

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

Scope Change and First Surveillance 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

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Report completion date: 31/Oct/2017

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Certificate Holder: Tec Pellets Produção e Comercialização de Pellets.
Rua Padre Celestino Furtado, N° 723, 4570-077 Balazar - Póvoa do Varzim - Portugal

Producer contact for SBP: Ana Alves

Certified Supply Base: Continental Portugal, island of São Miguel, Azores, Portugal, Spain

SBP Certificate Code: SBP-06-07

Date of certificate issue: 23/Dec/2016

Date of certificate expiry: 22/Dec/2021

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 checked="" 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 Balazar, Portugal. The Organisation holds an FSC® Chain of Custody certificate with FSC Controlled wood in the scope of the certification. Feedstock used in the biomass production originates from Portugal and Spain. A Supply Base Evaluation is 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 1, Standard 2, Standard 4 and Standard 5. All material is either SBP compliant or SBP controlled through standard 1 SBE, 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 existing FSC CoC system;
- 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

<p><i>SBP Standard 1: Feedstock Compliance Standard</i></p> <p><i>Version 1.0: published 26 March 2015</i></p> <p>https://sbp-cert.org/docs/2015-03/sbp-standard-1-feedstock-compliance-standard-v1-0.pdf</p>
<p><i>SBP Standard 2: Verification of SBP-compliant Feedstock</i></p> <p><i>Version 1.0: published 26 March 2015</i></p> <p>https://sbp-cert.org/docs/2015-03/sbp-standard-2-verification-of-sbp-compliant-feedstock-v1-0.pdf</p>
<p><i>SBP Standard 4: Chain of Custody</i></p> <p><i>Version 1.0: published 26 March 2015</i></p> <p>https://sbp-cert.org/docs/2015-03/sbp-standard-4-chain-of-custody-v1-0.pdf</p>
<p><i>SBP Standard 5: Collection and Communication of Data</i></p> <p><i>Version 1.0: published 26 March 2015</i></p> <p>https://sbp-cert.org/docs/2015-03/sbp-standard-5-collection-and-communication-of-data-v1-0.pdf</p>

4.2 SBP-endorsed Regional Risk Assessment

INTERPRETATION OF ANNEX 2B OF FSC STANDARD FOR COMPANY EVALUATION OF FSC CONTROLLED WOOD FOR PORTUGAL

http://www.globalforestregistry.org/hp/wp-content/uploads/2014/03/FSC-CWRA-005-PRT_ENG.pdf

5.2 Description of Biomass Producer’s Supply Base

The supply base is described on the Supply Base Report, available on the company’s own website:

The present Supply Base of Tec Pellets includes three sub-copes:

1. Continental Portugal (81 suppliers, feedstock supply mainly without FSC claim)
2. Spain (1 supplier, feedstock supply with FSC Mix Credit claim)
3. FSC certified forests on the island of S. Miguel (Azores; 154.78 ha.; 1 supplier, feedstock supply with FSC 100% claim)

The sub-scope “Continental Portugal” is the only region that is investigated within Tec Pellet’s SBP Supply Base Evaluation. The sub-scope “Spain” and “FSC certified forests on the island of S. Miguel (154.78 ha.)” are only relevant for the general Supply Base description (not included in the Supply Base Evaluation).

Sub-scope 1 “Continental Portugal”

- | | |
|-------------------------------------|--|
| a. Total Supply Base area (ha): | 3,20 million ha |
| b. Tenure by type (ha): Private: | 3,06 million ha. (97%, including 8% community managed) |
| Public: | 0,94 million ha. |
| c. Forest by type (ha): | Temperate Forest: 3.2 million ha |
| d. Forest by management type (ha): | Plantations: 1.8 million ha;
Natural / semi-natural: 1.4 million ha |
| e. Certified forest by scheme (ha): | FSC: 255,335 ha.
PEFC 364,987 ha. |

Sub-scope 2 “Spain”

- | | |
|-------------------------------------|--|
| a. Total Supply Base area (ha): | 18,42 million ha forested area (FAO, 2015)
27,68 million ha forest lands officially |
| b. Tenure by type (ha): | Private: 19,63 million ha. forest lands (70,9%)
Public: 8,05 million ha. forest lands (29,1%) |
| c. Forest by type (ha): | Temperate Forest: 27,68 million ha forest lands |
| d. Forest by management type (ha): | Natural / semi-natural: 15,51 million ha.
Plantations: 1,8 million ha.;
Of which poplar plantations: 105.000 ha. |
| e. Certified forest by scheme (ha): | FSC: 0,23 million ha. (2016)
PEFC: 2,06 million ha. (2017) |

Sub-scope 3 “FSC certified forests on S. Miguel Island (Azores)”

- | | |
|-------------------------------------|---|
| a. Total Supply Base area (ha): | 154.78 ha |
| b. Tenure by type (ha): | Private: 0.00 ha. (0%)
Public: 154.78 ha (100%) |
| c. Forest by type (ha): | Temperate Forest: 154.78 ha (100%) |
| d. Forest by management type (ha): | Plantations: 154,78 ha.
Natural / semi-natural: 0,00 ha. |
| e. Certified forest by scheme (ha): | FSC: 154,78 ha. (2017)
PEFC 0 ha. |
| f. Total volume of feedstock: | 0 - 200,000 tonnes
64 693,81 tonnes (in 2016) |
| g. Volume of primary feedstock: | 0 - 200,000 tonnes |

29.055,10 tonnes (in 2016)

- 13.174,50 tonnes wood logs
- 11.303,40 tonnes wood chips
- 4.577.20 tonnes chips

Additionally, 52,76 tonnes of branches were used as fuel for the dryer (2016 data).

h. Percentage by categories of primary feedstock:

- Certified to an SBP-approved Forest Management Scheme: 0% (in 2016, but present in 2017)
- Not certified to an SBP-approved Forest Management Scheme: 100% (in 2016 all was FSC CW)

i. Species present in the primary feedstock:

- Maritime Pine (*Pinus pinaster*) (in 2016 and 2017)
- Eucalyptus (*Eucalyptus spp.*) (in 2016 and 2017)
- Poplar (*Populus spp.*) (in 2016 and 2017)
- Cryptomeria (*Cryptomeria japonica*) (since 2017)

j. Volume of primary feedstock from primary forest: None (0,00 m³)

k. List percentage of primary feedstock from primary forest (j), by the following categories.

