

# SBP

Sustainable Biomass Partnership

# NEPCoN Evaluation of Pellets Power, Lda Compliance with the SBP Framework: Public Summary Report

## First Surveillance Audit

[www.sustainablebiomasspartnership.org](http://www.sustainablebiomasspartnership.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.sustainablebiomasspartnership.org](http://www.sustainablebiomasspartnership.org)*

### *Document history*

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# 1 Overview

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Report completion date: 12/Jan/2017

Report authors: Pilar Gorriá Serrano

Certificate Holder: Pellets Power, Lda

Producer contact for SBP: Maria João Preto, +351 969647006, maria.preto@gesfinu.com

Certified Supply Base: Portugal

SBP Certificate Code: SBP-01-12

Date of certificate issue: 09/Mar/2016

Date of certificate expiry: 08/Mar/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"/>                                             | <b>X</b>                 | <input type="checkbox"/>  | <input type="checkbox"/> | <input type="checkbox"/>  |

## 2 Scope of the evaluation and SBP certificate

The certificate scope covers the production site and office in Mortagua, Portugal.

The Organisation holds valid FSC Chain of Custody and FSC Controlled wood certificate, covering pellet production.

The input material used by the organisation for biomass production (both as raw material for pellet production and feedstock used into dryer) contains both primary and secondary feedstock supplied by local suppliers.

All inputs materials delivered to the pellet production plant are FSC certified, FSC controlled wood or included in the Organisation’s FSC Controlled wood verification system. Feedstock used in the biomass production originates from Portugal only. All the material is sold in one harbour only at FOB incoterms.

Supply Base Evaluation is not included into the scope of the evaluation.

Scope of the evaluation is indicated in the table below:

| Scope Item                                  | Check all that apply to the Certificate Scope                                                                                                                                                 |                                                                       |                              |                                            | Change in Scope<br>(N/A for Assessments) |
|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------|--------------------------------------------|------------------------------------------|
| <b>Approved Standards:</b>                  | SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0<br><a href="http://www.sustainablebiomasspartnership.org/documents">http://www.sustainablebiomasspartnership.org/documents</a> |                                                                       |                              |                                            | <input type="checkbox"/>                 |
| <b>Primary Activity:</b>                    | Pellet producer                                                                                                                                                                               |                                                                       |                              |                                            | <input type="checkbox"/>                 |
| <b>Input Material Categories:</b>           | <input checked="" type="checkbox"/> SBP-Compliant Primary Feedstock                                                                                                                           | <input checked="" type="checkbox"/> SBP-Compliant Secondary Feedstock |                              |                                            | <input type="checkbox"/>                 |
|                                             | <input checked="" type="checkbox"/> Controlled Feedstock                                                                                                                                      | <input type="checkbox"/> SBP non-Compliant Feedstock                  |                              |                                            |                                          |
|                                             | <input type="checkbox"/> SBP-Compliant Tertiary biomass                                                                                                                                       | <input type="checkbox"/> Post-consumer Tertiary Feedstock             |                              |                                            |                                          |
|                                             | <input type="checkbox"/> SBP-approved Recycled Claim                                                                                                                                          | <input type="checkbox"/> Post-consumer Tertiary Feedstock             |                              |                                            |                                          |
|                                             |                                                                                                                                                                                               |                                                                       |                              |                                            |                                          |
| <b>Chain of custody system implemented:</b> | <input checked="" type="checkbox"/> FSC                                                                                                                                                       | <input type="checkbox"/> PEFC                                         | <input type="checkbox"/> SFI | <input type="checkbox"/> GGL               | <input type="checkbox"/>                 |
|                                             | <input type="checkbox"/> Transfer                                                                                                                                                             | <input type="checkbox"/> Percentage                                   |                              | <input checked="" type="checkbox"/> Credit | <input type="checkbox"/>                 |

|                                              |                                                                       |                                                                                                                                         |                                                                                                   |                          |
|----------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|--------------------------|
| <b>Points of sales</b>                       | <input type="checkbox"/> Harbour (including own handling of material) | <input checked="" type="checkbox"/> Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbour | <input type="checkbox"/> Other point of sale (e.g. gate of the BP, boarder, railway station etc.) | <input type="checkbox"/> |
|                                              | -                                                                     | - Aveiro harbour                                                                                                                        | -                                                                                                 |                          |
| <b>Provide name of all points of sales</b>   |                                                                       |                                                                                                                                         |                                                                                                   |                          |
| <b>Use of SBP claim:</b>                     | <input checked="" type="checkbox"/> Yes                               |                                                                                                                                         | <input type="checkbox"/> No                                                                       | <input type="checkbox"/> |
| <b>SBE Verification Program:</b>             | <input type="checkbox"/> Low risk sources only                        | <input type="checkbox"/> Sources with unspecified/ specified risk                                                                       |                                                                                                   | <input type="checkbox"/> |
|                                              | New districts approved for SBP-Compliant inputs:                      |                                                                                                                                         |                                                                                                   |                          |
| <b>Sub-scopes</b>                            |                                                                       |                                                                                                                                         |                                                                                                   | <input type="checkbox"/> |
| Specify SBP Product Groups added or removed: |                                                                       |                                                                                                                                         |                                                                                                   |                          |
| Comments:                                    |                                                                       |                                                                                                                                         |                                                                                                   |                          |

### 3 Specific objective

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

The scope of the evaluation covered:

- Review of the BP's management procedures;
- Review of the production processes, production site visit;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- GHG data collection analysis;



## 4 SBP Standards utilised

### 4.1 SBP Standards utilised

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

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

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

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

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

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

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

### 4.2 SBP-endorsed Regional Risk Assessment

Not applicable. Supply Base Evaluation is not covered by the Scope of the Evaluation.

## 5 Description of Biomass Producer, Supply Base and Forest Management

### 5.1 Description of Biomass Producer

BP is a biomass producer with a production situated in Mortagua, Portugal

Pellet Power Lda is producing both Industrial and premium quality wood pellets.

BP is sourcing both primary and, secondary feedstock for its production. The input material consists mostly of branches, tree tops and stem wood from thinnings together with limited part of sawdust and slab wood from sawmills. All the input material is coming from Portugal.

All Feedstock types are delivered to the pellet plant by road transport.

Incoming feedstock is either FSC certified, FSC Controlled or controlled according to the existing biomass producer (BP) FSC Controlled wood verification program. FSC Controlled wood verification program is applicable for feedstock originating from Portugal. Origin information is kept and origin information access agreements are signed with feedstock suppliers. As a part of the Verification program BP is conducting supplier audits.

