

Supply Base Report: Pellets Power 2 – Produção de Pellets Lda

First Surveillance Audit
(incorporating scope change)

www.sustainablebiomasspartnership.org



Completed in accordance with the Supply Base Report Template Version 1.2

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

Document history

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1 Overview

Producer name: Pellets Power 2 – Produção de Pellets, Lda

Producer location: Herdade do Castelo de Arez, Barrosinha 7580 Alcácer do Sal.

Geographic position: N 38° 21' 46.23" ; W 8° 28' 20.14"

Primary contact: Maria João Preto, **Gesfinu** - Avenida Villagarcia de Arosa, 1919, 4460-439 Matosinhos , +351 969647006, maria.preto@gesfinu.com

Company website: www.gesfinu.com

Date report finalised: 04/Sep/2017

Close of last CB audit: 18/Sep/2017, Alcácer do Sal

Name of CB: NEPCon

Translations from English: Not applicable

SBP Standard(s) used: Standard 1, Standard 2, Standard 4 , Standard 5

Weblink to Standard(s) used: <http://www.sustainablebiomasspartnership.org/documents>

SBP Endorsed Regional Risk Assessment: Not applicable

Weblink to SBR on Company website: www.gesfinu.com

Standard 1:

Indicate how the current evaluation fits within the cycle of Supply Base Evaluations				
Main (Initial) Evaluation	First Surveillance	Second Surveillance	Third Surveillance	Fourth Surveillance
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Standard 2, Standard 4 , Standard 5:

Indicate how the current evaluation fits within the cycle of Supply Base Evaluations				
Main (Initial) Evaluation	First Surveillance	Second Surveillance	Third Surveillance	Fourth Surveillance
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Description of the Supply Base

2.1 General description

Portuguese Forest

Portugal forest area covers 3 154 800 hectares. According with ICNF (Instituto da Conservação da Natureza e Florestas), forest land use is the dominant use of the mainland (35.4% in 2010).

According ICNF, over 60% of the territory of continental Portugal consists of forest areas, where 84.2% of the forests are located on private land, 13.8% in community land and only 2% in public areas(source: 6.º *Inventory Forest National*. Areas of land use and forest species of Portugal continental (Preliminary results v1.1 | fevereiro 2013)).

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

Distribution of soils areas in Portugal (ICNF, 2013):

- Forests - 35%
- Pastures - 32%
- Inland water – 2%
- Urban – 5%
- Agriculture – 24%
- Infertile land -2%

In 2010 the land use Forest is the dominant use in mainland Portugal, occupying 35.4% of the mainland. The woods and pastures are the following class of land use with larger area, the bushes corresponding to 32% of this class. Agricultural areas account for 24% of the mainland.

Distribution of total areas for species / species group Portuguese forest:

- *Pinus Pinaster* - 23%
- *Eucalyptus spp.* - 26%
- *Pinus Pinea* - 6%
- *Quercus suber* - 23%
- *Quercus ilex* - 11%
- *Quercus spp.* - 2%
- *Castanea sativa* - 1%
- Other hardwoods - 6%
- Other softwoods - 2%
- Other softwoods - 2%

The area occupied by coniferous species corresponds to 31% of the Portuguese forest, the remainder (69%) is occupied by broadleaf species. The forest area from which the dominant species is the eucalyptus is the largest area of the country (812 000 ha, 26%), cork the second (737,000 ha; 23%), followed by maritime pine (*Pinus Pinaster*) (714,000 there is; 23%) and 6% *Pinus Pinea*.

From 6.º INVENTORY FOREST NATIONAL. Areas of land use and forest species of Portugal continental (Preliminary results v1.1 | fevereiro'2013)

The Portuguese forest management areas are protected from illegal harvesting, settlement and other unauthorized activities.

The main threats mentioned by WWF are continuing conversion of these forest areas to agriculture, grazing or urban use. Other threats are frequent fires, harvesting of the remaining areas of natural forests, the excessive use of exotic species and overgrazing. According to this indicator, Portugal can be considered a low risk country. www.panda.org/about_our_earth/ecoregions/mediterranean_forests_scrub.cfm
www.icnb.pt

Portuguese legislation prohibits conversion of natural forest to plantations (1901 and 1903 regime florestal decrees, decree-laws n. ° 166/2008, of 22-08 on the National Ecological Reserve, 254/2009, of 24-09 on the Forest code and 169/2001, of 25-05 on cork and holm oak).

Furthermore, land use changes after forest fires are conditioned by law (decree-laws n. °254/2009, of 24-09, on the Forest code and 169/2001, of 25-05); changes must be submitted to the National Forest Authority (AFN).

Natural forests are classified as habitats, and are thus safeguarded by another legal framework which is even more limiting. The results of the last National Forest Inventory (2013) show an increase of forest area.

As mentioned before, legislation does not allow conversion of natural forest. After forest fires any changes have to be submitted to the national forestry authority. There is also legislation to protect wetlands, peat land, protected areas and highly biodiverse grasslands.

The raw material received in Pellets Power 2 – Produção de Pellets, Lda is coming from private land suppliers or National Authority forests.

Law No. 33/96 of 17 August: defines the bases of national Forest Policy this act defines the following goals:

1. Define the foundations of national Forest Policy;
2. The National Forest Policy, fundamental to the development and strengthening of institutions and programs for the management, conservation and sustainable development of forests and associated natural systems, aimed at meeting the needs of the community, a framework of spatial planning. (decree-laws n. ° 254/2009, of 24-09, - Forest National Code)

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 there are oak forests of *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 robur* and *Quercus rotundifolia*) with several types of understorey vegetation. Pine trees (*Pinus Pinaster* and *Pinus Pinea*) and Eucalyptus (*Eucalyptus globulus*) occur in all territory, as well as abundant bushes of rockrose orlabdanum (*Cystus ladanifer*) and strawberry tree (*Arbutus unedo*) in all territory (source: Godinho-Ferreira et al., 2005).

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

The first goal of forest management is to improve the production (timber and cones/pine nuts). This strategic forest planning methodology allows the integration of two different silvicultures (timber production or forest products) and the choice of the best in each stand.

The timber and the resin constitute the most financially profitable forest products, that target the various activities such as sawmills, production of paper pulp, cellulose or energy, among many others. (source – Plano Director Municipal de Penacova, *Caracterização Florestal*, Abril 2015).