Subdivide by SBP-approved Forest Management Schemes:

- Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme
- Not applicable*

l. Volume of secondary feedstock: 35.586,00 tonnes from sawmills (2016)

- 20.788,80 tonnes woodchips
- 4.669,40 tonnes sawdust
- 10.127,80 tonnes slab wood

m. Volume of tertiary feedstock: None (0,00 m³). Not as feedstock for pellet production.

Additionally, 4.643,53 tonnes of post-consumer wood were used as fuel for the dryer (2016).

5.3 Detailed description of Supply Base

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

The present Supply Base of Tec Pellets are:

1. Continental Portugal
2. Spain
3. The island of São Miguel, Azores, Portugal

General description of the supply base "Continental Portugal"

3.2 million hectares (ha) of forests cover Portugal, corresponding to 35.4% of the country's land mass, followed by soil considered uncultivated (32%) and farmland (24%).

In Mainland Portugal, private property from private owners (89%) and community (Baldios, 8%) correspond to 3,060 million hectares of forests (97% of total forest land), including 5.7% property of industry companies. Public areas are up to 3% (around 94,000 ha). The forest area under communitarian management (Baldios)

are subject to old customary and traditional rights and regulated by specific laws. In Portugal, there are no indigenous people or specific minorities relying on the forests.

Some key aspects of forests in Portugal determine the development of its management, namely:

- A long and well-established relationship between forests and society;
- One of the biggest large-scale afforestation programs of the twentieth century (forest cover has increased from under 2 million to over 3.2 million hectares over the last 100 years);
- Various regions with different forest species and silvicultural systems; specific forestry legislation directed towards regional development strategies;
- The small property size and its fragmentation, mainly in the northern and central regions, where estates often have dimensions of less than 1 hectare.

Forest Management Plans (PGF) are mandatory for forest areas above a minimum area defined by Regional Forestry Management Plans (PROFs) as well as in Forest Intervention Areas (ZIF, 940 432 ha.). In 2016, there were 1 680 000 ha under PGF from which 450 034 ha. overlap the National Classified Areas Network. A felling manifest is required for commercial felling (including all thinning) of all tree species for industrial purposes, with a 30-day deadline after the operation is concluded. The national forest and conservation authority is the Institute of Conservation of Nature and Forests (ICNF) with competencies on all forest, hunting and nature conservation affairs. ICNF also manages public forest areas, and is involved in the management of community areas. Additionally, the Environmental Service of the National Republican Guard (SEPNA/ GNR) is engaged in the inspection of environmental issues and natural resources in all private and public areas.

The access to forest land in Portugal is not considered invasive even on private properties, and it is common the use of wild products by communities (mushrooms, asparagus, snails, besides fishing on public waters). A phytosanitary felling manifest includes identification of the origin of the felling. Also, documentation for transportation identifies the origin of the transport which could be useful in case of direct transport to BP facilities and in any case, is useful in the traceability of material. Both are the most common ways to trace back to origin even if the origin area is not the forest land itself but the freguesia (minimum administrative division) where forest land is included. However, there are still areas in Portugal without a cadastral system. Regarding species, the most relevant in terms of pellets production are maritime pine (*Pinus pinaster*) 23% of forest surface 714,000 ha, eucalyptus (*Eucalyptus spp.*) 26% of forest surface 812,000 ha and stone pine (*Pinus pinea*) 6% of forest surface 175,000 ha. It is important to highlight that stone pine is mainly used to produce pine nut and mostly the thinning and pruning by-products are used for pellet production. maritime pine and eucalyptus are spread all around the country. Stone pine can mainly be found in the South. To derive maximum economic benefit, distribution of the three main forest species – maritime pine, eucalyptus and cork oak – is vertically integrated within the forestry industry, with maritime pine and eucalyptus being concentrated in timber-producing areas and cork oak in multifunctional areas (FSC CWNRA-PT-V1-0).

Regarding the main three tree species in Portugal:

- The Maritime Pine (*Pinus pinaster*), is a native tree species, has rounded crown and grows up to 40 meters. It is the predominant species in the national forest. It is scattered all over the regions of northern and central coast of the country. This has been the species chosen in the afforestation campaigns carried out during the nineteenth century, due to its ability to adapt to poor and rocky soil. In addition, it spreads easily and has a rapid growth. Its timber is widely used commercially.
- Eucalyptus (*Eucalyptus globulus*), originally from Tasmania is present all over the country. These trees can grow up to 55 meters and grow rapidly. Especially used by pulp and paper industry, eucalyptus became one of the most planted trees in Portugal. In the '80s, there was great controversy about the negative effects of these trees in soil, water and biodiversity, which resulted in

the implementation of legislation (Law N°. 175/88 of May 17 and Law N°. 513/89, 6 July) that restricts the increase of monoculture plantation of this species, resulting in the improvement of techniques for optimizing the production that enabled the increase of productivity without the need to expand the forest area.

- The Cork oak (*Quercus suber*) is a tree with a rounded canopy up to 20 meters, which produces cork intensively. This is an evergreen indigenous species, typical of Mediterranean climate forests. Their presence can be found throughout the territory. Cork is a raw material with unique characteristics, the cork oak is the “national tree” of Portugal. Portugal is the leading producer, processor and exporter of cork¹.

CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) does list a considerable number of protected plant species for Portugal and Spain, however, the list does not include any tree species. The "Red List" of the IUCN (International Union for Conservation of Nature and Natural Resources) indicates hundreds of plant species for the continental territories of Spain and Portugal (Iberia), but also does not include any tree species. 49 plant species are reckoned relevant regarding forest operations. The national legislation of Portugal does list protected tree species, and, for example, it is forbidden to cut any Cork oaks (*Quercus suber*), and Holm oaks (*Quercus ilix* / *Quercus rotundifolia*; protective measures by Law N°.155/2004) and European holly (*Ilex aquifolium*; protected by Law N°. 423/89).

Climate change and the occurrence of extreme meteorological events has increased the phenomenon of forest fires, mainly medium and big fires (more than 100 ha), one of the largest perceived risks in the Portuguese forestry sector, incurring very high costs. Climate change may also induce pests and diseases due to stress in host plants. In Portugal, phytosanitary problems affect mainly the cork oak and holm oak, showing its decline. The loss of vitality and the mortality of maritime pine is mainly related with the Wood Pine Nematode (WPN), detected in Portugal in 1999.

Goods produced by way of forestry activities sustain an important and integrated industrial chain based on natural resources that in turn supports a strong export sector. Portugal, therefore, views forests and forestry products as an area of crucial importance to its economy. The forest sector has a significant impact on its GDP - higher than the European average. The forest sector represents almost 10% of the national export trade and 2% of the Gross Value Added. Forests are also the base of an economic sector which generates around 100,000 direct jobs (4% of the active population). These figures result from the diversity of economic activity along with increased productivity and vertical integration of the main lines (<http://www.pefc.org>).

General description of the supply base “Spain”

There are approximately 27.7 million ha of woodland within Spain, representing 56% of total land area. Of this area, 18 million ha is considered forested land (36%) and 9.5 million (19%) falls in the category of Other Wooded Land. Of the 18 million ha of forested land, approximately 90% is considered semi-natural. The remaining 10% are plantations. A small, but growing, proportion of these plantations (580,000 ha, representing 5% of all forested land – 2005 data) is made up primarily of non-native species, namely *Eucalyptus spp.*

According to the National Forest Inventories, over 80 % of forests in Spain are composed of two or more tree types. The largest formation is made of holm oaks, which represents 15.3% of the tree covered area, about 2.8 million ha, followed by pasture with 2.4 million ha and pine with 2 million ha.

Wood stocks in Spain account for 993 million cubic meters with bark in all forests, with an annual growth rate of 4.86 % equivalent to 48 million cubic meters with bark. Average annual logging volume between the years 2000 and 2010 was 15.28 million cubic meters of barked wood, of which approximately 60% was softwood and the remaining 40% hardwood. These logging rates account for a mere 1.54% of stock and 32% of the

annual increase in wood volume, thus guaranteeing the principle of forest stand survival. In Spain, during the year 2010, apparent annual wood consumption was 27.7 million cubic meters, of which 19.20 cubic meters was used as round wood.

There are four broad categories of forest type:

- The Mediterranean broadleaved forest landscape in the south-central part of the Iberian Peninsula;
- The Mediterranean conifer forests are also found in the south-central part of the Iberian Peninsula;
- The Atlantic forests, a group of mixed formations of beech, oak, chestnut, birch, etc;
- Finally, plantations of introduced species.

The Mediterranean nature that characterizes most of the country brings with it a great variety of forest ecosystems and an extraordinary wealth of flora, which means that Spanish forests have high biodiversity levels. For this reason, both the wood and non-wood aspects of tree covered forestlands should be considered, such as traditional harvesting of other forest products or hunting. The extraction of non-wood products is significant. The most significant products in economic terms are cork, fruit, biomass production for energy purposes, resins, grazing pastures, mushrooms, hunting and different plants.

The public administration of forests and forestry is divided among different jurisdictional levels in Spain:

- State General Administration;
- Autonomous Communities (AC) of which there are 17 covering all Spanish territory and;
- Local public bodies within each Autonomous Community.

Spanish forestlands are distributed between:

- privately owned lands (70.9%),
- local administrations (22.9%);
- the central and regional governments (6.2%)

Less than one third of Spanish forests are under public ownership, and only a very small proportion is owned by the state. Most public land is owned by local public corporations. Forest management is also shared among the different jurisdictional levels; there are State laws which include general regulations but most responsibility for the management of public forests falls at the level of the Autonomous Community. Wood harvesting is regulated by the Autonomous Community's forest agency. There are specific areas legislated mostly by the state (e.g. land tenure, tax payment, transports) but others for which each Autonomous Community have developed their own legislation, the content and provisions of which differs from one community to another (as with management and harvesting planning).

The size of forestlands depending on their ownership does not reflect great differences between those that belong to the State and those that belong to other public entities, with an average of 500 and 600 ha respectively, but there is a significant difference with privately owned forestlands, whose mean surface area scarcely covers 3 ha, clear indication of the extent of smallholdings still existing in the private forest sector (Spanish Forest Strategy).

The Spanish state forest law (Law 43/2003) forms the legislative basis for forest management. Most Autonomous Communities have their own law ("Ley de Montes") that regulates the protection, management and harvesting of forests in their territory. Article 33 establishes the need for both public and private forests to have a Forest Management Plan, and a working scheme or other equivalent Management Instrument. These documents will be elaborated by the owner/title holder and must always be approved by the regional forestry organization. Multiple laws in each Autonomous Community regulate forestry and harvesting and the specific technical forest operating constraints.

Any institution that wishes to become certified in Spain must have a forest management plan with defined management goals, techniques and actions. As stated in the Forest Act, forest management plans are a key tool to ensure the sustainability of forest management and they are obligatory for all public and private forests, except those that do not meet the minimum area each Autonomous Community determines. Next to FSC, Spain has a PEFC Endorsed Forest Certification System, based on the national sustainable forest management regulation "UNE 162.000".