The BP is implementing FSC credit system. The amount of the biomass produced according to FSC credit system might be sold as SBP-compliant or SBP- controlled. During this audit period only controlled wood material has been included in the credit system, thus only SBP controlled has been supplied.

After the production, pellets are stored in BP's production storage or transported into the Aveiro harbour and loaded directly to the vessel.

### 5.2 Description of Biomass Producer's Supply Base

Biomass Producer's Supply Base is the same as defined in the assessment in November 2015: Portugal Continental. Only percentages of type of feedstock have been updated to the current reporting period.

The raw material used by the BP origins form Portugal. The majority of the material used by Pellets Power, Lda, is primary feedstock. The predominant material used is branches and stems of Pinus Pinaster. The stems received are of low quality and in most cases are not suitable for other use. The second most common material are the branches and stems of Pinus Pinea. The organization also source Eucalyptus (mostly in form of tops which are used as a fuel in the production – 11%), poplar, acacia or ash (considered as mix rolaria).

The raw material comes from forest clean operations and pine plantation maintenance (including round wood, pine cones, branches, needles, leaves, thinning and bark).

Forest cover in Portugal accounts for about 35,4% or about 3,154,800 ha (ICNF 2010) out of this 0.7% ( 24,000 ) is classified as primary forest.

Portugal has 849,000 ha of planted forest (812 000ha for Eucalyptus Globus).

The main tree species are: Maritime pine (*Pinus pinaster*) (23%), Eucalyptus (*Eucalyptus globulus*) (26%), Cork oak (*Quercus suber*) (23%), Holm oak (*Quercus rotundifolia*) (11%), Oaks (*Quercus* spp) (2%), Umbrella pine (*Pinus pinea*) (6%), Sweet chestnut (*Castanea sativa*) (1%), other hardwoods (6%) and other softwoods (2%).

Portuguese forests are increasing continually from the two last centuries but in the last decade some decreasing started to be noticed, because of forest fires, conversion to other uses and also because of the effect of the pine disease (pine wood nematode) which affected mostly maritime pine. According IFN, 2010 from ICNF: Between 1995-2010 forests lost an average of 10 000ha/year meaning -0,3%/year.

Portuguese forests are influenced by the climate and geography, among other factors, being significantly different in the North and in the South. The North is mostly mountainous and influenced by the Atlantic climate. Here are present oak forests of *Quercus robur* and *Quercus faginea* at seaside and *Quercus pyrenaica*, with settlements of *Cytisus* sp. and several pockets of invasive species, such as *Acacia* sp. In the South, with more plains and less relief, Portugal's endemic Mediterranean forests are characterized by oak forests (*Quercus suber* and *Quercus rotundifolia*) with several types of understorey vegetation. Pine trees (*Pinus pinaster* and *Pinus pinus*) and Eucalyptus (*Eucalyptus globulus*) occur in all territory, as well as abundant bushes of rockrose *orlabdanum* (*Cistus ladanifer*) and strawberry tree (*Arbutus unedo*) in all territory.

All types of forest areas present in Portugal mainland are plantations, semi-natural and natural forests.

The first goal forest management is improved the productions (timber and NTFP-Non Timber Forest Products as cork and cones/pine nuts). This strategic forest planning methodology allows the integration of two different silvicultures (timber production or non timber forest products) and the choice of the best in each stand. Pine cones is a production which needs a good solar exposure, which means that the umbrella pine (*Pinus pinea*) is pruned, and some thinning must be done over the years.

Mixed stands of cork oak and pines also demand thinning to become a pure cork stand from some stage, as the pines are intolerant species.

The timber and the cork constitute the most financially profitable forest products, that target the various activities such as sawmills, cork industries, production of paper pulp, cellulose or energy, among many others. Portugal is the main cork producer in the world. Portuguese resin production is regaining competitiveness and the sector is starting the collection and industrial processing.

[http://www.gesfinu.com/arq/fich/SBR\\_PP\\_EN.pdf](http://www.gesfinu.com/arq/fich/SBR_PP_EN.pdf)

## 5.3 Detailed description of Supply Base

a. Total Supply Base area: 3,2 million ha: Cumulative area of all forest types within SB

b. Tenure by type (ha): Privately owned– 3,135 million ha; Public forest 94.000 ha

c. Forest by type (ha): Temperate Forests 3154800 ha

d. Forest by management type (ha): Naturally regenerated forest: 2 306 000 ha; Planted forest: 849 000ha  
(source - FRA 2015 – Country Report, Portugal)

e. Certified forest by scheme (ha): FSC - certified forest - 370.000 ha and PEFC-certified forest - 257 121 ha

f. Total volume of Feedstock: 170873 tonnes (0 – 200,000 tonnes)

Arboricultural arising: 1799 ton

Branch wood: 6050 ton

Low grade roundwood: 155195 ton

Other residues of wood industry: 69 ton

Other types of sawmills residues: 328 ton

Sawdust: 5019 ton

Slab wood: 2411 ton

g. Volume of primary feedstock: 163045 tonnes (0 – 200,000 tonnes)

Arboricultural arising: 1799 ton

Branch wood: 6050 ton

Low grade roundwood: 155195 ton

h. List percentage of primary feedstock (g), by the following categories.

Subdivide by SBP-approved Forest Management Schemes: 100% Small forest holdings not certified to an SBP-approved Forest Management Schemes

FSC Controlled Wood: 100% SBP-approved Controlled Feedstock System certification

i. List all species in primary feedstock, including scientific name:

*Pinus pinaster; Eucalyptus spp; Acacia dealbata Link; Acacia melanoxylon; Pinus Pinea; Pinus Radiata; Quercus ; Salix alba; Cupressus lusitânica; Platanus; Alnus glutinosa; Populus alba; Populus nigra; Quercus suber; Castanea sativa; Acacia longifolia*

j. Volume of primary feedstock from primary forest: 0 tonnes

k. List percentage of primary feedstock from primary forest (i), by the following categories. Subdivide by SBP approved

Forest Management Schemes:

- Certified to an SBP-approved Forest Management Scheme – 0%
- Not certified to an SBP-approved Forest Management Scheme -0%

l. Volume of secondary feedstock: Specify origin and type ( Portugal / Pinus pinaster ): Wood industry residues: 4,5 % (0%-19%)

m. Volume of tertiary feedstock: 0 tonnes

Origin: Portugal

[http://www.gesfinu.com/arq/fich/SBR\\_PP\\_EN.pdf](http://www.gesfinu.com/arq/fich/SBR_PP_EN.pdf)

## 5.4 Chain of Custody system

The Organisation is holding valid FSC Chain of Custody and FSC Controlled wood certificate. Valid FSC system description and other documents exist.

