

SBP

Sustainable Biomass Program

Control Union Certification B.V. Evaluation of Pinewells SA Compliance with the SBP Framework: Public Summary Report

Second Surveillance Audit

www.sbp-cert.org



Completed in accordance with the CB Public Summary Report Template Version 1.3

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

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1 Overview

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Current report completion date: 12/May/2018

Report authors: Mr. L. Holm (Lead Auditor) and Mr. L. Verwijst (Certifier)

Name of the Company: Pinewells, S.A. Zona Industrial da Relvinha – Sarzedo, Arganil 3300-416 Sarzedo AGN, Portugal

Company contact for SBP: Nazaré Costa , Pinewells - Zona Industrial da Relvinha – Sarzedo, Arganil 3300-416 Sarzedo AGN, Portugal. Tel: +351 235 240 940

Certified Supply Base: Continental Portugal

SBP Certificate Code: SBP-06-06

Date of certificate issue: 09/Aug/2016

Date of certificate expiry: 08/Aug/2021

This report relates to the Second Surveillance Audit

2 Scope of the evaluation and SBP certificate

The certificate scope covers the production site in Sarzedo, 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. 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.

SBP certificate: SBP-06-06

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 SBP 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

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

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

4.2 SBP-endorsed Regional Risk Assessment

Not applicable - No SBP endorsed Regional Risk Assessment was used for this assessment

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Pinewells is a producer wood pellets in the center of Portugal. It is one of the ten main forest based industries in the region, however, still several times smaller than the five largest ones (pulp and paper industry).

In 2017, Pinewells sourced feedstock from the following districts:

- Aveiro;
- Viseu;
- Guarda;
- Coimbra;
- Leiria;
- Castelo Branco.

Most of the feedstock suppliers work with organizations of forest producers (OF). Organizations of forest producers are a central element in representing the interests of owners and forest managers, performing a service to support owners and in turn to the forest producers, whose objective is to achieve best forest management practices. The raw material is received from private forests suppliers and/or the forest domain of the National Forestry Authority;

the following situations can be found:

- Controlled Feedstock (99,5% of the supply, 23 suppliers, 94% - pine, 4% - deciduous, 2% - eucalyptus) from small forest owners (< 500 ha) and the National Forestry Authority, including woodstand cleanings to avoid fires, diseases, etc.;
- SBP-compliant Primary Feedstock (0,5% of the supply, 1 supplier, maritime pine) from FSC certified forests, such as eucalyptus (which are highly valued by other industries, for example, the paper industry). Pinewells works with several suppliers who are owners of forest areas which are legally required to ensure the cleaning and maintenance of their wood lands and forests.

5.2 Description of Company's Supply Base

The Supply Base is Portugal.

Description 'Portugal':

3,2 million ha of forests cover Portugal, corresponding to 35,4% of the country's land mass, followed by soil considered farmland (32%) and uncultivated (24%). In Portugal, private property from private owners (89%) and community (Baldios, 8%) correspond to 97% of total forest land, including 5,7% property of industry companies. Public areas are up to 2,9% (around 94 000 ha). The forest area under communitarian management (Baldios) is subject to old customary and traditional rights and regulated by specific laws. In Portugal, there are no indigenous peoples 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 2,0 million to over 3,2 million ha 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.

In Portugal entering forest lands is not considered invasion even on private properties, and it is common the use of wild products by communities (mushrooms, asparagus, snails, besides fishing on public waters). The felling phytosanitary manifest includes identification of the origin of the felling area. Also, transportation documentation identifies the origin of the transport. There are still areas in Portugal without a cadastral registration.

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.