As of May 2015, there were 194,000 ha in 29 certified FSC Forest Management (FM and FM / COC) and 716 certified FSC chain of custody (COC) certificates in Spain. At present, there are 1,830,546 certified hectares under PEFC, 16,076 PEFC certified forest managers and 1,115 PEFC certified businesses (CoC).

The wood and furniture sector is of great significance in Spain's industrial fabric because of the large number of companies - a total of 29,555 -, of which 16,160 are devoted to manufacturing furniture and 13,395 to other wood-based sectors; it is also significant because of the employment it generates, with 147,000 employees, of which 85,200 correspond to the furniture sector.

General description of the supply base São Miguel (Azores; 154.78 ha.)

The Autonomous Region of the Azores (Região Autónoma dos Açores), is one of the two autonomous regions of Portugal, an archipelago composed of nine volcanic islands in the North Atlantic Ocean about 1,360 km (850 mi) west of continental Portugal, about 1,643 km (1,021 mi) west of Lisbon, in continental Portugal, about 1,507 km (936 mi) from the African coast, and about 1,925 km (1,196 mi) southeast of Newfoundland, Canada.

The archipelago is of volcanic origin and comprises 9 islands and several islets. The geographical position of Azores and its volcanic origin gave rise to a wide variety of ecosystems and landscapes. Some of the Azores' natural resources have been classified by UNESCO as biosphere reserves (i.e. Corvo, Flores and Graciosa).

São Miguel Island is the largest and most populous island in the Azores. The island covers 760 km² and has around 140,000 inhabitants, 45,000 people live in the largest city: Ponta Delgada. This island is the seat of the regional government and is made up of 6 municipalities.

The island is 65 km long and 16 km broad at its widest point, it is composed of two volcanic massifs separated by a low central ridge. There are some hot springs (caldeiras), generally located in the center of the island, in the area stretching from Povoação to Nordeste. The highest elevation on S. Miguel is the Pico da Vara at 1,103 meters (3,619 ft). Lying at the eastern end of the island, it is the focus of a Special Protection Area containing the largest remnant of laurisilva forest on the island, which is home to the endemic and critically endangered bird, the Azores bullfinch.

The ancient laurisilva forest has mostly been replaced by cultivated fields and introduced trees and plants, such as the cryptomeria tree.

As an autonomous region, the Azores has its own tax-raising powers and has the power to adopt the regional economic and social development plan and the regional budget and to participate in negotiations for international treaties and agreements that concern the region, including topics related to the environment and regional planning.

The region's economy is mostly based on services, with an important role in terms of employment played by the public administration, followed by the wholesale and retail trade, transport, accommodation and food-related service activities. There is a high dependence on family labour (about 80%).

The forest is a determinant component of the landscape on the nine islands. Covering about 1/3 of the territory, the Azorean forest supports a sector responsible for 1.400 jobs, generating an annual income of about 1.8 million euros by direct sale of timber, and 10.9 million euros on the first wood process industries.

The Azorean islands have a particular type of forest, laurissilva, composed of mainly endemic evergreen tree and shrub species. The native forest in the Azores is characterised by a dense tree and shrub cover of small stature, closed canopy, extensive overlay of bryophytes, high levels of humidity and low understorey light.

The Azorean forest area has 12.698 hectares of Japanese cedar (*Cryptomeria japonica*) pure and mixed plantations. About 4.500 hectares of those are under Regional Government management, with 2.119 hectares in São Miguel Island.

Forestry properties operated for economic purposes continue to be small, due to a shortage of land and the clear priority attributed to conservation, protection, planning and leisure. Sustainable growth, encouraging the sustainability of rural spaces and natural resources, by promoting the continued use and sustainable management of agricultural and forestry lands was set as one of the priorities.

Azores's territories have one single forest inventory (IFRAA for Azores). The Government of the Azores through the Regional Directorate for Forest Resources develops the Forest Inventory, which main objective is to generate graphical and numerical information on land use, as well as the assessment of wood material.

FSC certified cryptomeria 154.78 ha

Most of the forest areas managed by forest agencies had forest management plans in 1990, 2000 and 2005 (planos de ordenamento, planos de arborização or planos de cortes). The autonomous regions of Azores and Madeira are initiating the regional forest plans process. These plans will define the legal and technical scope to be followed by the property-level forest management plans.

The Government of the Azores started in 2014 the active management of the forest areas under its responsibility, through the selection of areas for cutting and the definition of a series of operations and regulations to be met in the exploitation of this resource. In 2017, the Regional Secretariat for Agriculture and Forestry of the Azores launched a public tender for the sale of certified wood bearing the FSC claim and the reforestation of 154.78 hectares of cutting areas. The cutting and reforestation areas covered by this tender are in Tronqueira Forest, Lomba de São Pedro and Água Retorta, located in the forest perimeter of São Miguel island, in the municipalities of Nordeste, Ribeira Grande and Povoação. The certified area is divided in lots of about 3 - 5 ha.

In this context, the FSC certificate, which currently distinguishes "Azores Cryptomeria" enhances the competitiveness of this resource. Japanese Cryptomeria is one of the most represented species of forest production in the Azores, generating an annual turnover of 12 million Euros.