The Organisation is implementing 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. The Controlled wood system of the organisation is covering only Portugal. No other feedstock is received. Supplier list is maintained.

After the reception, incoming feedstock and unloaded into piles according to type of feedstock and load is registered into the recordkeeping system. All input material is weighted and recorded in tones. For the credit account purposed the volume of feedstock is recalculated by using the conversion factor of the production, FSC credit account is updated once in a month: data about received raw materials considering FSC certification claims 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

| Activity                                                                                                                                                                                                | Location              | Auditor(s) | Date/time                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------|---------------------------|
| Opening meeting*                                                                                                                                                                                        | Office,               | PGS        | 17/11/2016<br>09.00-09.30 |
| Interview with SBP responsible person<br><br>Review of procedures, documents and interviews with responsible staff (CoC, mass balance, management system, and verification of SBP compliant feedstock). | Office,               | PGS        | 09.30-11.00               |
| Review of open NCRs                                                                                                                                                                                     | Office,               | PGS        | 11.00-12.00               |
| Interview with Purchasing department representative                                                                                                                                                     | Purchasing department | PGS        | 12:00-13:00               |
| Break                                                                                                                                                                                                   |                       | PGS        | 13:00-14:00               |
| GHG calculation review<br><br>collection and communication of energy and carbon data                                                                                                                    | Office,               | PGS        | 14:00-16:00               |
| Interview with Sales department representative & document review                                                                                                                                        | Sales department      | PGS        | 16:00 – 17:00             |
| Chain of custody review (site tour); interview with material acceptance department, warehouse and production responsible workers                                                                        | Production facilities | PGS        | 17:00 – 18:00             |
| Internal team meeting                                                                                                                                                                                   | Office,               | PGS        | 18:00 – 18:15             |

|                       |         |     |               |
|-----------------------|---------|-----|---------------|
| Closing meeting*      | Office, | PGS | 18:15 – 18:45 |
| End of the evaluation |         |     | 18:45         |

## 6.2 Description of evaluation activities

The annual audit visit was focused on the activities carried out during the 12 months period since the main evaluation field work, the corrective actions implemented by the BP and the implementation of the new standards 5a, 5b and 5c according to the new updates from SBP in October 2016.

All the main requirements in the standards were also reviewed: division of the responsibilities, document and system, input material classification (reception and registration), analysis of the existing FSC CoC system and FSC CoC system control points as well as the collection of the energy and emission data.

Description of the audit evaluation:

Auditor was welcomed in Pellets Power Lda. Audit started with an opening meeting attended by the Quality Manager, the purchase manager and operational manager. Auditor conducted the opening meeting where the agenda of the day was agreed.

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

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

At the end of the audit findings were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the quality manager of Pellets Power.

Composition of the audit team:

| Auditor(s), roles            | Qualifications                                                                                                                                                                                                                                                                                                                    |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pilar Gorriá<br>Lead auditor | Pilar is a forestry engineer from the University of Madrid. Part of her studies took place at the Forestry Research National Center-BFV in Vienna, where she explored carbon soil emissions in commercially managed forests. He has participated in several FSC FM, FSC CoC, PEFC CoC and Carbon Footprint in Spain and Portugal. |

## 6.3 Process for consultation with stakeholders

NEPCon was open since the initial audit to any comments about the Pellets Power certificate. No active stakeholder consultation was conducted by NEPCon and no comments were received.



## 7 Results

### 7.1 Main strengths and weaknesses

Strength: Fast adaptation to the new SBP standards and requirement. Use of the FSC credit system. Effective recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members

Weaknesses: No certified material included as income and small amount of secondary feedstock.

### 7.2 Rigour of Supply Base Evaluation

N/A

### 7.3 Compilation of data on Greenhouse Gas emissions

See SAR report with auditor comments and Appendix about standard 5

### 7.4 Competency of involved personnel

The key personnel involved directly in the audit and the SBP implementation are the 4 listed below. During the annual audit was found that their competences, expertise and capacities were suitable to implement SBP certification requirements:

- Maria Preto – Quality manager
- Ricardo Rodrigues – purchasing manager
- Luís Lobo - Industrial Director
- Cecilia Machado - Financial Control

### 7.5 Stakeholder feedback

N/A

### 7.6 Preconditions

*No preconditions issued.*

## 8 Review of Biomass Producer's Risk Assessments

N/A

## 9 Review of Biomass Producer's mitigation measures

N/A.

## 10 Non-conformities and observations

|                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                           |                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| <b>NCR: 01/16</b>                                                                                                                                                                                                                                                                                                                                                  | <b>NC Classification: minor</b>                                                                                                                                                                                                                                                                                           |                                                                        |
| <b>Standard &amp; Requirement:</b>                                                                                                                                                                                                                                                                                                                                 | SBP Standard 5b requirement 5.2.2. If no data can be reports, the BP shall justify this to the CO and the justification shall be recorded in the SAR.                                                                                                                                                                     |                                                                        |
| <b>Description of Non-conformance and Related Evidence:</b>                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                           |                                                                        |
| In-forest use of chemicals (fertilizers) applies to eucalyptus feedstock due to eucalyptus is consider a short rotation plantation. No information about the kg fertilizer/metric tonne harvested wood has been provided not even justification under the section “Other relevant information, including justifications for data provided and methodologies used”. |                                                                                                                                                                                                                                                                                                                           |                                                                        |
| <b>Corrective action request:</b>                                                                                                                                                                                                                                                                                                                                  | Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.<br>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance. |                                                                        |
| <b>Timeline for Conformance:</b>                                                                                                                                                                                                                                                                                                                                   | By next audit, but not later than 12 months after report finalisation date                                                                                                                                                                                                                                                |                                                                        |
| <b>Evidence Provided by Organisation:</b>                                                                                                                                                                                                                                                                                                                          | New updated version of the SAR document.                                                                                                                                                                                                                                                                                  |                                                                        |
| <b>Findings for Evaluation of Evidence:</b>                                                                                                                                                                                                                                                                                                                        | Prior to finish this report the BP has send an updated SAR document with information about use of chemicals in case of eucalyptus plantations.                                                                                                                                                                            |                                                                        |
| <b>NCR Status:</b>                                                                                                                                                                                                                                                                                                                                                 | <b>LCOSED</b>                                                                                                                                                                                                                                                                                                             |                                                                        |
| Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                           | Yes <input type="checkbox"/><br>No <input checked="" type="checkbox"/> |