Regarding the distribution of the main tree species:

1. Eucalyptus (*Eucalyptus globulus*) is the main tree species – 812 000 ha. Originally from Tasmania eucalyptus is present all over the country. Especially used by pulp and paper industry, eucalyptus became one of the most planted trees in Portugal. In the 80's, 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^o. 175/88 of May 17 and Law N^o. 513/89, 6 July) that restricts the increase of monoculture plantation of this species.
2. Cork oak (*Quercus suber*) – 737 000 ha. The cork oak is seen as the 'national tree' of Portugal. Portugal is the leading producer, processor and exporter of cork.
3. Maritime pine (*Pinus pinaster*) – 714 000 ha. Maritime pine is scattered over the regions of northern and central coast of the country. This tree species was chosen in afforestation campaigns carried out during the nineteenth century. It regenerates easily. Its timber is widely used commercially.

Pine forests are usually managed in stands of trees, generally of seed or seedling origin, that normally develop a high closed canopy, and can be managed using natural regeneration or by sowing or planting. In cases of natural regeneration and planting, the initial phase is intended to gradually reduce the density of plants to 1 200 – 1 600 trees per ha. Initially in groups and then selectively with mechanical or manual

harrowing or slashing. After 10 years the trees can be pruned and thinned, utilizing the residual material, leaving a final cut (after 30 - 40 years) of about 500 - 600 trees per ha, while proceeding to also control unwanted vegetation mechanically or manually harrowing or slashing. In the case of natural regeneration, during the final cut about 25 large trees per ha are left as seed trees.

Eucalyptus plantations are based on planting and the clear-cutting the forest, usually between 10 and 15 years, utilizing all of the wood with or without the bark (simple coppice). Priority is given to conducting coppice for 1, 2 up to 3 rotations, selecting shoots after each cut. If last cut is not deemed productive then the area is re-planted.

In mixed stands with maritime pine, the management system is based on thinning the forest, in order to leave a percentage of remaining trees for future use when the stumps of the harvested eucalyptus trees produce shoots (composed coppice).

CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) does list a considerable number of protected plant species for Portugal, 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 territory of Portugal, 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).

Portugal 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).

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, the loss of vitality and the mortality of maritime pine is mainly related with the Wood PineNematode (WPN), detected in Portugal in 1999.

5.3 Detailed description of Supply Base

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

<https://pinewells.com/assets/Pinewells-SBR-EN.pdf>

- a. Total Supply Base area (ha): 3,2 millions ha
- b. Tenure by type (ha): Privately owned: 3.1 million ha; Public: 100 000 ha
- c. Forest by type (ha): Temperate: 3,2 millions ha
- d. Forest by management type (ha): Plantation: 1.8 millions ha; Natural/Semi Natural: 1.4 millions ha
- e. Certified forest by scheme (ha): 391 677 ha FSC-certified forest; 254 604 ha PEFC-certified forest
- f. Total volume of Feedstock: 223 981,539 tonnes
- g. Volume of primary feedstock: 204 036,6
- h. List percentage of primary feedstock (g), by the following categories.
Subdivide by SBP-approved Forest Management Schemes:
Not certified to an SBP-approved Forest Management Scheme – 99.5%
Certified to an SBP-approved Forest Management Scheme - 0,5%

5.4 Chain of Custody system

Pinewells is certified against FSC COC and its complementary CW standard. Valid FSC system description and other documents exist. The Organisation is implementing a FSC credit system. FSC 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 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, 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 purposes 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 March 26-28, 2018 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 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)	xx/xx/18 1.5 hours	Remote	Loek Verwijst (certifier)
Audit			
Opening meeting	26/03/2018	Pinewells	Lennart Holm (lead auditor)
Review of documents and records, Supply Base Evaluation, Supply Base Report. Complaints procedures, Business Integrity. Social, health and safety requirements	26/03/2018	Pinewells	Lennart Holm (lead auditor) Luis Vaz Freire (auditor)
Field visits to 3 suppliers at 4 sites to verify these suppliers conformity with Standard 1 and their ability to supply SBP-compliant feedstock.	27/03/2018	Conchadas, São João, Prasegueiro and Rio Criz	Lennart Holm (lead auditor) Luis Vaz Freire (auditor)
GHG data registrations, company processes and procedures, Management system overview and company Chain of Custody registrations. Logo/Trademark use and a Tour of the facility.	28/03/2018	Pinewells	Lennart Holm (lead auditor) Luis Vaz Freire (auditor)
Closing Meeting	28/03/2018	Pinewells	Lennart Holm (lead auditor)