5.4 Chain of Custody system

The Organisation is holding valid FSC and PEFC Chain of Custody as well as a FSC Controlled wood certificate. Valid FSC and PEFC system description and other documents exist. The Organisation is implementing FSC and or PEFC credit system. This Credit system is used for materials received as FSC or PEFC certified, FSC Controlled wood and feedstock verified according to the Organisation's own Controlled wood verification system, covering Portugal. Feedstock whos 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, or SBP controlled. 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/PEFC credit account is updated once in a month: data about received raw materials by FSC and PEFC 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 first audit occurred between March 1-3, 2016. During this audit it occurred that there were too many shortcomings with SBP requirements, which could not all be solved within the 90 days' timeframe. Therefore, it was decided to execute a second audit to verify all standards again. This audit occurred between September 7-8, 2016. 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			
Preparation (telephone/email on scope and planning)	29/06/16 1.5 hours	Remote	Loek Verwijst (certifier)
First Stakeholder Consultation	22/01/2016	Remote	Lennart Holm (lead auditor)
Second Stakeholder Consultation	04/08/2016	Remote	Lennart Holm (lead auditor)
Finalization GHG data audit Verification of missing items	15:30 – 16:00	Tec Pellets	Koen Jongste (auditor)
Closing Meeting	16:00- 17:00	Tec Pellets	Lennart Holm (lead auditor)
Audit			
Opening meeting	07/09/2016 10:00-10:30	TEC Pellets	Lennart Holm (lead auditor)
Review of documents and records, Supply Base Report	9:15 – 12:00	TEC Pellets	Lennart Holm (lead auditor)
Review of COC system/procedures, interview responsible personnel	13:00 – 14:00	TEC Pellets	Lennart Holm (lead auditor)
Tour of the facility	14:00 – 15:00	TEC Pellets	Lennart Holm (lead auditor)
Interviews key personnel purchase and sales	15:00 – 17:00	TEC Pellets	Lennart Holm (lead auditor)
Visit Port operation	13:00 – 15:00	Leixões	Luis Vaz Freire (auditor)
Visit Port operation	Viana do Castelo	Viana do Castelo	Luis Vaz Freire (auditor)
Business integrity, social, health and safety requirements. Logo/Trademark use	08/09/2016 09:00 – 16:00	TEC Pellets	Luis Vaz Freire (auditor)
GHG paper audit and evidence review	11:00 – 16:00	TEC Pellets	Lennart Holm (lead auditor)
Closing Meeting	16:00- 17:00	Tec Pellets	Lennart Holm

			(lead auditor)
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1. Names and affiliations of people interviewed	
Name:	Affiliation:
Manuel Barros	TEC Pellets, Quality Manager
Joaquin Fangueiro	TEC Pellets, Production Manager
Ana Pereira	TEC Pellets, Quality Manager
Giovanni de Alencastro	Consultant, TEC Pellets

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.

6.3 Process for consultation with stakeholders

Consultation with stakeholders' was conducted by Tec Pellets on August 30, 2017.

Consultation with stakeholders' was conducted by Control Union on September 01, 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.

One stakeholder comment was received with a focus on two aspects; Sustainability regarding the management of pine forests in Portugal and Biomass production and the local economy.

The following response was prepared to address these comments:

1. Sustainability regarding the management of pine forests in Portugal

Indicators:

2.1.3 (specified risk) 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;

2.3.1 (low risk) Analysis shows that feedstock harvesting does not exceed the long-term production capacity of the forest, avoids significant negative impacts on forest productivity and ensures long-term economic viability. Harvest levels are justified by inventory and growth data;

2.9.1 (specified risk) Biomass is not sourced from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks;

2.9.2 (low risk) Analysis demonstrates that feedstock harvesting does not diminish the ability of the forest to act as an effective sink or store of carbon over the long term.

2. Biomass production and the local economy

Indicator:

2.3.3 (low risk) Analysis shows that feedstock harvesting and biomass production positively contribute to the local economy, including employment.

Response on the sustainability issue

Tec Pellets (founded in 2013) does not contribute to the decrease of pine forests in Portugal. The problem of decreasing pine stands has been addressed in our report (Tec Pellets' SBE, pp. 26-48). In general, the forest area and carbon stock in Portugal show an upward trend; the main problem has been, conversion of pine to eucalyptus. Tec Pellets does not buy eucalyptus from wood lands, which have been converted after Jan. 2008.

Regarding the sustainable management of pine stands, forest stands are not harvested for pellet production, the valuable pine trees are used by other industries. Tec Pellets uses forest residues and low-grade tree stems up to max. 15 cm diameter.

The problem of declining pine stands is related to the interest of forest owners in Portugal to increase revenues. These revenues are generated by selling eucalyptus roundwood to other industries (the main product is not used for the production of industrial pellets). This is a national problem, which the government has started to address. The Minister Council from March 21st 2017, approved a law that blocks the expansion of the eucalyptus plantation area (SBE, p. 30).

Response on the local economy issue

According to the draft SBP national risk assessments, in which of several wood industries participated, criterion 2.3.3 was considered low risk. The use of low-grade feedstock categories for the production of industrial pellets was not seen as a problem to the local economy.

The stakeholder mainly uses other feedstock categories, such as small logs and tertiary wood residues (which Tec Pellets does not use). There is still sufficient feedstock of the categories Tec Pellets uses available regionally.

Tec Pellets is prepared and interested to visit the stakeholder to discuss if there is an overlap of used feedstock categories between our companies and to find a way to optimize the utilization of low-grade wood stems of less than 15 cm diameter.

7 Results

7.1 Main strengths and weaknesses

The audit of TEC Pellets demonstrated a good level of compliance with the required criteria of Standard 1, 2, 4 and 5. There was reasonable evidence provided to support compliance where a Non-Conformity was not detected. 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 TEC Pellets overall conformity with the relevant SBP standards.

Weaknesses: Very small amount of certified material. Non conformities identified in this audit.