|                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                           |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <b>NCR: 02/16</b>                                                                                                                                                              | <b>NC Classification: minor</b>                                                                                                                                                                                                                                                                                           |  |
| <b>Standard &amp; Requirement:</b>                                                                                                                                             | SBP Standard 5b requirement 5.3.3. Energy use in forestry operations and chipping.                                                                                                                                                                                                                                        |  |
| <b>Description of Non-conformance and Related Evidence:</b>                                                                                                                    |                                                                                                                                                                                                                                                                                                                           |  |
| The BP has used 1.67 as default value for primary feedstock for energy-use in forestry operations and chipping, but information about type of fuel used and units are missing. |                                                                                                                                                                                                                                                                                                                           |  |
| <b>Corrective action request:</b>                                                                                                                                              | Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.<br>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance. |  |
| <b>Timeline for Conformance:</b>                                                                                                                                               | By next audit, but not later than 12 months after report finalisation date                                                                                                                                                                                                                                                |  |

|                                                                                                                                             |                              |                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------------------|
| <b>Evidence Provided by Organisation:</b>                                                                                                   | PENDING                      |                                        |
| <b>Findings for Evaluation of Evidence:</b>                                                                                                 | PENDING                      |                                        |
| <b>NCR Status:</b>                                                                                                                          | OPEN                         |                                        |
| Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                        |                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| <b>NCR: 03/16</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <b>NC Classification: minor</b>                                                                                                                                                                                                                                                                                                                        |                                        |
| <b>Standard &amp; Requirement:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                 | SBP Standard 5b requirement 4.2.2.                                                                                                                                                                                                                                                                                                                     |                                        |
| <b>Description of Non-conformance and Related Evidence:</b>                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                        |                                        |
| <p>SAR document includes these designations for each group:</p> <ol style="list-style-type: none"> <li>1. Primary feedstock to be used for production: wood logs</li> <li>2. Primary feedstock to be used for drier: No physical form detailed.</li> <li>3. Wood energy crops: wood logs</li> <li>4. Wood industry residues: sawdust, shavings, wood offcuts, wood bark and inhomogeneous form</li> </ol> <p>Designation in case of group number 2 is missing.</p> |                                                                                                                                                                                                                                                                                                                                                        |                                        |
| <b>Corrective action request:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                  | <p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.<br/>                     Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p> |                                        |
| <b>Timeline for Conformance:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                   | By next audit, but not later than 12 months after report finalisation date                                                                                                                                                                                                                                                                             |                                        |
| <b>Evidence Provided by Organisation:</b>                                                                                                                                                                                                                                                                                                                                                                                                                          | New updated version of the SAR document.                                                                                                                                                                                                                                                                                                               |                                        |
| <b>Findings for Evaluation of Evidence:</b>                                                                                                                                                                                                                                                                                                                                                                                                                        | "Wood logs" is marked as physical form in case of primary feedstock to be used for the drier.                                                                                                                                                                                                                                                          |                                        |
| <b>NCR Status:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                 | CLOSED                                                                                                                                                                                                                                                                                                                                                 |                                        |
| Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?                                                                                                                                                                                                                                                                                                                        | Yes <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                           | No <input checked="" type="checkbox"/> |

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| <b>NCR: 04/16</b>                                                                                                                                                                                        | <b>NC Classification: minor</b>  |  |
| <b>Standard &amp; Requirement:</b>                                                                                                                                                                       | SBP Standard 2C requirement 5.4. |  |
| <b>Description of Non-conformance and Related Evidence:</b>                                                                                                                                              |                                  |  |
| <p>The BP has updated the supply base report with information regarding: list of potential species, actions to promote certification among species, statistics about forest sector. Under section 13</p> |                                  |  |

|                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                           |
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| only the reference “actual figures for feedstock over the previous 12 months have been included” but the actual data as listed under section 2.5 were not mentioned in the update section of the SBR. This might be confusing . |                                                                                                                                                                                                                                                                                                                           |
| <b>Corrective action request:</b>                                                                                                                                                                                               | Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.<br>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance. |
| <b>Timeline for Conformance:</b>                                                                                                                                                                                                | By next audit, but not later than 12 months after report finalisation date                                                                                                                                                                                                                                                |
| <b>Evidence Provided by Organisation:</b>                                                                                                                                                                                       | PENDING                                                                                                                                                                                                                                                                                                                   |
| <b>Findings for Evaluation of Evidence:</b>                                                                                                                                                                                     | PENDING                                                                                                                                                                                                                                                                                                                   |
| <b>NCR Status:</b>                                                                                                                                                                                                              | <b>OPEN</b>                                                                                                                                                                                                                                                                                                               |
| Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?                                                                                     | Yes <input type="checkbox"/><br>No <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                    |

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| <b>NCR: 05/16</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>NC Classification: minor</b>                                                                                                                                                                                                                                                                                           |
| <b>Standard &amp; Requirement:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | SBP Standard 5B: 3.2.7.                                                                                                                                                                                                                                                                                                   |
| <b>Description of Non-conformance and Related Evidence:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                           |
| <p>Electricity invoices are issued monthly but from the day 10th to the 20th of the next month. The BP adjust the amount of electricity used for a full month using the real production within the first 10 days of a month and the 20 day of the next month and the electricity consume in the period. Thus the electricity used for the reporting period from the 1st January to 31 December is adjusted. Calculations were reviewed for April 2015 during the audit.</p> <p>Justification section has been filled in in the SAR document prior to close this report and justification about electricity, diesel, etc. has been provided but also some information about raw material that is not connected with energy use.</p> <p>Justification and information provided under "Other relevant information" shall be focused on the issues relevant for this section to avoid confusion.</p> |                                                                                                                                                                                                                                                                                                                           |
| <b>Corrective action request:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.<br>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance. |
| <b>Timeline for Conformance:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | By next audit, but not later than 12 months after report finalisation date                                                                                                                                                                                                                                                |
| <b>Evidence Provided by Organisation:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | PENDING                                                                                                                                                                                                                                                                                                                   |

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| <b>Findings for Evaluation of Evidence:</b>                                                                                                 | PENDING |  |                                                                        |
| <b>NCR Status:</b>                                                                                                                          | OPEN    |  |                                                                        |
| Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks? |         |  | Yes <input type="checkbox"/><br>No <input checked="" type="checkbox"/> |

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| <b>OBS: 01/16</b>                                      | <b>Standard &amp; Requirement:</b>                                                                                                                                                          | SBP Standard 2C requirement 3.1 |
|                                                        | <b>Report Section</b>                                                                                                                                                                       | Appendix A p 2.7.               |
| <b>Description of findings leading to observation:</b> | Relevant staff is aware of the requirement that SBR shall be submitted to SBP. As this is the first annual audit this will be the first time to review if the BP submit the updates to SBP. |                                 |
| <b>Observation:</b>                                    | The BP should inform the auditor when the report will be submitted to SBP no later to 90 days to verify that the BP in in compliance with the requirement.                                  |                                 |