The Mediterranean stone pine, *Pinus Pinea* L. (Pinaceae), is one of the most appreciated species in the Mediterranean basin due to the multiple products and functions it offers (timber and fruit production, resins,

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soil protection, biodiversity, or landscape). Between them the most interesting from the economic point of view is the pine nut production.

Stone pine forests have been used since ancient times as a source of timber, edible pine nuts, fuelwood, barks and resins. Besides, stone pine forests provide important ecological, landscape and recreational services, and, due to their capacity for growing over continental and coastal dunes, they have been widely used as protectors against soil erosion.

Stone pine forests have been managed under multifunctional principles since the end of the 19th century. Bark extraction, resin tapping and pruning for fuelwood are abandoned practices in stone pine forests, and timber prices for the species have recently dropped so that cone production and pine-nut extraction have become the most interesting and profitable outputs from these forests .

Today, cone harvesting from the trees, subsequent industrial pine nut extraction and market processes are economic activities supporting a jobs increase in South of Portugal Regions.

Extensive research and development have been conducted on the biology, ecology and silviculture of the species and, in particular, its cone and nut.

The first goal of forest management is to improve the productions (timber and cones/pine nuts). This strategic forest planning methodology allows the integration of two different silvicultures (timber production or forest products) and the choice of the best in each stand.

Pellets Power 2- Produção de Pellets,Lda receives material coming from forest clean operations and pine plantation maintenance (including round wood, pine cones, branches, needles, leaves, thinning etc..), that includes cleaning operations in older forest (more than 40 years).

Pellets Power 2- Produção de Pellets, Lda valorize silvicultural residues, which final destination would be burning or incorporation in the soil.

The raw material origin is all from Portugal. Pellets Power 2- Produção de Pellets Lda, receives the majority of fibre from *Pinus Pinea* forest maintaince. The forest management practices consist in cleaning the trees and soil, and promoting the wood pine growing. The forestry products derived from the same species: the timber and the pine nut (*Pinus Pinea*).

All raw material received by Pellets Power 2- Produção de Pellets Lda is evaluated as FSC-Controlled Wood (included in our internal suppliers audits), and some percentage is FSC 100%.

Law No. 33/96 of 17 August defines the bases of the national Forest Policy and the foundations of national Forest Policy, including the fundamentals to the development and strengthening of institutions and programs for the management, conservation and sustainable development of forests and associated natural systems, aimed at meeting the needs of the community, a framework of spatial planning. (decree-laws n. ° 254/2009, of 24-09, - Forest National Code, revoke by Decree-Laws n.º 12/2012).

The declaration of felling, pruning, and circulation of conifer wood, set out in article 6 of Decree-Law no. 123/2015, dated 3 July, must be obligatorily provided in advance whenever; a) it concerns the felling, and transport, or transport of wood from the felling of conifers that are hosts of the pine wood nematode in continental territory, b) it concerns the pruning of host conifers in continental territory.

The new legal framework applying to the harvesting, transportation, storing, transformation, import, and export of *Pinus pinea L.* in continental territory, which was approved by Decree-Law no. 77/2015, dated 12 May, is effective as of 10 August 2015.

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The regulations require that the ICNF is given advance notice of any economic activity or operation involving the harvesting, transportation, storing, transformation, import, and export of *Pinus pinea* L. and that those carrying out such activities are registered.

The legal framework applicable to the application of resin and the circulation of pine resin in continental territory was approved by Decree-Law no. 181/2015, dated 28 August. This law is effective as of 28 September 2015, with the exception of articles 6 to 9, 'prior notification' and 'registration of a resin operator', which are effective as of 1 January 2016.

The regulations require that the ICNF is provided with advance notice of the extraction of pine resin, its import and export, as well as transportation, storing, and entry to an establishment for the first industrial transformation, and that resin operators are subject to registration.

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 there are oak forests of *Quercus pyrenaica*, with settlements of *Cytisus* sp. and several pockets of invasive species, such as *Acacia* sp.. The South is characterized for plains and less relief. Portugal's endemic Mediterranean forests are characterized by oak forests (*Quercus robur* and *Quercus rotundifolia*) with several types of understorey vegetation. Pine trees (*Pinus pinaster* and *Pinus pinea*) and Eucalyptus (*Eucalyptus globulus*) exists in all territory, as well as abundant bushes of rockrose orlabdanum (*Cistus ladanifer*) and strawberry tree (*Arbutus unedo*) (source: Godinho-Ferreira et al., 2005).

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

Alentejo forest area can be divided into public forest, private forest and public and private forest areas inside of protected areas.

Public forests are managed by the Institute for Nature and Forests Conservation (ICNF).

Since 2011, for all coniferous timber, there are specific obligations for cutting and moving raw material because of the pine wood nematode disease.

The basic Law of forest policy, approved by Decree - Law No. 33/96 of 17 August, establishes as one of the objectives of forest policy "to promote the management of the national forest heritage, particularly through the planning of forestry and promotion and support to associations".

Since 1988, there is in Portugal a Decree Law No. 174/88 of 17 May which requires a felling permit for cutting and extracting trees for sale a/or for industrial processing. Its aim is to promote the necessary statistical information, to contribute to achieve a sustainable production of raw material, and to increase efficiency of public forest management, promoting any intervention on the market in order to correct imbalances between supply and demand for timber.

One of the aims of the Regional Forest Planning is the definition of the minimum area of the management units, above which they will be compelled to base their management in Forest Management Plans (PGF), elaborated according with the rules defined by the Decree - Law nº 205/99 of 9 of June. The use of forest management plans is already a reality in most of part of the forest Alentejo area. Some agro-forest management units, where the effects of the economy of scale are present, are examples. The non-generalization of this type of instrument to support management is essentially due to the fact that the gains attained are null or even negative when the management units are in a lower baseline of dimension and complexity.

The first goal of forest management is to improve the production (timber and cones/pine nuts). The strategic forest planning methodology allows the integration of two different silviculture activities (timber production and forest products) and the choice of the best at each stand.

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Timber and resin constitutes the most financially profitable forest products, that target the various activities such as sawmills, production of paper pulp, cellulose or energy, among many others (*Plano Director Municipal de Penacova, Caracterização Florestal, Abril 2015*).