Names and affiliations of people interviewed	
Name:	Affiliation:
Nazaré Costa	Pinewells
Bianca Peixinho	Pinewells
Fransisco Dias	Pinewells
José Casimiro	Pinewells
Aldora Firmo	Pinewells
Miguel Gonçalves	Pinewells
Rui Carvalho	Pinewells
Paulo Simões	Supplier-Bes-Consigo
Armando Gonçalves	Supplier-Madeiras do Colcorinho
Nautilio Pinto	Supplier-Cortitrans
Helder Santos	Supplier-Cortitrans
António Graça	Supplier-Abastena

Joana Faria	FSC Portugal
Susana Ferreira	CM Arganil
Susana Mestre	AFLOBEI

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. Critical Control points were evaluated and found to be sufficiently managed. During the 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

Pinewells has produced an SBE with required Risk Assessment. Consultation with stakeholders' was conducted by Pinewells on 31/10/2017 and on 27/11/2017 for a final deadline on 20/12/2017. Consultation with stakeholders' was conducted by Control Union on 02/11/2017. 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. All stakeholders are recorded on the stakeholder announcement list. No comments were received. During the audit, several stakeholders were interviewed, with no comments received.

7 Results

7.1 Main strengths and weaknesses

The audit of Pinewells 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 FSC 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 Pinewells' 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

Pinewells 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. Pinewells 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 15 Indicators which were designated as specified risk. Pinewells 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 regular and electronic email. Pinewells 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.

7.3 Collection and Communication of Data

Pinewells do have in depth procedures for this and have supplied actual data on Greenhouse Gas emissions, except for forest operations; including planting, harvesting, use of pesticides and fertilizers. For the in-forest use of chemicals, operational data is not recorded because is not primary feedstock from woody energy crops.

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 were two external consultants with experience is producing SBP systems and carries a PhD as well as a MSc 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 HC VF, 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 audits.

7.5 Stakeholder feedback

See 6.3 above.

7.6 Preconditions

N/A, no preconditions.

8 Review of Company’s Risk Assessments

Describe how the Certification Body assessed risk for the Indicators. Summarise the CB’s final risk ratings in Table 1, together with the Company’s final risk ratings. Default for each indicator is ‘Low’, click on the rating to change. Note: this summary should show the risk ratings before AND after the SVP has been performed and after any mitigation measures have been implemented.

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.

Table 1. Final risk ratings of Indicators as determined BEFORE the SVP and any mitigation measures.

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

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Specified	Specified
2.4.3	Low	Low
2.5.1	Specified	Specified
2.5.2	Low	Low
2.6.1	Specified	Specified
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

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

Table 2. Final risk ratings of Indicators as determined AFTER the SVP and any mitigation measures.

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

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

9 Review of Company’s mitigation measures

Pinewells has implemented mitigation measures for 15 indicators evaluated as specified risk during the assessment.