7.2 Rigour of Supply Base Evaluation

Tec Pellets embarked on the development of a detailed Supply Base Evaluation which includes a clear description of their Supply Base Area. The geographical scope of the SBE is Continental Portugal. The SBE was developed in joint efforts between internal personnel and a qualified consultant, using credible data sources. TEC Pellets existing management and monitoring systems are designed to ensure compliance with applicable laws and regulations. Risk was designated low for all core Indicators, with the exception of 16 Indicators which were designated as specified risk. TEC Pellets has developed additional controls and mitigation measures to manage these risks. The stakeholder consultation process involved consultations to key stakeholders with regard to information on SBP certification, SBP risk assessment and supply base report, by communicating this via email and phone. TEC Pellets implementation of risk mitigation measures for individual indicators are partially stakeholder consultation process results. The risk mitigation measures have been designed and implemented planned in cooperation with acknowledged experts and external consultants in relevant fields.

The supply base evaluation was a rigour process with some gaps identified (see non-conformities and observation part to this report).

7.3 Compilation of data on Greenhouse Gas emissions

The organization has employed an external consultant who helped the organization with implementation of the system for collection of the emission and energy data. 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 thus the default values in Biograce II is used. .

7.4 Competency of involved personnel

Internal staff members are involved in the SBP system management and implementation. All interviewed responsible staff demonstrated awareness of their responsibilities within SBP system. The key responsible person for developing the SBE system is an external consultant with experience in producing SBP systems and carries a PhD in a relevant field. All involved personnel, including responsible staff at suppliers and sub-suppliers have demonstrated good knowledge in relevant fields (recognition and identification of HCVF, familiarity with health and safety requirements, timber origin verification) during the site visits. Relevant certificates and diplomas were presented during the assessment and scope change audits. Qualification requirements for personnel involved in the SBE system are provided in documented procedures of the BP. In overall, auditors evaluate the competency of main responsible staff to be sufficient for implementing the SBP system with both primary and secondary material sourced within the SBE. This has been based on interviews, review of qualification documents, training records and set of procedures and documents that were composed for the SBP system as well as field observations during the assessment and scope change audits.

7.5 Stakeholder feedback

Consultation with stakeholders' was conducted by Tec Pellets on August 30, 2017.

Consultation with stakeholders' was conducted by Control Union on September 01, 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.

One stakeholder comment was received with a focus on two aspects; Sustainability regarding the management of pine forests in Portugal and Biomass production and the local economy.

The following response was prepared to address these comments:

1. **Sustainability regarding the management of pine forests in Portugal**

Indicators:

2.1.3 (specified risk) 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;

2.3.1 (low risk) Analysis shows that feedstock harvesting does not exceed the long-term production capacity of the forest, avoids significant negative impacts on forest productivity and ensures long-term economic viability. Harvest levels are justified by inventory and growth data;

2.9.1 (specified risk) Biomass is not sourced from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks;

2.9.2 (low risk) Analysis demonstrates that feedstock harvesting does not diminish the ability of the forest to act as an effective sink or store of carbon over the long term.

2. **Biomass production and the local economy**

Indicator:

2.3.3 (low risk) Analysis shows that feedstock harvesting and biomass production positively contribute to the local economy, including employment.

Response on the sustainability issue

Tec Pellets (founded in 2013) does not contribute to the decrease of pine forests in Portugal. The problem of decreasing pine stands has been addressed in our report (Tec Pellets' SBE, pp. 26-48). In general, the forest area and carbon stock in Portugal show an upward trend; the main problem has been, conversion of pine to eucalyptus. Tec Pellets does not buy eucalyptus from wood lands, which have been converted after Jan. 2008.

Regarding the sustainable management of pine stands, forest stands are not harvested for pellet production, the valuable pine trees are used by other industries. Tec Pellets uses forest residues and low-grade tree stems up to max. 15 cm diameter.

The problem of declining pine stands is related to the interest of forest owners in Portugal to increase revenues. These revenues are generated by selling eucalyptus roundwood to other industries (the main product is not used for the production of industrial pellets). This is a national problem, which the government has started to address. The Minister Council from March 21st 2017, approved a law that blocks the expansion of the eucalyptus plantation area (SBE, p. 30).

Response on the local economy issue


According to the draft SBP national risk assessments, in which of several wood industries participated, criterion 2.3.3 was considered low risk. The use of low-grade feedstock categories for the production of industrial pellets was not seen as a problem to the local economy.

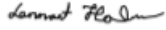
The stakeholder mainly uses other feedstock categories, such as small logs and tertiary wood residues (which Tec Pellets does not use). There is still sufficient feedstock of the categories Tec Pellets uses available regionally.

Tec Pellets is prepared and interested to visit the stakeholder to discuss if there is an overlap of used feedstock categories between our companies and to find a way to optimize the utilization of low-grade wood stems of less than 15 cm diameter.

7.6 Preconditions

NCs No: 2017-06, 2017-07 and 2017-08
 Supply base report is made in English but not yet in Portuguese
 English version is uploaded and available.

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:	Ana Alves
Position:	Quality Manager
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:	31/10/2017

8 Review of Biomass Producer’s Risk Assessments

Control Union assessed the risk for each Indicator using the guidance in Section 11 of SBP Framework Standard 2: Verification of SBP-compliant Feedstock.

The risk assessment has been performed with the use of a technical expert. Determining the risk rating the likely impact of a non-compliance together with the probability of that noncompliance arising was used. and evaluated risk at both regional and the individual forest level.

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Specified	Specified
1.1.3	Low	Low
1.2.1	Specified	Specified
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	Specified	Specified

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

9 Review of Biomass Producer's mitigation measures

TEC Pellets has implemented mitigation measures for 16 indicators evaluated as specified risk during the assessment.

The SBE was performed for the first time this year (2017). The found sustainability risks are clear. However, the practical implementation of the risk mitigation measures is a continuous process. It includes the assessment of risks and risk mitigation measures specifically related to new harvesting plots within the Supply Base. Tec Pellets had most risk mitigations measures already in place.

To address all possible risks, additions were made to several documents. Very important is to assess the plots prior to harvesting. Due to the situation in Portugal that there are more than half a million forest owners, and most own only one or two hectares of land, not all feedstock provided by the SBE approved feedstock suppliers will automatically become SBP-compliant feedstock. If the land owners have managed its lands insufficiently well the feedstock cannot be categorised as SBP-compliant feedstock.