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| <b>OBS: 02/16</b>                                      | <b>Standard &amp; Requirement:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | SBP Standard 2C requirement 4.1. |
|                                                        | <b>Report Section</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Appendix A p 2.8.                |
| <b>Description of findings leading to observation:</b> | <p>Supply base report has been updated to address the NCR 03/15. In the new version the following information has been improved: List of potential species, actions to promote certification among species, statistics about forest sector.</p> <p>Currently the SBR covers the most important features in the Portuguese forest sector but auditor encourage that this report would be used as a company presentation profile where all the weaknesses and strengths (for the company but also the general forest sector) will be shown. Ex. If punctually trees with big diameters arrives to the BP facilities, the BP should not omit this fact and can include it in the supply base report with the reasons behind, using the supply base report as a transparent tool to show specific forest practices and the company response or procedures.</p> |                                  |
| <b>Observation:</b>                                    | The BP should consider the SBR as a transparency tool to show its internal sustainability policies.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                  |

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| <b>OBS: 03/16</b>                                      | <b>Standard &amp; Requirement:</b>                                                                                                                                                                                                                                                                                                  | SBP Standard 4 requirement 5.5.2. |                               |
|                                                        | <b>Report Section</b>                                                                                                                                                                                                                                                                                                               | Appendix B p 4.4.                 |                               |
| <b>Description of findings leading to observation:</b> | The organization procedures describe the setup of the system containing description how the SBP claim will be used. In the invoices reviewed no SBP claim has been included. The BP inform that the claim is included in a specific client appendix for supplier's wood pellets invoice where information about claims in included: |                                   |                               |
|                                                        | <b>Certification percentage by B/L weight</b>                                                                                                                                                                                                                                                                                       |                                   |                               |
|                                                        |                                                                                                                                                                                                                                                                                                                                     | <b>Certification number</b>       | <b>Percentage of shipment</b> |
|                                                        | Not certified                                                                                                                                                                                                                                                                                                                       |                                   |                               |
|                                                        | Accepted non-certified                                                                                                                                                                                                                                                                                                              |                                   |                               |
|                                                        | FSC 100%                                                                                                                                                                                                                                                                                                                            |                                   |                               |
|                                                        | FSC Mix Credit                                                                                                                                                                                                                                                                                                                      |                                   |                               |
|                                                        | FSC Mix 70%                                                                                                                                                                                                                                                                                                                         |                                   |                               |
|                                                        | FSC Controlled Wood                                                                                                                                                                                                                                                                                                                 |                                   |                               |
|                                                        | PEFC Forest Management                                                                                                                                                                                                                                                                                                              |                                   |                               |
| PEFC Controlled Wood                                   |                                                                                                                                                                                                                                                                                                                                     |                                   |                               |
| SBP Compliant                                          |                                                                                                                                                                                                                                                                                                                                     |                                   |                               |
| SBP Controlled Wood                                    |                                                                                                                                                                                                                                                                                                                                     |                                   |                               |
| <b>Observation:</b>                                    | The BP should update its internal procedures according to the records and clients requirements. Internal procedures and the implemented ones need to be consistent.                                                                                                                                                                 |                                   |                               |



## 11 Certification decision

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| <b>Based on Organisation's conformance with SBP requirements, the auditor makes the following recommendation:</b>                                                                                                                                                                                    |                                                                   |
| <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                  | Certification approved:<br>Upon acceptance of NCR(s) issued above |
| <input type="checkbox"/>                                                                                                                                                                                                                                                                             | Certification not approved:                                       |
| <b>Based on auditor's recommendation and NEPCon quality review following certification decision is taken:</b>                                                                                                                                                                                        |                                                                   |
| <b>NEPCon certification decision:</b><br>The Biomass Producer has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be maintained after NEPCon will obtain the approval of the report. The expiration of the certificate will be then 5 years. |                                                                   |
| <b>Certification decision by: Ondrej Tarabus</b>                                                                                                                                                                                                                                                     |                                                                   |
| Date of decision: <b>12.01.2017</b>                                                                                                                                                                                                                                                                  |                                                                   |

## 12 Surveillance updates

### 12.1 Evaluation details

See section 6.1 and 6.2 of the report.

### 12.2 Significant changes

There was no significant changes on the supply base from last year. The improvements done by the BP were connected with the NCR 03/15. See updates under section 12.3. NCR 03/15.

### 12.3 Follow-up on outstanding non-conformities

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| <b>NCR: 01/15</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>NC Classification: Minor</b>                                                                                                                                                                                                                                                                                                                        |
| <b>Standard &amp; Requirement:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | SBP Standard 2 (ver. 1.0), requirement 6.2                                                                                                                                                                                                                                                                                                             |
| <b>Report Section:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Appendix A p.1.3                                                                                                                                                                                                                                                                                                                                       |
| <b>Description of Non-conformance and Related Evidence:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                        |
| <p>The organization receives the sawdust and slab wood with place of loading and therefore the secondary feedstock supplier is known. At the moment of the assessment there is only one supplier of secondary feedstock. The material is not delivered with any information about the forest origin. The organization has a declaration of origin signed by the supplier (stating that the origin is Portugal or/and Spain). The organization is carrying out the audits during which the origin of the material is verified. The last audit at this current secondary feedstock supplier was done on 18.09.2015 the evaluation was done on FMU level but rely on information from sawmill about the specific sub-supplier to be checked and did not have the overview about all of the suppliers of the saw mill as this information is considered confidential by the saw mill. However the sawmill is located almost 150 km far away from Spanish border and is using only pine, therefore from economical perspective it would not be viable to bring material from other country than Portugal. Also the secondary feedstock accounts only for 10% of the raw materials received. Considering the risk that the material would come from other country than Portugal and the potential impact on the integrity of the system - the non-conformity is classified as low.</p> |                                                                                                                                                                                                                                                                                                                                                        |
| <b>Corrective action request:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.<br/>                     Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p> |
| <b>Timeline for Conformance:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | By the next annual surveillance audit                                                                                                                                                                                                                                                                                                                  |
| <b>Evidence Provided by Organisation:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | New procedure to trace secondary feedstock to the FMU level: MG02_ED1_V5                                                                                                                                                                                                                                                                               |
| <b>Findings for Evaluation of Evidence:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | The organization receives the sawdust and slab wood with place of loading and therefore the secondary feedstock supplier is                                                                                                                                                                                                                            |