Indicator	Mitigation Measure
1.1.2	<p>Pinewells does not buy any wood from wood suppliers without a valid company registration and delivery documentation indicating the place of harvest.</p> <p>When there is not cadastre information, the Pinewells team goes to the felling area to talk with the stakeholders: the owners, neighbours and people that live in the area.</p> <p>The Due Diligence System and the ‘PO31_0 Monitoring and inspection system’ and ‘Procedure on the legality and origin of raw material’ state appropriate control systems.</p>
1.2.1	<p>Pinewells does not buy any wood from wood suppliers without a valid company registration, or from wood lands, of which the owner rights are disputed. Any dispute concerning the ownership of the wood needs to be solved first.</p> <p>In cases with doubt, mostly due to the absence of cadastral data, Pinewells decides to double-check if there are no legal issues to the harvest operations. In these cases, the internal procedure ‘Procedure on the legality and origin of raw material’ is activated’.</p> <p>Additional investigations are conducted by means of legal document research and extends to, for example, interviewing local stakeholders (owners of neighbouring wood lands) and local authorities,</p>
2.1.1	<p>The control system for feedstock, which also includes regular inspections of suppliers, is duly implemented. All used material is traceable to its origin through the harvest manifests and transport guides.</p> <p>All suppliers have to comply with the laws in force, which are supervised by the Tax Authority and the ICNF (Please see the file ‘Plano Regional de Ordenamento Florestal’ ‘Documentation point 4 ‘cartografia síntese’ (ICNF) for each region). Some HCV areas are designated as protected and classified areas at the national or EU level (Natura 2000). There are also smaller areas or biotopes important to biodiversity, or classified as priority species’ habitats.</p> <p>Pinewells identifies and maps of areas with high conservation values (HCVs). HCV 1, 3, 4 and 5 were assessed to have a specified risk. Extra effort is needed to identify and map these values. Internet sources, as well as the local situation needs to be studied. In the process, HCV 6 is also checked. Previous cartography is useful for field work preparations.</p>
2.1.2	<p>Pinewells identifies and addresses potential threats to forests and other areas with high conservation values (HCVs). HCV 1, 3, 4, and 5 were assessed to have a specified risk. See also the explanation above (indicator 2.1.1).</p> <p>Pinewells ensures:</p> <ul style="list-style-type: none"> • mapping HCV areas of the harvesting plot;

	<ul style="list-style-type: none"> • harvesting according to the technical rules in forestry; • best forestry practices, respecting environmental sustainability and safety; • cleaning of waste from plantations; • tree species (no genetically modified trees). <p>The feedstock suppliers evaluate every plot before the harvesting operations begin. Pinewells inspects the suppliers and harvesting and keeps records of field inspections and monitoring results.</p>
2.1.3	Pinewells considers all pine stands as forests and eucalyptus and Poplar stands as plantations. Pinewells checks if forests have been changed to (eucalyptus) or Poplar plantations after 2008.
2.2.1	There is a specified risk on this point, mainly in case no forest plan is available (no PROF, PGF ZIF, PUB, SNAC, as well as no PEFC or FSC certification). Pinewells always demands its Evaluation of the risks and possible impacts of harvesting operations (EoR).
2.2.2	Pinewells does fields inspections and checks feedstock and the felling area. In addition, trainings are given to suppliers on best forest practice guide. Pinewells demands an Evaluation of the risks and possible impacts of harvesting operations (EoR) from all feedstock suppliers. The EoR addresses the specified risk on soil degradation. Best practices regarding harvesting operations have to be applied.
2.2.3	<p>The approach to mitigating this risk:</p> <ol style="list-style-type: none"> 1) Pinewells prepares (publicly available) data on ecosystems and habitats (see above 2.1.1 on mapping and 2.1.2 on identifying and addressing potential threats). The key ecosystems and habitats are identified in Protected and Classified areas. This information is given to all feedstock suppliers. 2) Feedstock suppliers are trained to recognise key ecosystems and habitats. 3) Before harvesting operations commence the plot is evaluated on this point and records are kept. Best forestry practises are applied. Most importantly, the feedstock suppliers inspect visually the harvesting plot and report on the results. Key ecosystems and habitats are indicated on the harvesting maps. Best practises are used to protect the high ecological values. The harvesting operations conserve these objects, mainly by not cutting the woodland or forest directly around them. In exceptional cases, low intensity harvesting operations are possible without damaging these objects. <ol style="list-style-type: none"> a. Study key ecosystems on the harvesting plot, conserve areas of ecological value b. Study flora and fauna at the harvesting plot, nests, breeding areas, anthills conserve protected tree species and habitats c. Do not operate near-water areas. 4) Best practices are used. Pinewells as its own Best Practice Harvest Operations Guide. 5) Pinewells monitors the harvesting operations of its feedstock suppliers and checks the EoR of its suppliers.
2.2.4	<p>The approach to mitigating this risk:</p> <ol style="list-style-type: none"> 1) Pinewells prepares data on biodiversity researches and programs, red lists of Portugal, CITES, etc. (see above 2.1.1 on mapping and 2.1.2 on identifying and addressing potential threats, HCV 1 – Species diversity). This information is given to all