TEC Pellets is continuously monitoring its feedstock suppliers on all aspects. It chose for an approach that SBE approves only those feedstock suppliers that show outstanding results on risk indication and mitigation. After conducted trainings and evaluations, Tec Pellets plans to SBE approve its own harvesting teams and three external feedstock suppliers.

It was revealed during the supplier visits that the BP has sufficient knowledge on environmental requirements as well as good timber harvesting practices. The sampling process is considered sufficient to verify suppliers of primary feedstock.

10 Non-conformities and observations

1. Non-compliance overview	
Date:	31/10/2017
Number settled:	0
Number outstanding:	8

NC No:	2017-01
Date:	2017-09-22
Major or Minor:	Minor
Reference to standard:	Standard 1, 1.1.3
Standard requirement:	The feedstock input profile is described and categorised by the mix of inputs. Examples of means of verification: • Feedstock input records
Evidence of non-compliance:	No feedstock that is categorized SBE compliant yet. Requirement well described in the SBE. The incoming feedstock is already now identified and records are kept, regarding the volumes of primary and secondary (no tertiary used) feedstock and a description of the inputs, including species. At time of the audit the recording document of incoming feedstock was not adapted yet for the entry of SBE approved feedstock. However on the spreadsheet "Mov Recepção mês.xls" the entry of SBP compliant feedstock is not registered.

NC No:	2017-02
Date:	2017-09-22
Major or Minor:	Minor
Reference to standard:	Standard 1, 1.2.1
Standard requirement:	The BP has implemented appropriate control systems and procedures to ensure that legality of ownership and land use can be demonstrated for the Supply Base. Examples of means of verification: • Existing legislation • Levels of enforcement • Documents demonstrating that the BP is a legally defined entity • Documentation showing legal ownership patterns in the region, level of enforcement, records of disputes over land tenure, etc. In situations where customary rights govern use and access, these rights are clearly identifiable • Long term unchallenged use

<p>Evidence of non-compliance:</p>	<p>Requirement well described in the SBE. Tec Pellets applies an additional internal procedure on the acquisition of feedstock called: "Procedimento para aquisição de matéria prima". Fragment from procedure: "Possible doubts on the acquisition of the feedstock are inventoried and checked rigorously. The feedstock is accepted as compliant when the following requirements are met: • Identification of the plot / area (building permit) when if is possible; • Identification of the owner (citizen card); • Proof of the relationship between the seller and the land in question; • Mapping; • Formalization of the business through a purchase and sale agreement between the parties; • Invoice or self-invoice if the seller can not do it." Example verified for Madeicampo Lda bying by Adão Barreiros Rodrigues Data de 20 Novembro 2016. The meaning of "Possible doubts" was explained verbally, but should be determined in writing to make it specific, as well, on the example verified the internal TEC procedures were not followed.</p>
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<p>NC No:</p>	<p>2017-03</p>
<p>Date:</p>	<p>2017-09-22</p>
<p>Major or Minor:</p>	<p>Minor</p>
<p>Reference to standard:</p>	<p>Standard 1, 1.4.1</p>
<p>Standard requirement:</p>	<p>The BP has implemented appropriate control systems and procedures to verify that payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, are complete and up to date. Examples of means of verification: • Records of payments and correspondence with revenue authorities show payments are complete and up to date</p>
<p>Evidence of non-compliance:</p>	<p>No feedstock that is categorized SBE compliant yet. the requirement well described in the SBE. Example of records of payments to Social securities and Finances of the Contractors was verified and are requested by TEC Pellets. However, the same documents of the forest owners is not requested to verify that payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, are complete and up to date.</p>

NC No:	2017-04
Date:	2017-09-22
Major or Minor:	Minor
Reference to standard:	Standard 1, 2.1.1
Standard requirement:	<p>The BP has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation value in the Supply Base are identified and mapped.</p> <p>Examples of means of verification:</p> <ul style="list-style-type: none"> • Internet research • GIS maps of HCV areas • Interviews • Regional, publicly available data from a credible third party • The existence of a strong legal framework in the region
Evidence of non-compliance:	For every harvest area an evaluation is made. (Avaliação de Impactes ambientais Fonecedores V_00)However, it is not clear from the procedure PS 07 Ver.00 how high conservation values in the supply base are identified and mapped.

NC No:	2017-05
Date:	2017-09-22
Major or Minor:	Minor
Reference to standard:	Standard 1, 2.6.1
Standard requirement:	<p>The BP has implemented appropriate control systems and procedures for verifying that appropriate mechanisms are in place for resolving grievances and disputes, including those relating to tenure and use rights, to forest management practices and to work conditions.</p> <p>Examples of means of verification:</p> <ul style="list-style-type: none"> • Existing legal systems • Level of enforcement • Regional Best Management Practices • Supply contracts • Records of grievances and the outcomes from internal investigations • Interviews with stakeholders and local community members • Interviews with staff