The Mediterranean stone pine, *Pinus pinea* L. (Pinaceae), is one of the most appreciated specie in the Mediterranean basin due to the multiple products and functions it offers (timber and fruit production, resins, soil protection, biodiversity, or landscape). The most interesting activity from the economic point of view is the pine nut production.

Stone pine forests have been used since ancient times as a source of timber, edible pine nuts, fuelwood, barks and resins. Forests provide an important ecological, landscape and recreational services and due to their capacity for growing over continental and coastal dunes, they have been widely used as protectors against soil erosion.

Stone pine forests have been managed under multifunctional principles since the end of the 19th century. Bark extraction, resin tapping and pruning for fuelwood are abandoned practices in stone pine forests. Timber prices for the species have recently dropped so, cone production and pine-nut extraction have become the most interesting and profitable outputs from these forests.

Today, cone harvesting from the trees, subsequent industrial pine nut extraction and market processes are economically profitable activities, supporting an increase in employment in south of Portugal regions.

Extensive research and development have been conducted on the biology, ecology and silviculture of the species and, in particular, its cone and nut.

Thinning assumes special importance in softwoods, and youth wood being of poor quality, requires a plantation at relatively high densities, in order to form less youth wood per tree and increase intra-specific competition, favoring the height growth and natural pruning. Reduces then chopping density in order to concentrate the growth potential of the best future trees. Currently thinning in *Pinus pinea* forest, aims to promote the production of pine cone.

A pruning is the removal of floors composed by branches, dead or alive, below of the crown, promoting the formation of stem high trees, without imperfections (Alves, 1988). Nowadays thinnings are in young forest stands of *Pinus pinea* when thinnings are made in old stand, branches can be up to 30-40 cm.

The *Pinus pinaster* is a fast-growing specie, intolerant to shade. *Pinus pinaster* has higher hardiness and has been used in Portugal, in afforest very small fertile land (as in the case of some dunes) in the northern and center mountains.

Due to forest fires and the phytosanitary problems, the pine, in the last National Forest Inventory, decreased by 263,000 hectares between 1995 and 2010. It occupied in 2010, about 714 445 000 hectares (IFN 6). In the maritime pine pruning the goal is to obtain the best quality timber production (sawmill, papermill, etc).

Pellets Power 2 - Produção de Pellets, Lda receives material coming from forest clean operations and pine plantation maintenance (including round wood, pine cones, branches, needles, leaves, thinning etc..), that includes cleaning operations in older forest (more than 40 years).

Pellets Power 2 - Produção de Pellets, Lda valorizes silvicultural residues, which final destination would be burning or incorporation in the soil.

The raw material origin is all from Portugal. Pellets Power 2 - Produção de Pellets, Lda, receives the majority of fibre from *Pinus pinea* forest maintenance. The forest management practices consist in cleaning the trees and

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soil and promoting the wood pine growing. Forestry products derives from the same species, timber and pine nut (*Pinus pinea*).

All raw material received by Pellets Power 2- Produção de Pellets Lda is evaluated as FSC®-Controlled Wood (included in our internal suppliers audits), and some percentage as FSC® 100%.

According FSC® (Forest Stewardship Council), since 2011 Portugal was considered a low risk country for the following categories:

- Illegally harvested wood
- Wood harvested in violation of traditional and civil rights
- Wood harvested in forests where high conservation values are threatened by management activities
- Wood harvested in forests being converted to plantations or non-forest use
- Wood from forests in which genetically modified trees are planted.

Pellets Power 2 – Produção de Pellets, Lda receives wood from an area near to the plant, with specific features, different from the remaining area of national forest.

Some of these forest areas are certified by FSC® and/or PEFC. All raw material received by Pellets Power 2 - Produção de Pellets, Lda is evaluated as FSC®-Controlled Wood with our Controlled Wood Code: APCER-CW-150116, and some percentage as FSC® 100%.

The majority of Pellets Power 2 - Produção de Pellets, Lda wood suppliers, work with the Organizations of Forest Producers (OF). Organizations of Forest Producers are a central element in the representation of interests of forest owners and managers, playing an important role in supporting forest owners and producers to achieve the good practices of forest management.

The raw material received is from private land suppliers or national authority forests, and we can be found the following situations:

- National Authority forests – Cleanings forest /lands (to avoid fires, diseases wood etc...);
- Private small land suppliers (to avoid fires, and valorize economical quantities of their raw material etc...) (local suppliers);
- Land suppliers < 500 ha (Forest area), that use the land for production of pine nuts (local suppliers);
- 100% certified material is very residual because raw material price from certified areas is very high. The option is to guarantee FSC® controlled wood in the case of small land suppliers (that is the majority of Pellets Power 2 - Produção de Pellets, Lda suppliers);
- Certificate areas of eucalyptus are mainly intended for other industries that can accommodate higher raw material prices, as papermills.

Pellets Power 2 - Produção de Pellets, Lda raw material is characterized as:

- None of the species received is CITES-listed (*Pinus pinea*; *Pinus pinaster*; *Eucalyptus globulus*, *Acacia dealbata*, *Acacia melanoxylon*).
- Raw material close to Pellets Power 2 – Produção de Pellets, Lda is around 90% of *Pinus pinea* and the rest is 10% (*Pinus pinaster*, *Eucalytus*, etc...)
- Pellets Power 2 - Produção de Pellets, Lda works with many suppliers which have have their own forest, so they have to make sure it is clean (legal obligation).

In 2016 100% of the raw material received was Controlled feedstock and 0% Compliant feedstock (0%). Pellets Power 2 – Produção de Pellets, Lda did not receive any material from secondary feedstock category (0%).