	<p>feedstock suppliers.</p> <p>2) Feedstock suppliers are trained to recognise the protected biodiversity and how to conserve them. These species are often related (it can be indicator species) to key ecosystems which need conserved (previous indicator).</p> <p>3) The harvesting teams inspect visually the plot, make photos and report on the results. Endangered flora and fauna are indicated on the harvesting maps. Pinewells demands its Evaluation of the risks and possible impacts of harvesting operations (EoR) from all feedstock suppliers.</p> <p>4) Best practises are used, including measures to conserve and increase biodiversity (for example, standing dead wood, prescribed burning and other disturbances improving the conditions for endangered species flora and fauna).</p> <p>5) Pinewells monitors the harvesting operations of its feedstock suppliers and checks the EoR of its suppliers.</p>
<p>2.3.2</p>	<p>Pinewells trains its personnel on all relevant aspects and demands the same from its feedstock suppliers.</p> <p>During the supplier’s office inspections are checked: the training records, (new) workforce, and the hiring of specialists. The level of knowledge of personnel is inspected during site visits. Pinewells does specialized training during the field inspections. It is done by a forest engineer and a Health and Work Safety Engineer.</p> <p>In addition, Pinewells checks the training registry of the employees of their suppliers, to ensure that adequate training is given, regarding the functions of the forest workers.</p>
<p>2.4.2</p>	<p>The approach to mitigating this risk:</p> <p>1) Pinewells studies data (from publicly available information, researches and programs) for harvesting teams on risks and regulations regarding fires, pests and diseases. This information is given to all feedstock suppliers.</p> <p>2) Feedstock suppliers are trained to recognise poor forest management and on mitigation measures. Pinewells team gives suppliers a Best Practice Harvest Operations Guide which includes prevention measures of fire risk. In addition, Pinewells gives training about this Guide to forest workers during the visits to the suppliers. This measure ensures that the workers are aware of the prevention measures.</p> <p>3) The harvesting teams inspect visually the plot and make records. Pinewells demands its EoR from all feedstock suppliers, in which this point is addressed. Feedstock suppliers inspect if the plot was managed well on these points, if not, the feedstock is not considered compliant to the SBE program (will not become SBP-compliant feedstock). Regarding fires, before every harvesting operation an evaluation is made about the fire risk in that day. It will be checked if the harvesting area there is prevention measures applied in the case of fires.</p> <p>4) Best practises, regarding management of fires, pests and diseases, include:</p> <ul style="list-style-type: none"> a. Traps for NMP (Pine Wood Nematode Bursaphelenchus xylophilus, and its vector the insect Monochamus galloprovincialis); b. Use of net (cover) during transport of wood in the period insect vector NMP; c. Phytopharmaceutical application on the ground; d. Chipping and using wood with symptoms within 2, 3 days; e. Ensure that all suppliers have an economic operator registration;