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|                                                                                                                                                    | <p>known. During this period the BP has developed a new procedure to determine the origin of the secondary Feedstock as follows:</p> <ul style="list-style-type: none"> <li>• For each delivery of secondary feedstock .</li> <li>• Supplier provides all the delivery documents (including “manifestos”) that have entered in their facilities during that month. The approach is that all the secondary material used in this delivery for the BP comes from one or more of all the delivery documents during that month.</li> <li>• All manifestos (where information about origin is the FMU to the saw mill) are recorded by the BP by month and by supplier.</li> </ul> <p>During the audit secondary feedstock records from the supplier “Exploração Tomé &amp; Filhos” in august were reviewed.</p> <p>Note: Sawmills are using only pine, therefore from economical perspective it would not be viable to bring material from other country that Portugal. Also the secondary feedstock accounts only for 4,5 % of the raw materials received.</p> |
| <b>NCR Status:</b>                                                                                                                                 | <b>CLOSED</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Comments (optional):                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?</b> | Yes <input type="checkbox"/><br>No <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

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| <b>NCR: 03/15</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>NC Classification: Minor</b>                                                                                                                                                                                                                                                                                           |
| <b>Standard &amp; Requirement:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                       | SBP Standard 2 (ver. 1.0), requirement 2C, 4.1.                                                                                                                                                                                                                                                                           |
| <b>Report Section:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Appendix A p.2.8                                                                                                                                                                                                                                                                                                          |
| <b>Description of Non-conformance and Related Evidence:</b>                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                           |
| The supply base report does contain some mistakes - list of species is not complete and the actions taken to promote the certification amongst feedstock suppliers does not provide full assurance that the organization promote certification actively. Furthermore, there is an inconsistency - the section 2.1 of the SBR mention that there is 84,2% of private owned forest within the supply base but in the section 2.5 of the SBR it is mentioned 94,2% of private owned forest. |                                                                                                                                                                                                                                                                                                                           |
| <b>Corrective action request:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.<br>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance. |
| <b>Timeline for Conformance:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                         | By the next annual surveillance audit                                                                                                                                                                                                                                                                                     |

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| <b>Evidence Provided by Organisation:</b>                                                                                                          | New Supplier Base Report updated<br><a href="http://www.gesfinu.com/arq/fich/SBP_Pellets_Power_Portugu_s__0.pdf">http://www.gesfinu.com/arq/fich/SBP Pellets Power Portugu s__0.pdf</a>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                        |
| <b>Findings for Evaluation of Evidence:</b>                                                                                                        | <p>Some updates have been included in the current supply base report:</p> <ol style="list-style-type: none"> <li>1. The list of all potential species they can received has been included: <i>Pinus pinaster</i>; <i>Eucalyptus spp</i>; <i>Acacia dealbata Link</i>; <i>Acacia melanoxylon</i>; <i>Pinus Pinea</i>; <i>Pinus Radiata</i>; <i>Quercus</i> ; <i>Salix alba</i>; <i>Cupressus lusitânica</i>; <i>Platanus</i>; <i>Alnus glutinosa</i>; <i>Populus alba</i>; <i>Populus nigra</i>; <i>Quercus suber</i>; <i>Castanea sativa</i>; <i>Acacia longifolia</i></li> <li>2. Purchase manager has included the following actions to promote certification among their suppliers: i) conduct a supplier audit program involving company companies to improve sustainability practices and promote certification on the field. ii) Considered a percentage of raw material FSC 100% although the price increases (in this period the percentage still zero, iii) BP responsible staff have actively participated in management and forest certification training/workshops.</li> <li>3. Sections 2.1 and 2.5. have been updated. From section 2.5. Private forest area 3.1 millions of hectares up to the total of 3.2 millions has which represent 97%. Section 2.1. specifies the ownership in: private forest 84%, community forest (also private) 13 and public. Values are considered consistent in this report version.</li> </ol> |                                        |
| <b>NCR Status:</b>                                                                                                                                 | <b>CLOSED</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                        |
| <b>Comments (optional):</b>                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                        |
| <b>Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?</b> | Yes <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | No <input checked="" type="checkbox"/> |

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| <b>NCR: 04/15</b>                                                                                                                                                              | <b>NC Classification: Minor</b>                                                                                                                                                                                                                                                                                           |
| <b>Standard &amp; Requirement:</b>                                                                                                                                             | SBP Instruction document 4 (ver. 1.0), requirement 5.4.2                                                                                                                                                                                                                                                                  |
| <b>Report Section:</b>                                                                                                                                                         | Appendix B p.4.2                                                                                                                                                                                                                                                                                                          |
| <b>Description of Non-conformance and Related Evidence:</b>                                                                                                                    |                                                                                                                                                                                                                                                                                                                           |
| The organization has not implemented the requirement of recording the customer certificate number. However, there are any certified customers at the moment of the assessment. |                                                                                                                                                                                                                                                                                                                           |
| <b>Corrective action request:</b>                                                                                                                                              | Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.<br>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance. |
| <b>Timeline for Conformance:</b>                                                                                                                                               | By the next annual surveillance audit                                                                                                                                                                                                                                                                                     |

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| <b>Evidence Provided by Organisation:</b>                                                                                                          | The organization has provided updated procedure and a template for recording the certificate code.                                                                                                                                                                                        |                                        |
| <b>Findings for Evaluation of Evidence:</b>                                                                                                        | The auditor reviewed the SBP procedure and the template for recording the customer certificate codes. The system of recording the customer certificate number was implemented at sufficient extend.<br>During the audit, records of certificate number of the clients have been reviewed. |                                        |
| <b>NCR Status:</b>                                                                                                                                 | <b>CLOSED</b>                                                                                                                                                                                                                                                                             |                                        |
| <b>Comments (optional):</b>                                                                                                                        |                                                                                                                                                                                                                                                                                           |                                        |
| <b>Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?</b> | Yes <input type="checkbox"/>                                                                                                                                                                                                                                                              | No <input checked="" type="checkbox"/> |