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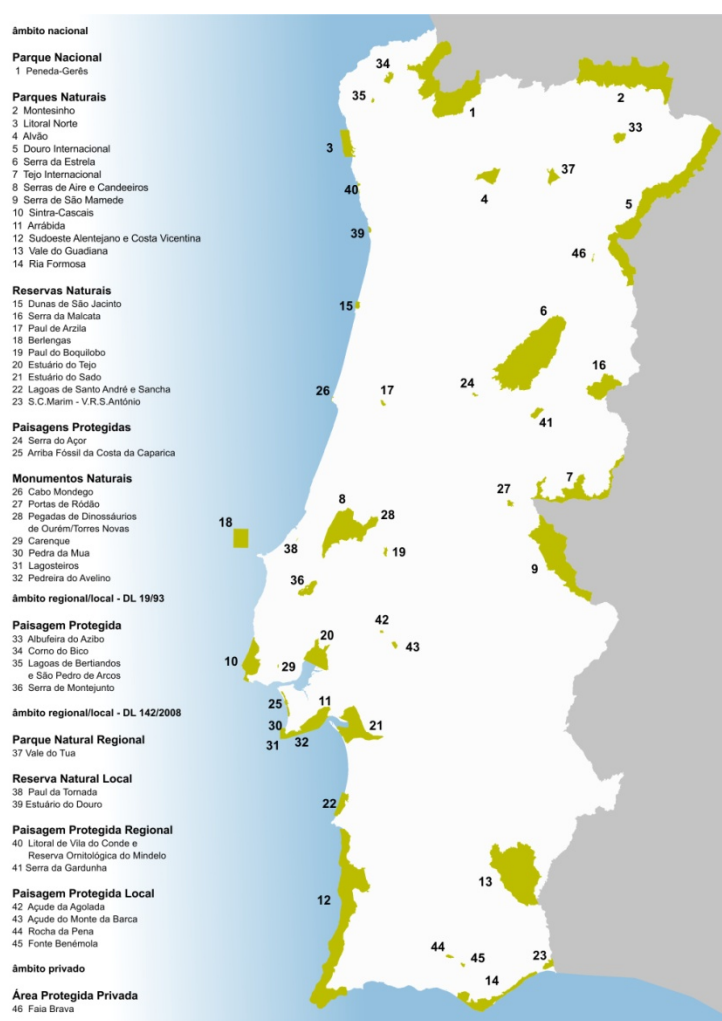
In 2016 primary feedstock from forest included: low grade round wood; arboricultural arising; branch wood, diseased wood; thinnings; tree tops (98.1%) and wood energy crops category, short rotation forestry energy crop, eucalyptus (1.9 %).

Primary feedstock is sourced directly from the forest in the form of round wood /branch with low grade round wood from 42 suppliers (2016).

There are no trees in Portugal belonging to CITES appendices. It also was not found any direct effect of harvesting or forest management over CITES listed species.

In Portugal, more than 257625 ha of forest area were certified under PEFC scheme and 376886 ha under FSC® scheme (CBD Fifth National Report – Portugal, 2015, pages <https://www.cbd.int/doc/world/pt/pt-nr-05-pt.pdf>)

<https://cites.org/eng/cms/index.php/component/cp/country/PT>



Protected Portuguese National areas (<http://www.icnf.pt/portal/ap>)

2.2 Actions taken to promote certification amongst feedstock supplier

Pellets Power 2 - Produção de Pellets, Lda is promoting sustainable forest management (FSC® CW/ FSC® 100%). Pellets Power 2 - Produção de Pellets, Lda (inside of multisite certification Gesfinu SGPS, S.A. Group) has the FSC® Chain of Custody and FSC® Controlled Wood certification since 2012 and annually performs an audit suppliers program (Audit verification of timber supply) that checks and reviews evidences of raw material origin documentation delivery to plant. Audit processes include field visits (inspections) in which a selection of suppliers is annually audited. Main goal is to verify the origin of the material supplied, evidences related to the quantity, quality, veracity of transport documents, among other items, in order to meet the requirements of FSC® Controlled Wood.

The procedures are defined internally with support of instructions and procedures.

Although Portugal is classified by FSC® as a low risk country, Pellets Power 2 - Produção de Pellets, Lda chose to maintain inspections in field and work with wood suppliers to check evidences and to prove that all FSC® Controlled wood as well as environmental, quality and safety health requirements are achieved. The FSC® CW audits suppliers program involved the companies (forests management) in order to improve the best sustainability practices in the forest.

Forests in Portugal have always played an important role in economy and society. The majority of Pellets Power 2 - Produção de Pellets, Lda wood suppliers, work with the Organizations of Forest Producers.

Several of the mentioned species (*Pinus pinaster*, *Eucalyptus globulus*, etc..), have commercial interest for sawmills, cork, pulp or other items, that needs to be counterbalanced with the recreational and cultural values.

Pellets Power 2 - Produção de Pellets, Lda receives material coming from forest cleaning operations and pine plantation maintenance (including round wood, pine cones, branches, needles, leaves, thinning and bark). There is a governmental financial support to promote forests projects which incentive the management of forests, so suppliers need to prove that, if they want to approve their projects. <http://www.icnf.pt/portal/florestas/gf/opf/resource/doc/dcnf-c-list>.

In case of Pellets Power 2 – Produção de Pellets, Lda, there is a direct contact between the plant responsible for raw material purchase and suppliers, which permits to alert suppliers for the advantages of good forestry practices, as well as the certification of own forest area.

Furthermore, it has been transmitted to suppliers customers requirements regarding the traceability of the origin of raw material, its sustainability and the advantage and recognition of certified forest areas.

At the same time, the COC responsible and as well as raw material purchase responsible have participated in management and forest certification trainings / workshops to improve their knowledge in this area.

2.3 Final harvest sampling programme

0.17% of 91% (coniferous feedstock) was roundwood/woodlogs (forest residues) from continuously forested area of *Pinus Pinea* from thinning operations of more than 40 years, with the objective of promoting the increase of pine nuts (received in 2016).

Pellets Power 2- Produção de Pellets, Lda receives material coming from forest cleaning operations and pine plantation maintenance (including round wood, pine cones, branches, needles, leaves and thinning), that includes cleaning operations in older forest (more than 40 years).

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Edible nuts have become the most important forest product in many rural areas. Sustainable development of the stone pine forest and the surrounding rural areas requires more intensive management of forest resources in order to achieve maximum value per tree.

For these reason, when nut production is the main the target of stone pine management, thinnings must aim low densities to encourage crown development and to avoid overlaps and reduction of the crowns. Thinnings must also promote tree cone production even if this means a reduction in production per unit area in order to reach greater yield in harvest operations. If there is a delay in thinning treatments or they are too light, production will not be commercial until the stand is at least 60 years old (*Montero et al. 2008*). The first thinning must be carried out for achieving low densities since the beginning of fructification (15–25 years old) (*Montero et al. 2008*).