	<p>5) Pinewells monitors the harvesting operations of its feedstock suppliers and checks the submitted EoR's. Sufficient management by the forest owner and best practises by the harvesting teams are required to comply with the SBE program requirements.</p>
2.5.1	<p>The approach to mitigating this risk:</p> <ol style="list-style-type: none"> 1) Feedstock suppliers are trained to recognise possible issues with legal, customary and traditional tenure and use rights. 2) The harvesting teams inspect visually the plot have and abusive use of fences and inadequate sings including closed gates. Pinewells demands its Evaluation of the risks and possible impacts of harvesting operations (EoR) from all feedstock suppliers. This aspect is addressed. If the land area to be harvested is fenced, moreover, if it has been fenced recently, the opinion of residents is assessed. Abuse of fences, blocked roads, and inadequate signs makes the feedstock non-compliant the SBE program. 3) Pinewells monitors the harvesting operations of its feedstock suppliers and checks the EoR of its suppliers. <p>There are no indigenous people in Portugal or minorities dependant on forests for their livelihood.</p>
2.6.1	<p>The approach to mitigating this risk:</p> <ol style="list-style-type: none"> 1) Pinewells 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). 2) Pinewells 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). 3) Pinewells has a complaint procedure and keep records. The feedstock suppliers are also required to actively implement a complaint procedure and keep records. Pinewells demands its EoR from all feedstock suppliers, in which the interests of local population are assessed. 4) Pinewells monitors the harvesting operations of its feedstock suppliers and checks with them if there is 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. 5) The results of the inspections of Pinewells have direct influence on the 'SBE program approved' status of feedstock suppliers.
2.8.1	<p>The approach to mitigating this risk:</p> <ol style="list-style-type: none"> 1) Pinewells has a rigorous control system and adequate procedures on the health and safety of forest workers. Pinewells demands the same from its feedstock suppliers and checks the health safety of harvesting personnel during its monitoring inspections. 2) During the office inspections of feedstock suppliers are checked: the H&S training records, workforce, and the hiring of specialists in forest security. 3) To ensure compliance with this indicator Pinewells has implemented a field inspection system. The inspections are conducted and verified with a checklist filled in with supplier evidences and information by Pinewells. Protective equipment and knowledge of

	<p>personnel is inspected during site visits.</p> <ul style="list-style-type: none"> a. Interviews with staff; b. Equipment safety measures; c. Fire extinguisher availability (normally in the forest tractor); d. First aid kit availability (normally in the forest tractor). <p>4) Pinewells gives training to all workers about best practices during the inspections that include an indicator about Health and safety. Every time Pinewells finds a lack of compliance, specific training will be given about the correct wear of protective equipment and the risks that are implied of not wearing it.</p>
2.9.1	<p>The approach to mitigating this risk:</p> <ul style="list-style-type: none"> 1) Pinewells studies data (from publicly available information, researches and programs) for its harvesting teams on aspects that can decrease the carbon stock. This information is given to all feedstock suppliers. 2) Feedstock suppliers are trained with good forest practice. 3) The harvesting teams inspect visually the plot. Pinewells demands its Evaluation of the risks and possible impacts of harvesting operations (EoR) from all feedstock suppliers. Studied are the history, the present harvesting plans, and the future of the land use. This risk has a regional to local (and exceptional) character and relates to changes to the standing stock and accumulated carbon in the ground. It is partly covered by the mitigation measures mentioned in the following indicators: <ul style="list-style-type: none"> a. 2.1.3 (land conversion); b. 2.2.2 (degradation of grounds); 4) Pinewells checks plots and the submitted EoRs.

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. Pinewells 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.