Evidence of non-compliance:	<p>1) Tec Pellets actively prevents grievances and disputes to arise. The aim is to track down and solve grievances and disputes before the harvesting operations commence (or not to buy from the disputed plots).</p> <p>2) Tec Pellets makes clear to the local population that any complaint or comment related to feedstock supply is taken very seriously (via website and other communications). Tec Pellets takes seriously any complaint of any person or organisation considering harvesting operations. This also ensures sufficient performance on respecting local interests (HCV 5) and cultural values (HCV 6).</p> <p>3) Tec Pellets has a complaint procedure and keep records. The feedstock suppliers are also (contractually) required to actively implement a complaint procedure and keep records. Tec Pellets require and “Environmental Impact Assessment” (EIA) from all feedstock suppliers, in which the interests of local population are assessed.</p> <p>4) Tec Pellets monitors the harvesting operations of its feedstock suppliers and checks their records on Complaints and Comments. It checks with relevant stakeholders, such as land owners, if no comments were submitted, or if the complaints were dealt with sufficiently.</p> <p>5) The results of the inspections of Tec Pellets have direct influence on the “SBE program approved” status of feedstock suppliers.</p> <p>Procedimento para aquisição de matéria prima - TEC. 022\01.00 - Gives the directives for the aquisition of wood. TEC Pellets must clarify how complaints via website and other communications is handled, recorded and resolved.</p>
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NC No:	2017-06
Date:	2017-09-22
Major or Minor:	Minor
Reference to standard:	Standard 2, 7.1
Standard requirement:	The BP shall prepare a Supply Base Report (SBR) which shall be made readily accessible on the BP’s website. Commercially sensitive and confidential information may be excluded from the SBR.
Evidence of non-compliance:	Supply base report is made in English but not yet in Portuguese English version is uploaded and available.

NC No:	2017-07
Date:	2017-09-22
Major or Minor:	Minor
Reference to standard:	Standard 2, Instruction Note 2C, 2.1
Standard requirement:	The SBR shall be made available in English, and at least one official language of the country in which the BP is located.
Evidence of non-compliance:	Supply base report is made in English but not yet in Portuguese English version is uploaded and available.

NC No:	2017-08
Date:	2017-09-22
Major or Minor:	Minor
Reference to standard:	Standard 5, 8.1/8.2
Standard requirement:	Each BP is required to publish a publicly available Supply Base Report (SBR). The requirements for this report are set out in SBP Standard 2: Verification of SBP-compliant Feedstock.
Evidence of non-compliance:	Supply base report is made in English but not yet in Portuguese English version is uploaded and available.

None of the above non-conformities are likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.

11 Certification decision

The management system, procedures, and techniques of TEC Pellets 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:

TEC Pellets is in conformity with the certification requirements and the certificate should be maintained.

Date of certificate issue: 23/Dec/2017

Date of certificate expiry: 22/Dec/2021

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

12 Surveillance updates

12.1 Evaluation details

The first audit occurred between March 1-3, 2016. This audit was scheduled with the intention to include SBP Standard 1. During this audit it occurred that there were too many shortcomings with SBP requirements, which could not all be solved within the 90 days’ timeframe. Therefore it was decided to execute a second audit to verify all indicators again, but to limit the scope to SBP standards 2, 4 and 5. This audit occurred between September 7-8, 2016. 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	01/09/2017	Remote	Lennart Holm (lead auditor)
Audit			
Opening meeting	20/09/2017 09:00-09:15	TEC Pellets	Lennart Holm (lead auditor)
Review of documents and records, Supply Base Report	09:15 – 12:00	TEC Pellets	Lennart Holm (lead auditor)
Review of COC system/procedures, interview responsible personnel	13:00 – 15:00	TEC Pellets	Lennart Holm (lead auditor)
Interviews key personnel purchase and sales	15:00 – 17:00	TEC Pellets	Lennart Holm (lead auditor)
Review of documents and records, Supply Base Evaluation	09:15-17:00	TEC Pellets	Luis Vaz Freire (auditor)
Supplier verification	21/09/2017 09:00 – 18:00	Field visits	Lennart Holm (lead auditor)
Review of documents and records, Supply Base Evaluation	09:00 – 12:00	TEC Pellets	Luis Vaz Freire (auditor)
GHG paper audit and evidence review	13:30 – 18:00	TEC Pellets	Luis Vaz Freire (auditor)
Finalizing GHG paper audit and evidence review	22/09/2017 09:00 – 16:00	TEC Pellets	Lennart Holm (lead auditor)
Business integrity, social, health and safety requirements. Logo/Trademark use	09:00 – 16:00	TEC Pellets	Luis Vaz Freire (auditor)
Closing Meeting	16:00- 17:00	TEC Pellets	Lennart Holm (lead auditor)
Stakeholder review and evaluation, and report writing	11:00-18:00	Remote	Lennart Holm (lead auditor)

1. Names and affiliations of people interviewed	
Name:	Affiliation:
Manuel Barros	TEC Pellets, Project Manager

Joaquin Fangueiro	TEC Pellets, Production Manager
Ana Alves	TEC Pellets, Quality Manager
Tiago Reis	TEC Pellets, Operations Manager
Mario Carneiro	TEC Pellets, Forestry Manager
Rens Hartkamp	Consultant, TEC Pellets
Daniela Craveiro	IRCAL - Administration
Carlos Matias	IRCAL – Wood buyer and operations managerAdministration
Fernando Matos	IRCAL - Faller
Alvaro Alves	IRCAL - Faller
Fernando Pereira	IRCAL – Tractor operator
Bernardino Pinto	Madeicampo - Administrative
Fernando Cruz	Madeicampo – wood buyer

12.2 Significant changes

The scope of the certificate was extended to include standard 1, SBE.

12.3 Follow-up on outstanding non-conformities

All non-conformities identified from the main evaluation were closed before the surveillance audit. Non-conformities from this surveillance audit will be monitored to ensure that they are closed within the given timeframe.

12.4 New non-conformities

New non-conformities identified during the first surveillance audit are identified and listed in section 10 of this report.

12.5 Stakeholder feedback

Consultation with stakeholders' was conducted by Tec Pellets on August 30, 2017.

Consultation with stakeholders' was conducted by Control Union on September 01, 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.

One stakeholder comment was received with a focus on two aspects; Sustainability regarding the management of pine forests in Portugal and Biomass production and the local economy.

See section 7.5 in this report.

12.6 Conditions for continuing certification

No condition for continuing certification has been identified.

12.7 Certification recommendation

TEC Pellets is in conformity with the certification requirements and the certificate should be maintained.