2.4 Flow diagram of feedstock inputs showing feedstock type [optional]

Not applicable.

2.5 Quantification of the Supply Base

Supply Base – Portugal

- 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 94000 ha
- c. Forest by type (ha): Temperate Forests 3154800 ha
- d. Forest by management type (ha): Naturally regenerated forest: 2306000 ha; Planted forest: 849000 ha (source - FRA 2015 – Country Report, Portugal)
- e. Certified forest by scheme (ha): FSC - certified forest - 370.000 ha and PEFC-certified forest - 25721 ha

Feedstock

- f. Total volume of Feedstock: 146411 tonnes (0 – 200,000 tonnes)

- Arboricultural arising: 1140 ton
- Branch wood: 5604 ton
- Low grade roundwood: 139667 ton
- Final fellings: 0.16 % of total volume feedstock

- g. Volume of primary feedstock: 146411 tonnes (0 – 200,000 tonnes)

- Arboricultural arising: 1140 ton
- Branch wood: 5604 ton
- Low grade roundwood: 139667 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: *Acacia dealbata* Link; *Acacia melanoxylon* Eucalyptus globulus; *Pinus pinaster*; *Pinus pinea*
- 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* and *Pinus Pinea*)
 - 1. Wood industry residues: 0 tonnes
- m. Volume of tertiary feedstock: 0 tonnes

Origin: Portugal

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
<input checked="" type="checkbox"/>	<input type="checkbox"/>

A Supply Base Evaluation is required because a significant proportion of the forest surrounding the pellet mill is not certified.

This evaluation will determine the legality and sustainability of fiber delivered to Pellets Power 2 – Produção de Pellets, Lda.

4 Supply Base Evaluation

4.1 Scope

The aim of this risk assessment covers Alentejo region. Pellets Power 2 considered only the region that receives timber. The reception raw material area considered, includes 31 551,2 km² of Alentejo (NUTS II). Most of these areas are covered by a forest management plan, in which works companies specialized in forest treatment.

The main raw materials and scope of this risk assessment covers only wood pine (*Pinus Pinea* and *Pinus Pinaster*) from prunnings and thinnings, and are excluded clear cuttings/final fellings

This risk assessment evaluation was developed by Pellets Power 2 for the main raw material species received, first *Pinus Pinea* (around 85%) and the second is *Pinus Pinaster* (around 11%).

Pellets Power 2- Produção de Pellets, Lda (inside of multisite certification Gesfinu SGPS Group) has the FSC Chain of Custody and FSC Controlled Wood certification since 2012 and annually performs an audit suppliers program (Audit verification of timber supply) that checks and reviews evidences of raw material origin documentation delivery to plant.

Audit process include field visits (inspections) in which a selection of suppliers is annually audited. Main goal is to verify the origin of the material supplied, evidences related to the quantity, quality, veracity of transport documents, among other items, in order to meet the requirements of FSC Controlled Wood.

The procedures are defined internally with support of instructions and procedures.

Although Portugal is classified by FSC as a low risk country, Pellets Power 2- Produção de Pellets, Lda choose to maintain inspections in field and work with wood suppliers to check evidences to prove all FSC Controlled wood as well as environmental, quality and safety health requirements. The FSC CW audits suppliers program involves the companies (forests management) in order to improve the best sustainability practices in the forest.

The upgrade of audits process was done by compliant of the requirements of STD 01.

In 2016 were evaluated around 15% of supplier's fiber. For all suppliers, the documentation to the requirements of STD 01 was improved.

Pellets Power 2 – Produção de Pellets, Lda has around of 40 suppliers of *Pinus pinea* and *pinaster*.

The scope of the evaluation covered the entire supply area for Pellets Power 2 - Produção de Pellets, Lda which considered all existing and potential sources of primary as well as the feedstocks point of origin. The supply base evaluation covered by Pellets Power 2 – Produção de Pellets, Lda has included origin by diligence processes and risk assessment for FSC® Controlled wood. The intent of the supply base evaluation was to discern the risk level when compared to the indicators of SBP Standard 1.

4.2 Justification

Most of the supplies are coming from certified suppliers, certified land and not certified. In order to cover the majority of raw material supplies it was therefore deemed prudent to evaluate the entire area without exclusions.

The supply area for Pellets Power 2 - Produção de Pellets, Lda is included in one assessment, as the applicable legal requirements across the supply base is sufficiently similar and the forest practices are also similar.

This review and analysis were completed by comparing the existence, effectiveness and applicability of statutes/regulations, established forestry best management practices and recognized research from reputable sources in order to determine compliance and risk rating in relation to Criteria 1 & 2 of the SBP Standard 1.

4.3 Results of Risk Assessment

Pellets Power 2 – Produção de Pellets, Lda identified the following indicators as unspecified:

Unspecified risks:

- 2.1.1 The Biomass Producer has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped.
- 2.1.2 Potential threats to forests and other areas with high conservation values from forest management are identified and addressed.
- 2.2.3 Key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).
- 2.2.4 Biodiversity is protected (CPET S5b).
- 2.3.2 Adequate training is provided for all personnel, including employees and contractors (CPET S6d).
- 2.8.1 Appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).

All the other indicators were considered as low risk (see Annex 1: Detailed findings for supply base evaluation-indicators)

Table 1. Overview of results from the risk assessment of all Indicators (prior to SVP)

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
1.1.1		X	
1.1.2		X	
1.1.3		X	
1.2.1		X	
1.3.1		X	
1.4.1		X	
1.5.1		X	
1.6.1		X	
2.1.1			X
2.1.2			X
2.1.3		X	
2.2.1		X	

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
2.3.1		X	
2.3.2			X
2.3.3		X	
2.4.1		X	
2.4.2		X	
2.4.3		X	
2.5.1		X	
2.5.2		X	
2.6.1		X	
2.7.1		X	
2.7.2		X	
2.7.3		X	

2.2.2		X	
2.2.3			X
2.2.4			X
2.2.5		X	
2.2.6		X	
2.2.7		X	
2.2.8		X	
2.2.9		X	

2.7.4		X	
2.7.5		X	
2.8.1			X
2.9.1		X	
2.9.2		X	
2.10.1		X	

4.4 Results of Supplier Verification Programme

Risk assessment results indicate the risk classified as “low or unspecified risk”.