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| <b>NCR: 05/15</b>                                                                                                                                                                                                                                                                                                                                                                                              | <b>NC Classification: Minor</b>                                                                                                                                                                                                                                                                                           |                                        |
| <b>Standard &amp; Requirement:</b>                                                                                                                                                                                                                                                                                                                                                                             | SBP Instruction document 5A (ver. 1.0), requirement 2.1.1                                                                                                                                                                                                                                                                 |                                        |
| <b>Report Section:</b>                                                                                                                                                                                                                                                                                                                                                                                         | Appendix C p.2.1                                                                                                                                                                                                                                                                                                          |                                        |
| <b>Description of Non-conformance and Related Evidence:</b>                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                           |                                        |
| The organization has presented procedures covering the sales process. It is clear from the procedures what should contain the sales documents. However, the form of the SBP GHG and profiling data scope reference number is not correct. There is missing the part of the ZZ code. The organization has mentioned only the reference number in form SBP-01-0XX which is not in line with the SBP requirement. |                                                                                                                                                                                                                                                                                                                           |                                        |
| <b>Corrective action request:</b>                                                                                                                                                                                                                                                                                                                                                                              | Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.<br>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance. |                                        |
| <b>Timeline for Conformance:</b>                                                                                                                                                                                                                                                                                                                                                                               | By the next annual surveillance audit                                                                                                                                                                                                                                                                                     |                                        |
| <b>Evidence Provided by Organisation:</b>                                                                                                                                                                                                                                                                                                                                                                      | New procedures according to the new version of STD 5 apply.<br>Sales documents include SBP Certification code complete.                                                                                                                                                                                                   |                                        |
| <b>Findings for Evaluation of Evidence:</b>                                                                                                                                                                                                                                                                                                                                                                    | Profiling data reference number, certificate number and batch are included in the sales documents.<br>Sales documents reviewed are: invoice, profiling, control batch, client own appendix info and SBP DTS.                                                                                                              |                                        |
| <b>NCR Status:</b>                                                                                                                                                                                                                                                                                                                                                                                             | <b>CLOSED</b>                                                                                                                                                                                                                                                                                                             |                                        |
| <b>Comments (optional):</b>                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                           |                                        |
| <b>Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?</b>                                                                                                                                                                                                                                                             | Yes <input type="checkbox"/>                                                                                                                                                                                                                                                                                              | No <input checked="" type="checkbox"/> |

|                   |                                 |  |
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| <b>NCR: 06/15</b> | <b>NC Classification: Minor</b> |  |
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| <b>Standard &amp; Requirement:</b>                                                                                                                                                           | SBP Standard 2 (ver. 1.0), 19.1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                        |
| <b>Report Section:</b>                                                                                                                                                                       | Appendix A p.12.1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                        |
| <b>Description of Non-conformance and Related Evidence:</b>                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                        |
| The SBR is signed off by the senior management which is part of the support of the credibility. However, no further actions such as peer review or public consultation were taken by the BP. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                        |
| <b>Corrective action request:</b>                                                                                                                                                            | Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.<br>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                        |
| <b>Timeline for Conformance:</b>                                                                                                                                                             | By the next annual surveillance audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                        |
| <b>Evidence Provided by Organisation:</b>                                                                                                                                                    | Email sent to stakeholder list with the Supply Base Report SBR uploaded in the website with the watermark "Em consulta publica"                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                        |
| <b>Findings for Evaluation of Evidence:</b>                                                                                                                                                  | Supply Base Report has been reviewed by the Forest Engineer that works for Pellets Power (the site located in Lousada and no SBP certified), no changes have been proposed by this revision. The BP has also sent the report to a list of stakeholders. In the stakeholder list there are contacts from different institutions as: WWF, FSC Portugal, Certification Bodies working with forest schemes, environmental authority, forest operators association, Apambiente (Portuguese Agency of Environment), Forest Producers Association of Beira, Forestis (Forest Association for Portugal), Centro Pinus (NGO that groups the main agents that work with pines in Portugal from different sectors) between others. Although no comments or feedback has been received with this actions taken, the stakeholder list used is robust to provide inputs about the supply base. The auditor consider that this NCR can be closed but the effectiveness of the corrective action will be continually evaluated during the next period. |                                        |
| <b>NCR Status:</b>                                                                                                                                                                           | <b>CLOSED</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                        |
| <b>Comments (optional):</b>                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                        |
| <b>Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?</b>                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Yes <input type="checkbox"/>           |
|                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | No <input checked="" type="checkbox"/> |

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| <b>NCR: 07/15</b>                                                                                                                                                                                                                                                                                                                              | <b>NC Classification: Minor</b>                           |
| <b>Standard &amp; Requirement:</b>                                                                                                                                                                                                                                                                                                             | SBP Instruction document 5A (ver. 1.0), requirement 3.3.1 |
| <b>Report Section:</b>                                                                                                                                                                                                                                                                                                                         | Appendix C p.4.3.1                                        |
| <b>Description of Non-conformance and Related Evidence:</b>                                                                                                                                                                                                                                                                                    |                                                           |
| The organization has contacted suppliers with a requirement to provide information about the fuel used in the forestry. Three main suppliers have replied. The use of fuel in forestry was considered only for harvesting as most of the material is received from thinning and other material does not need any soil preparation or planting. |                                                           |

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| <p>However, there is some small amount of Eucalyptus Globus used in the dryer where the use of fuel was not considered.</p> <p>Furthermore, the fuel used in forestry is not considered for material received as “Forestry residues” even though the material is forest product.</p> |                                                                                                                                                                                                                                                                                                                                      |
| <b>Corrective action request:</b>                                                                                                                                                                                                                                                    | <p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p> |
| <b>Timeline for Conformance:</b>                                                                                                                                                                                                                                                     | By the next annual surveillance audit                                                                                                                                                                                                                                                                                                |
| <b>Evidence Provided by Organisation:</b>                                                                                                                                                                                                                                            | SAR data                                                                                                                                                                                                                                                                                                                             |
| <b>Findings for Evaluation of Evidence:</b>                                                                                                                                                                                                                                          | The BP has been evaluated according to the new Standard 5b. energy used in forestry operation requirement have been modified and under the new standard this section is optional as default values are provided in BioGrace. The BP has decided to use the default values.                                                           |
| <b>NCR Status:</b>                                                                                                                                                                                                                                                                   | <b>CLOSED</b>                                                                                                                                                                                                                                                                                                                        |
| <b>Comments (optional):</b>                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                      |
| <p><b>Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?</b></p>                                                                                                                            |                                                                                                                                                                                                                                                                                                                                      |
| Yes <input type="checkbox"/>                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                      |
| No <input checked="" type="checkbox"/>                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                      |