Pinewells 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, Pinewells plans to SBE approve their 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

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

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

NC number 2018-01	NC Grading: Minor
Standard & Requirement:	<p>Standard 1, 1.2.1.</p> <p>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:</p> <ul style="list-style-type: none"> • 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
Description of Non-conformance and Related Evidence:	
<p>The system is well described in the SBE and the "Procedures on the legality and origin of raw material". When a Pinewells' supplier informs that is going to start harvesting at a new plot, there are two different situations:</p> <p>1. If the plot was purchased from a private owner, the supplier must:</p> <ul style="list-style-type: none"> • Identify the plot; • Validate the owner; • Have proof of the relationship between the seller and the land; • Formalize the business (including a demand to pay taxes on the income); • Pay and issue payment receipt. <p>A contract was verified where the person who entered into the contract was not the land owner but the husband of the registered land owner. There were no evidence provided that the husband could sign the contract on behalf of the registered landowner.</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date

Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

NC number 2018-02	NC Grading: Minor
Standard & Requirement:	<p>Standard 1, 2.2.2</p> <p>The BP has implemented appropriate control systems and procedures for verifying that feedstock is sourced from forests where management maintains or improves soil quality (CPET S5b)</p> <p>Examples of Means of Verification:</p> <ul style="list-style-type: none"> • Regional Best Management Practices • Supply contracts • Records of BPs' field inspections • Assessment at an operational level of measures designed to minimise impacts on the values identified • Soil monitoring records • Interviews with staff • Publicly available information on the protection of soil • Level of enforcement • Regional, publicly available data from a credible third party • The existence of a strong legal framework in the region.
Description of Non-conformance and Related Evidence:	
Areas were seen with the suppliers Besconsigo and Madeiras do Colcorinho where the risk of erosion was not mentioned on The Supplier mentioned that the harvesting system with winch, would manage the erosion risk, this should thus be specified as a mitigation measure.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

NC number 2018-03	NC Grading: Observation
Standard & Requirement:	<p>Standard 2, 6.3.</p> <p>The BP shall ensure that the place of harvesting is within the defined</p>

	SB.
Description of Non-conformance and Related Evidence:	
Each time the company buys wood, it is verified with the list of approved suppliers. The entry list contains only approved suppliers. Registration of the loading location and species and amounts. This also includes any FSC compliant material (SBP-compliant secondary feedstock). For SBP controlled this is part of the CW system. The supplier declaration of the supplier Habimadeiras mentions obligations of Pinewells while it should be of the supplier.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Click or tap here to enter description provided by Company to close the NC.
Findings for Evaluation of Evidence:	Click or tap here to enter findings for evaluation of evidence by the auditor.
NC Status:	Open

NC number 2018-04	NC Grading: Minor
Standard & Requirement:	Standard 2, 15.6 The BP shall implement a management review system, which has the authority to make appropriate improvements to the management system.
Description of Non-conformance and Related Evidence:	
The last management review was done on 10/02/2017. This should be done sooner, and after an external audit to ensure that appropriate improvements to the management system can be made.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Click or tap here to enter description provided by Company to close the NC.
Findings for Evaluation of Evidence:	Click or tap here to enter findings for evaluation of evidence by the auditor.
NC Status:	Open

NC number 2018-05	NC Grading: Observation
Standard & Requirement:	Standard 2, 20.2 The BP shall inform SBP of any substantiated complaints within 30 days of the completion of the BP's analysis of the complaint.
Description of Non-conformance and Related Evidence:	
The reference to the complaint system in the company handbook mentions the requirement for "should", while "shall" is more appropriate.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report

	finalisation date
Evidence Provided by Company to close NC:	Click or tap here to enter description provided by Company to close the NC.
Findings for Evaluation of Evidence:	Click or tap here to enter findings for evaluation of evidence by the auditor.
NC Status:	Open

NC number 2018-06	NC Grading: Minor
Standard & Requirement:	Standard 2, instruction note 2C, 4.1 The report shall be concise, covering the most important features, and shall be completed using the latest version of the SBR template for Biomass Producers downloaded from the SBP website.
Description of Non-conformance and Related Evidence:	
There are various spelling errors and gramatical errors in the english version of the SBR, as well as section 6.1 is incomplete.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	Click or tap here to enter description provided by Company to close the NC.
Findings for Evaluation of Evidence:	Click or tap here to enter findings for evaluation of evidence by the auditor.
NC Status:	Open