In 2016, 15 % of suppliers were evaluated, and in 2017, 20%. The last results shows, that the unspecified risk evaluated in audit forest land was considered as low risk, and the requirements were predominantly complied. Pellets Power 2 – Produção de Pellets, Lda goal is to continue to increase the field audit number to verified the risk in initial regional risk assessment.

In order to evaluate the unspecified risks identified in the risk assessment, field assessments conducted under the SBP had as their main goal: collection of information during field verification audits of occupational safety aspects and identification and protection of Conservation values, biodiversity protection (interviews with workers, on-site visualization, and verbal and documentary inquiry). To support the forestry operators, Pellets Power 2 – Produção de Pellets, Lda has developed a guide to good forestry and safety work practices. Before the field audit, the supplier and / or owner land gives documentation of the forest/land area and Pellets Power 2 – Produção de Pellets, Lda surveyed to identify and characterize the site. In the field, the technical aspects of the type of operation were reviewed, followed by the checklist developed by Pellets Power 2 – Produção de Pellets, Lda with questions, like identification and protection of high conservation values, biodiversity protection, species protection, forest management plan, legislation, municipal regulations or directives applicable and documentation that proves and supports verified items. The safety aspects were initially assessed by mandatory legal documentation, and then seen in the field. For the indicators n.º 2.3.2 and 2.8.1, it was found that in general the use / availability of equipments for individual safety by the supplier was implemented, since workers had the minimum safety equipment and were familiar with their use. All operators are registered as forest operators and under legal compliance (for example: EUTR).

- **2.3.2 Adequate training is provided for all personnel, including employees and contractors (CPET S6d).**
- **2.8.1 Appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).**

An information document on Good Forest and Safety Practices was sent to suppliers, always alerting them to the importance of the appropriate use of equipments for individual safety and their advantages.

For HCVs, an internal checklist was drawn up on the identification, survey and field evaluation of HCVs in the verified sites, based on the general documentation. Prior to each visit, a survey of existing information was carried out to be verified in the field.

2.1.1 The Biomass Producer has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped and 2.1.2 Potential threats to forests and other areas with high conservation values from forest management are identified and addressed.

- **2.2.3 Key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).**
- **2.2.4 Biodiversity is protected (CPET S5b).**

During the evaluation it was verified that the operators / collaborators were familiar with the measures to implement in order to preserve the HCV directly related to the developed forest activity.

No non-conformities were detected for HCV, and overall operators identified the most critical issues to be addressed during HCV preservation operations, with risks classified as low risk.

In relation to the environmental aspects, the measures adopted to avoid contamination of the soil in relation to substances of a hazardous nature (eg lubricants of machines, containers, etc.) were also evaluated in the field. In summary, a supplier qualification matrix was produced with the final result of each supplier evaluated, as well as their classification (approved / not approved).

In the case of forestry activities, which are outside the scope of the risk assessment, these are excluded, and this raw material is considered only from SBP- Controlled feedstock.

At the beginning of 2017, 100% of the suppliers that delivered raw material potentially framed in "SBP-compliant feedstock" were evaluated according to the implemented SBE verification requirements.

4.5 Conclusion

100% - Primary supplies from Alentejo forest properties

The main raw materials and scope of this risk assessment only covers wood pine (*Pinus pinea* and *Pinus pinaster*) from prunings and thinnings, and it excludes clear cuttings/final fellings, which justifies the level of risk obtained in the indicators. The scope of the SBE is just Alentejo. Pellets Power 2 – Produção de Pellets, Lda has been done suppliers audits since 2012, suppliers were involved and they already collaborated with Pellets Power 2 – Produção de Pellets, Lda in Controlled Wood and Due Diligence evaluations. The new unspecified risks were an upgrade in these systems, which have been well received by the suppliers.

Due to the fact that the forestry operations considered in the SBE were homogeneous, it made easier the evaluations, the involvement and the consistency of the results obtained, because there is a lot of practical and theoretical information about these activities, as well as support legislation.

In 2017, all requirements established for primary feedstock suppliers will correspond to the SBE requirements. The risk mitigation system is implemented, and Pellets Power 2 have planned to assess the conformity of all suppliers and new suppliers to SBE requirements.

There is a rural geometric register in Alentejo. The forest areas are bigger than other regions of Portugal, the forestry companies operate for long periods in the same areas, which facilitates the access to information, as well as results obtained and the mitigation of the risks.

The existence of effective legislation and diligent procurement processes that guide industry and landowners on the sustainable management of forests, is also a strong support.

In Alentejo area, forest inventories shows the increase of forest area in case of *Pinus pinea*, and a reduction in case of *Pinus pinaster*, due to phytosanitary problems and fires.

Local communities benefit from the economic impact of the management of forests activities.

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In conclusion, raw material supply for pellets production comply with SBP (01/02) requirements, for scope of SBE.

5 Supply Base Evaluation Process

To develop a SBE system, supply assessment and risk mitigation, procedures and actions been performed at Pellets Power 2 using internal staff to develop, complete and monitor the supply base evaluation (SBE). The SBE was developed by Pellets Power 2 – Produção de Pellets, Lda team, which have experience in environment, sustainability and quality in forest areas (FSC® /PEFC). External contribution has been given by health and safety subcontractor-TABIQUE.

The development of the SBP SBE mitigation system is based on experience with, ISO 9001 and ISO 14001, Green Gold Label, FSC® system.

Internal team allocated to this process (including – consultation) is composed by a Master Degree in Environmental Engineer and a Master Degree in Forest Engineer (with enough forestry knowledge of the area considered in the SBE, and forestry works developed in that region).

Stakeholders consultation started in june 2016 for some stakeholders. Risk assessment was after improved, and new consultation was done on December 21. During January 2017, some of the stakeholders was consistently consulted (by phone and email).

66 relevant stakeholders have been consulted.

8 answers to main indicators have been received, and they have been very positive, giving low risk value classification for some of the initial unspecified risks.

6 Stakeholder Consultation

The stakeholders consultation process consisted of an analysis of the single area (Alentejo). Key stakeholders have been selected, taking in considerations their activities and knowledge in forest management or/and supply base of raw material.

