identify actions that must be taken in order to comply with the SBP system and its standards.

The existence of a Chain of Custody system in combination with ISO 9001:2008, ENplus 2013 and Green Gold Label S1 are considered a main strength with respect to Pelletsfirst overall conformity with the relevant SBP standards.

Weaknesses: relatively significant amount of FSC CW inputs.

7.2 Rigour of Supply Base Evaluation

N/A, no SBE in the scope of the certificate.

7.3 Compilation of data on Greenhouse Gas emissions

The organization has in depth procedures for this in depth procedures for this. The company supplied the audit team actual data on Greenhouse Gas emissions, except for forest operations; including planting, harvesting, use of pesticides and fertilizers. Since they buy raw material directly from independent logging companies and not from the land owners, no actual data available.

7.4 Competency of involved personnel

The company has one person who has the main responsibility related to the SBP system. All personnel that is involved with SBP have received appropriate training whereby all relevant procedures and requirements have been covered. All training and instructions are based on the procedures as identified in company manuals, and training is provided by internal resources and recorded accordingly. Key personnel showed good knowledge of SBP requirements.

7.5 Stakeholder feedback

Consultation with stakeholders' was conducted by Control Union on September 28, 2017, with a final date for submitting comments on October 30, 2017.

The process for stakeholder consultation consisted of sending direct email to different stakeholder categories: state institutions, local NGOs, authorities, government bodies, forest owners associations, academic and research institutions.

No stakeholder comment was received.

7.6 Preconditions

According to Standard 4, 5.1.1 the legal owner shall be certified against an SBP-approved Chain of Custody (CoC) system and hold a valid certificate.

Pelletsfirst has been audited against FSC CoC but has not yet received the certificate. This precondition will be closed upon receipt of the CoC certificate.

NC No:	2017-2
Date:	03/11/2017
Major or Minor:	Major
Reference to standard:	Std 4, 5.1.1
Standard requirement:	The legal owner shall be certified against an SBP-approved Chain of Custody (CoC) system and hold a valid certificate.
Evidence of non-compliance:	Pelletsfirst is not yet certified but has been audited against FSC COC and its complementary CW standard. There are currently two outstanding major non-compliances, thus the certificate has not yet been issued.

8 Review of Biomass Producer's Risk Assessments

Pelletsfirst has implemented FSC controlled wood verification program in compliance with FSC – STD- 40-005 and is using FSC risk assessment for Portugal.

9 Review of Biomass Producer's mitigation measures

Not applicable. No SBE in the scope of the certificate.

10 Non-conformities and observations

1. Non-compliance overview	
<i>Date:</i>	14/11/2017
<i>Number settled:</i>	1
<i>Number outstanding:</i>	0

<i>Finding No:</i>	2017-1
<i>Date:</i>	03/11/2017
<i>Grade of finding:</i>	Observation
<i>Reference to standard:</i>	Std 2, 20.1
<i>Standard requirement:</i>	The BP shall ensure that all comments or complaints regarding any aspect of the SBR, SBE and SBP certification are documented and promptly investigated, with remedial action being taken where appropriate.
<i>Evidence of finding:</i>	Complaints procedures exist and although there are instructions that refers to complaints, the work instructions should be clarified in order to know which forms should be filled out.
<i>Finding status/date</i>	Open/ 4.12.2017

<i>Finding No:</i>	2017-2
<i>Date:</i>	03/11/2017
<i>Grade of finding:</i>	Major
<i>Reference to standard:</i>	Std 4, 5.1.1
<i>Standard requirement:</i>	The legal owner shall be certified against an SBP-approved Chain of Custody (CoC) system and hold a valid certificate.

<i>Evidence of finding:</i>	Pelletsfirst is not certified at the time of SBP main assessment but has been audited against FSC COC and its complementary CW standard.
<i>Evidence received, and analysis of corrections and corrective actions provided for NC closure:</i>	Pelletsfirst has become FSC certified for FSC COC on the 17.11.2017. Base on this fact this NC, which was detected during the main evaluation, was sufficiently addressed which allowed CUC to close it and proceed with SBP certification process.
<i>Finding status/date</i>	Closed /04.12.2018

<i>Finding No:</i>	2017-3
<i>Date:</i>	03/11/2017
<i>Grade of finding:</i>	Observation
<i>Reference to standard:</i>	Std 4, 6.4.1
<i>Standard requirement:</i>	The legal owner shall determine and implement effective arrangements for communicating in relation to feedback, including customer and third party complaints.
<i>Evidence of finding:</i>	Pelletsfirst has a Complaints resolution procedure. Complaints are tracked and recorded on Complaints Record where date, activity, details and action are recorded. Although there are instructions that refers to complaints, the work instructions should be clarified in order to know which forms should be filled out.
<i>Finding status/date</i>	Open. 4.12.2017

11 Certification decision

The management system, procedures, and techniques of Pelletsfirst have been assessed by CUC according to the standard(s) described in chapter 4.1 of this summary. In the opinion of the lead auditor:

1 Pelletsfirst is in conformity with the certification requirements and a certificate should be issued.

Date of certificate issue: 31/01/2017

Date of certificate expiry: 30/01/2023

Once certified, Pelletsfirst will be audited at least annually to monitor its continued conformity with all applicable certification requirements Pelletsfirst will also be required to fulfil all the corrective actions (if applicable) within the given timeframes, as mentioned in section 9.

12 Surveillance updates

N/A, Main assessment.

12.1 Evaluation details

N/A, Main assessment.

12.2 Significant changes

N/A, Main assessment.

12.3 Follow-up on outstanding non-conformities

N/A, Main assessment.

12.4 New non-conformities

N/A, Main assessment.

12.5 Stakeholder feedback

N/A, Main assessment.

12.6 Conditions for continuing certification

N/A, Main assessment.

12.7 Certification recommendation



N/A, Main assessment.

1. Summary of the audit

The audit occurred between November 2-3, 2017. This report is the result of the findings of a certification evaluation carried out by an independent lead auditor and team of auditors representing Control Union Certifications. The purpose of the assessment was to evaluate the compliance of the client with respect to the standards used within the scope of the certificate.

A total of 1 Major Non-Conformity and 2 observations were found.

The Audit of Pelletsfirst demonstrated a high level of compliance with the required criteria of Standard 2, 4 and 5. There was sufficient evidence provided to support compliance with the Standards. The Non-Conformities presented in this report identify actions that must be taken in order to comply with the SBP system and its standards.

2. Formal sign off of assessment findings.	
I the undersigned, being the most senior relevant management representative of the operation seeking or holding certification, agree with the contents and audit findings as presented this document.	
I also confirm:	
<ul style="list-style-type: none"> • The figures, claims and documents presented to the auditor are accurate and true • Acceptance of liability in execution of the instructions given in the reports. • That this company was made aware that the findings of the audit team are tentative; pending review and decision making by the duly designated representatives of Control Union Certifications. • That the formal record of the closing meeting is accurate and that all agenda items were covered by the lead auditor. 	
Name:	Silvia Jorge
Position:	Responsavel de Qualidade; Ambiente e Segurança
Signature:	
	
Signed by the lead auditor:	
I the undersigned, being the lead auditor, confirm that this report is an accurate record of the findings and of the closing meeting. SBP related figures, claims and documents are verified with a reasonable accuracy precision level.	
Name:	Lennart Holm
Position:	Lead Auditor
Signature:	
	
Date:	14/11/2017