NC number 2018-07	NC Grading: Observation
Standard & Requirement:	Standard 4, 5.2.2 Only the following feedstock inputs shall be considered to be SBP-compliant feedstock <ul style="list-style-type: none"> • Feedstock received with an SBP-approved Forest Management Scheme Claim or SBP-approved recycled claim. • Feedstock sourced from within the BP’s defined Supply Base (SB) and for which a valid Supply Base Evaluation (SBE) has determined that all the indicators in the SBP Feedstock Compliant Standard are low risk. • Feedstock sourced within the scope of the BP’s own SBP-approved Chain of Custody (CoC) System certification, for example, non-certified reclaimed feedstock sourced in compliance with FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC. • Post-consumer tertiary feedstock sourced following the requirements of Instruction Note 4A, SBP tertiary feedstock requirements.

Description of Non-conformance and Related Evidence:	
Fornecimento.xls registers incoming feedstock by claim but does not have a column for FSC Mix.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Click or tap here to enter description provided by Company to close the NC.
Findings for Evaluation of Evidence:	Click or tap here to enter findings for evaluation of evidence by the auditor.
NC Status:	Open

NC number 2018-08	NC Grading: Minor
Standard & Requirement:	Standard 4, instruction note 4B, 1.1/1.2 The Sustainable Biomass Partnership (SBP) owns three registered trademarks: the SBP logo artwork, the initials “SBP” and the name “Sustainable Biomass Partnership”. In order to use the SBP trademarks, the organisation shall have signed the SBP trademark licence agreement.
Description of Non-conformance and Related Evidence:	
Trademark licence agreement was signed on 21.03.2016. SBP-Sustainable Biomass partnership used on www.pinewells/products, without approval as specified in the document “SBP certification mark and trade mark use Guidance for Certificate Holders”.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Click or tap here to enter description provided by Company to close the NC.
Findings for Evaluation of Evidence:	Click or tap here to enter findings for evaluation of evidence by the auditor.
NC Status:	Open

NC number 2018-09	NC Grading: Observation
Standard & Requirement:	Standard 5, 4.3 End Users must be SBP Chain of Custody certified in order to make claims regarding the use of biomass carrying an SBP Claim.
Description of Non-conformance and Related Evidence:	
The end users SBP code is entered into DTS for each sale, but is not registered in Doc-9 Customers Validation.	

Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Click or tap here to enter description provided by Company to close the NC.
Findings for Evaluation of Evidence:	Click or tap here to enter findings for evaluation of evidence by the auditor.
NC Status:	Open

NC number 2018-10	NC Grading: Minor
Standard & Requirement:	<p>Standard 5, section A, 4.1.2</p> <p>A single Input Group shall not include feedstock:</p> <ul style="list-style-type: none"> • From more than one of the following classifications: <ul style="list-style-type: none"> o primary feedstock from forests (products or residues);; o woody energy crops (primary feedstock);; o wood industry residues (secondary feedstock);; o post-consumer wood (tertiary feedstock). • With significantly different transport distances. <p>Note: The ratio between maximal and average transport distance should not be over 1.5 (for 90% of the feedstock in that group). Any exceptions should be verified by the CB and explained in the SAR.</p> <ul style="list-style-type: none"> • Which is prepared or pre-processed on-site and subsequently mixed with feedstock that is not prepared or pre-processed onsite.
Description of Non-conformance and Related Evidence:	
The input groups, Primary and Secondary, have not been further divided to ensure that the ratio between maximal and average transport distance is not over 1.5.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Click or tap here to enter description provided by Company to close the NC.
Findings for Evaluation of Evidence:	Click or tap here to enter findings for evaluation of evidence by the auditor.
NC Status:	Open

11 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:

Certification decision:	Certification approved
Certification decision by (name of the person):	Loek Verwijst
Date of decision:	14/Jun/2018
Other comments:	