Initially, Pellets Power 2 – Produção de Pellets, Lda identified some of the suppliers that work in the region and provide raw material to the plant, as well as forest owners associations. After, it was conducted a search of entities that could have a significant contribution and impact in these matters as national and state forest agencies, representatives of forestry certification schemes etc...

The first consultation was conducted via by email from 08.06.2016 and 09.09.2016, but during the following weeks there have been telephone contacts in order to clarify the scope of work. Questionnaire replies / comments were received via email.

The first consultation (June 2016) considered all raw material (*Pinus pinaster*/*Pinus pinae*) and all risks were classified as “Low Risk”.

The second consultation was conducted via by email from the 21.12.2016 (during one month), but during the following weeks there have been telephone contacts in order to clarify the scope of work. Questionnaire replies / comments were received via email.

According to risk designation of risk we could have:

- **Low risk:** An indicator shall be rated as low risk if there is a negligible risk of non-compliance with the indicator.
- **Specified risk:** All indicators that cannot be classified as either low risk or unspecified risk are rated as specified risk. Mitigation measures are required for any indicator which is classified as specified risk.
- **Unspecified risk:** An indicator shall be rated as unspecified risk if there is insufficient evidence available during the RA to categorise it as either specified risk or low risk. Note: An indicator can only be rated as unspecified risk during the RA

The company provided the stakeholder list and contact information, a copy of the email was sent out to stakeholders and responses were received.

This information will be reviewed during the CB audit.

The company sent an email to stakeholders on 21 December 2016.

Some responses were received and were positive.

This process revealed that some stakeholders are not generally concerned about the risk assessment or the harvesting activities associated with supplying raw material.

While the first RRA consultation covered all activities related to *Pinus pinea* and *Pinus pinaster*, the second RRA consultation included only a few activities of these species. The first draft considered all indicators as low risk and the **second draft five as unspecified risks** (see below).

6 Unspecified risks:

- 2.1.1 The Biomass Producer has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped
- 2.1.2 Potential threats to forests and other areas with high conservation values from forest management are identified and addressed.
- 2.2.3 Key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).
- 2.2.4 Biodiversity is protected (CPET S5b).
- 2.3.2 Adequate training is provided for all personnel, including employees and contractors (CPET S6d).
- 2.8.1 Appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).

In the first consultation, 10 stakeholders were consulted (8 answers have been received) in the second consultation 66 stakeholders (21Dec2017) were consulted and some of them were consulted a second time (during January 2017, seconds emails and phone calls has been made). The questionnaire sent in the first RA consultation was resubmitted to the 10 stakeholders (2Fev2017) in order to understand their opinion about the second RA draft. Pellets Power 2 – Produção de Pellets, Lda considered the 8 responses to the questionnaires received on time (See results in the table 1/2/3).

This risk assessment was done only for a specific zone of reception, Alentejo. It has not been done for all Portuguese forest area, but only the one that applies to the reality of Pellets Power 2 – Produção de Pellets, Lda.

This risk assessment evaluation was developed by Pellets Power 2 – Produção de Pellets, Lda for the main raw material species received, *Pinus pinea* (around 85%) and *Pinus pinaster* (around 11%).

The main raw materials and scope of risk assessment only covers wood pine (*Pinus pinea* and *Pinus pinaster*) from prunings and thinnings, and excluded clear cuttings/final fellings.

6.1 Response to stakeholder comments

In the first consultation, 10 stakeholders were consulted (8 answers have been received) in the second consultation 66 stakeholders (21Dec2017) were consulted and some of them were consulted a second time (during January 2017). Seconds emails and phone calls has been made. Table shows the inputs from the consultation sent to stakeholders for SBP risk assessment for Alentejo (NUTS II).

Risk assessment was conducted according SBP Regional Risk Assessment Procedure and Standard 1: Feedstock compliance and Standard 2: Verification of SBP-compliant Feedstock.

Invitations were sent out to 66 stakeholder groups (Appendix A), representing different section of interests and expertise, including local state and federal agencies, forest industry participants research institutions, forestry/land owner associations, and NGO's.

The questionnaire sent in the first RA consultation was resubmitted to the 10 stakeholders (2Fev2017) in order to understand their opinion about the second RA draft. Pellets Power 2 – Produção de Pellets, Lda considered the 8 responses to the questionnaires received on time (See results below in the table 1/2/3).

The comments demonstrated that the consultation had not identified any risks that requires further controls or mitigation.

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Stakeholders	1.1.2	1.4.1	2.1.2 (S)	2.2.4 (S)	2.5.2	2.8.1 (S)	2.9.2
INIAV	N/A	N/A	Somewhat Consistently	Effective	Most of the time	Very effective	N/A
Florecha - Forest Solutions SA	Always	N/A	Somewhat Consistently	Very Effective	Most of the time	Very effective	N/A
Grupo Altri /Celbi	Always	Very effective	Always	Very Effective	Always	Very effective	Maintained
ANSUB	Always	Very effective	Always	Very Effective	N/A	Effective	Increased
ICNF	Always	Very effective	Always	Effective	Always	Effective	Maintained
Unimadeiras	Always	Very effective	Always	Very Effective	Always	Very effective	Maintained
Abastena	Always	Very effective	Always	Effective	Somewhat Consistently	Very effective	Maintained

Table 1. Stakeholders outputs of inquiry

SBP Indicator	SBP Risk assessment proposal by Pellets Power 2	Biomass timber industry and suppliers timber opinion	Governmental Organization
1.1.2	Low risk	Low risk	Low risk
1.4.1	Low risk	Low risk	Low risk
2.1.1/2.1.2	SR	Low risk	Low risk
2.2.4	SR	Low risk	Low risk
2.5.2	Low risk	Low risk	Low risk
2.8.1	SR	Low risk	Low risk
2.9.2	Low risk	Low risk	Low risk
2.2.3	SR	-	-
2.3.2	SR	-	-

Table 2. Summary of conclusions inquiry

Stakeholder Type	Name of stakeholders responses	Stakeholders provided input
Biomass, timber processing industry, companies	Altri,Florecha,	2
Non-governmental organizations	-	0
Authorities, government agencies	ICNF	1
Associations	ANSUB	1
Forest owners associations	Unimadeiras, Abastena	2
Academic, research institutions	INIAV	1

Table 3. Stakeholders feedback in inquiry consultation SBP risk assessment stakeholder consultation process

Summary of all stakeholder comments received and how the comments were taken into consideration in the process.