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| <b>NCR: 10/15</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>NC Classification: Minor</b>                                                                                                                                                                                                                                                                                                      |
| <b>Standard &amp; Requirement:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | SBP Standard 5A (ver. 1.0)/ Instruction document 5a requirement 4.12.1.                                                                                                                                                                                                                                                              |
| <b>Report Section:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Appendix C p.5.12.1.                                                                                                                                                                                                                                                                                                                 |
| <b>Description of Non-conformance and Related Evidence:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                      |
| <p><b>Findings:</b> After the material is chipped the moisture is measured but only for material used in the production not the material used in the dryer. Furthermore, the debarking machine was purchased at the beginning of the 2015 but the system for measuring of the moisture was not implemented. The organization claims that the moisture of the material is very similar to the material used in the production. However, there are also used some eucalyptus branches which might potentially have different moisture than chips delivered from conifer wood.</p> |                                                                                                                                                                                                                                                                                                                                      |
| <b>Corrective action request:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p> |
| <b>Timeline for Conformance:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | By the next annual surveillance audit                                                                                                                                                                                                                                                                                                |
| <b>Evidence Provided by Organisation:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | SAR data.                                                                                                                                                                                                                                                                                                                            |

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| <b>Findings for Evaluation of Evidence:</b>                                                                                                        | The BP has been evaluated according to the new Standard 5b. Moisture requirements have been modified and for the production feedstock only the following measurements are requested and provided in the SAR data: <ul style="list-style-type: none"> <li>• Initial moisture of the feedstock: 43.83%</li> <li>• Moisture of feedstock at the dryer outlet: 11.62%</li> <li>• Moisture of the pellets: 5.34%</li> </ul> |                                        |
| <b>NCR Status:</b>                                                                                                                                 | <b>CLOSED</b>                                                                                                                                                                                                                                                                                                                                                                                                          |                                        |
| <b>Comments (optional):</b>                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                        |                                        |
| <b>Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?</b> | Yes <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                           | No <input checked="" type="checkbox"/> |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                           |  |
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| <b>NCR: 11/15</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>NC Classification: Minor</b>                                                                                                                                                                                                                                                                                           |  |
| <b>Standard &amp; Requirement:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | SBP Standard 5A (ver. 1.0)/ Instruction document 5a requirement 6.1.                                                                                                                                                                                                                                                      |  |
| <b>Report Section:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Appendix C p.7.2, 7.5 and 7.8                                                                                                                                                                                                                                                                                             |  |
| <b>Description of Non-conformance and Related Evidence:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                           |  |
| <p>The organization has provided general information about the forest management practices in the profiling information. However, the information mentioned does not provide sufficient overview of forest management practices in the area under the scope of certificate. It mainly focus on one specie (Pinus Pinea) only and does not describe the management of the forest itself.</p> <p>The source of the material is mentioned in the profiling information and from that information it would be possible for reader to come to the conclusion that no material is derived from saw logs. However, it is not specifically mentioned in the Biomass profiling information.</p> <p>The organization did not clearly stated the name of the certification system (and instead has provided their FSC certification code and FSC standards) which might not be clear. Furthermore the proportion of the material delivered from the feedstock certified under any of the SBP-approved Forest management scheme was not mentioned.</p> |                                                                                                                                                                                                                                                                                                                           |  |
| <b>Corrective action request:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.<br>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance. |  |
| <b>Timeline for Conformance:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | By the next annual surveillance audit                                                                                                                                                                                                                                                                                     |  |
| <b>Evidence Provided by Organisation:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | New Standard 5 with new profiling template is applicable                                                                                                                                                                                                                                                                  |  |
| <b>Findings for Evaluation of Evidence:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | The BP has been evaluated according to the new standard and new requirements about profiling information are in place. Profiling information has been provided according to the specific profiling data sheet template V1-1. See comments in the relevant section.                                                        |  |
| <b>NCR Status:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>CLOSED</b>                                                                                                                                                                                                                                                                                                             |  |



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| <b>Comments (optional):</b>                                                                                                                        | This NCR is closed as it is not applicable with the current STD version. Findings described in this NCR are not requested in the current version. |                                     |
| <b>Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?</b> | Yes                                                                                                                                               | <input type="checkbox"/>            |
|                                                                                                                                                    | No                                                                                                                                                | <input checked="" type="checkbox"/> |

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| <b>NCR: 13/15</b>                                                                                                                                                                      | <b>NC Classification: Minor</b>                                                                                                                                                                                                                                                                                           |                                     |
| <b>Standard &amp; Requirement:</b>                                                                                                                                                     | SBP Standard 2 (ver. 1.0), 20.2                                                                                                                                                                                                                                                                                           |                                     |
| <b>Report Section:</b>                                                                                                                                                                 | Appendix A p.13.2                                                                                                                                                                                                                                                                                                         |                                     |
| <b>Description of Non-conformance and Related Evidence:</b>                                                                                                                            |                                                                                                                                                                                                                                                                                                                           |                                     |
| The organization has a compliance policy in place - manual MG01. However, the requirement of informing SBP of any substantiated complaints within 30 days is not explicitly mentioned. |                                                                                                                                                                                                                                                                                                                           |                                     |
| <b>Corrective action request:</b>                                                                                                                                                      | Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.<br>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance. |                                     |
| <b>Timeline for Conformance:</b>                                                                                                                                                       | By the next annual surveillance audit                                                                                                                                                                                                                                                                                     |                                     |
| <b>Evidence Provided by Organisation:</b>                                                                                                                                              | MG 04. Pag 16                                                                                                                                                                                                                                                                                                             |                                     |
| <b>Findings for Evaluation of Evidence:</b>                                                                                                                                            | The requirement has been included in the SBP internal procedures. No substantiated complains have been received during this audit period.                                                                                                                                                                                 |                                     |
| <b>NCR Status:</b>                                                                                                                                                                     | <b>CLOSED</b>                                                                                                                                                                                                                                                                                                             |                                     |
| <b>Comments (optional):</b>                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                           |                                     |
| <b>Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?</b>                                     | Yes                                                                                                                                                                                                                                                                                                                       | <input type="checkbox"/>            |
|                                                                                                                                                                                        | No                                                                                                                                                                                                                                                                                                                        | <input checked="" type="checkbox"/> |

## 12.4 New non-conformities

See section of open non-conformities.

## 12.5 Stakeholder feedback

There was no comments or concerns raised by stakeholders about the Biomass.

## 12.6 Conditions for continuing certification

N/A

## 12.7 Certification recommendation

*Certification maintenance, no Major NCRs issued*

## 13 Evaluation details

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|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Primary Responsible Person:<br>(Responsible for control system at site(s)) | Maria Preto – Environmental Engineer                                                                                                                                     |
| Auditor(s):                                                                | Pilar Gorriá – Lead Auditor                                                                                                                                              |
| People Interviewed, Titles:                                                | Maria Preto – Quality manager<br>Filipa Rebelo – CEO<br>Ricardo Rodrigues – purchasing manager<br>Luís Lobo - Industrial Director<br>Cecilia Machado - Financial Control |
| Brief Overview of Audit Process for this Location:                         | See section 6                                                                                                                                                            |