Questionnaire sent in first RA consultation - SBP Indicators, discussed in stakeholder consultation process:

- 1.1.2 Rank the level of feedstock that can be traced back to the defined origin of raw material supply base, in the applicable region.
- 1.4.1 Rank the level of Payments for harvest rights and timber, including duties, relevant royalties and taxes related to timber harvesting, in the applicable region.
- 2.1.2 Are the potential threats to forests and other areas with high conservation values from forest management activities identified and addressed?
- 2.2.4 Rank of the Biodiversity protection.
- 2.5.2 The production of feedstock does not endanger food, water supply or subsistence means of communities, where the use of this specific feedstock or water is essential for the fulfilment of basic needs ?
- 2.8.1 Are the appropriate safeguards in place to protect the health and safety of forest workers , in the applicable region?
- 2.9.2 Analysis demonstrates that feedstock harvesting does not diminish the capability of the forest to act as an effective sink or store of carbon over the long term.
- 2.2.3 Key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).
- 2.3.2 Adequate training is provided for all personnel, including employees and contractors (CPET S6d).

7 Overview of Initial Assessment of Risk

Table 1. Overview of results from the risk assessment of all Indicators

Indicator	Initial Risk Rating		
	Specified	Low	Unspecified
1.1.1		x	
1.1.2		x	
1.1.3		x	
1.2.1		x	
1.3.1		x	
1.4.1		x	
1.5.1		x	
1.6.1		x	
2.1.1			x
2.1.2			x
2.1.3		x	
2.2.1		x	
2.2.2		x	
2.2.3			x
2.2.4			x
2.2.5		x	
2.2.6		x	
2.2.7		x	
2.2.8		x	
2.2.9		x	
2.3.1		x	
2.3.2			x
2.3.3		x	
2.4.1		x	
2.4.2		x	
2.4.3		x	
2.5.1		x	
2.5.2		x	
2.6.1		x	
2.7.1		x	
2.7.2		x	
2.7.3		x	
2.7.4		x	
2.7.5		x	
2.8.1			x
2.9.1		x	
2.9.2		x	
2.10.1		x	

Based on the information available during the risk assessment process, the level of risk for each of the criteria was chosen. The majority of criteria were assigned low risk, and 6 as unspecified risk. In table 1 is the summary of the indicator for which unspecified risk was identified. In first risk assessment draft, for low risk assigned and after the collection and analyses of stakeholders' results, there were no changes in the proposed categories.

There are no sub-scopes.

Unspecified risks (Pellets Power 2 – Produção de Pellets, Lda)

2.1.1 The Biomass Producer has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped

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2.1.2 Potential threats to forests and other areas with high conservation values from forest management activities are identified and addressed.

2.2.3 Key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).

2.2.4 Biodiversity is protected (CPET S5b).

2.3.2 Adequate training is provided for all personnel, including employees and contractors (CPET S6d).

2.8.1 Appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

Since 2012 Pellets Power 2 (Pellets Power 2 – Produção de Pellets, Lda) is certified by FSC® CW and COC multisite certification systems. Pellets Power 2 – Produção de Pellets, Lda adopted since 2012 audits field, based on FSC®-STD-40-005 Controlled Wood requirements, although Portugal is considered a low risk country by FSC®.

The risk mitigation audit programme is coordinated by the management of Gesfinu Group.

The main goal during the audit is to make sure that raw material suppliers understand the established risks and observe requirements and jointly mitigate the risks.

Based on SBP baseline evaluation requirements and indicators, Pellets Power 2 – Produção de Pellets, Lda improved the audits checklist and verifications including additional aspects to evaluate the characteristics, mainly by initial "specified risks" (ex.: HCV template).

The supply verification program consisted of an adaptation of the audits of the FSC® CW and COC checks carried out since 2012.

In case of FSC® field audits, we have evaluated each year 5% of wood suppliers, since 2012 until 2015. In 2016 we have increased 15% of *Pinus pinaster* and *Pinus pinea*, and to 20% in 2017.

Suppliers sampling is evaluated every year, taking in consideration different lands and places from where raw material is received. Actually, each year 20% of the suppliers are evaluated.

The risk assessment is only applicable to SBP "compliant material", for species *Pinus pinea* and *Pinus pinaster* according to the scope of risk assessment.

These species represent the largest percentage of raw material received.

During the audit, the following forms are filled in: Audit template (FSC® COC; Heath & safety; SBP STD 01/02; Environmental requirements); Data systems incomings raw material category; non-conformity data results report and mitigation measures if (applicable).

The supplier verification programme procedures are available at the company.

8.2 Site visits

The assessment base is only applicable for compliant material, and /or activities identified in the scope of the risk assessment to be *Pinus pinea* and *Pinus pinaster* according to the scope.

Pellets Power 2 – Produção de Pellets, Lda has implemented the registration verification timber supply. A sample of the local suppliers are selected in terms of: geographical distribution; activities and / or products; size and /or annual production. The responsible of supply will check and verify the authenticity of the documentation specified and required and other evidence relating to the quantity, quality, and meeting the definitions of the FSC®/SBP. The audits are conducted by Pellets Power 2 – Produção de Pellets, Lda staff, and are checked management issues/ forestry, environmental maintenance and safety of workers. A checklist is filled with the supplier's evidence and information. All raw material received can be classified at least as FSC® Controlled Wood.

The first purpose of information collection during field audits is the following:

- Identification, survey and protection of conservation values, protection of biodiversity; On-site visualization of the preventive measures used if there is HCV;

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- Inquiries to field operators / suppliers;
- Verify if environmental protection aspects (waste etc ...) are complied with and controlled by the forestry operator; Verification of the documentation associated with the origin of the raw material and documents of the property/owner: PGF (forestry plan);
- Ensure that the aspects of worker protection in terms of minimum safety standards are being fulfilled by the forestry operator.

It has been found that most forest practices are suitable for good forest management, whose purpose is outlined by the owner and/or governmental obligations.

Pellets Power 2 – Produção de Pellets, Lda has around of 40 suppliers of *Pinus pinea* and *pinaster*.

In 2017 it has been evaluated around 20% of supplier's fiber of the total number suppliers, included in SBE scope.

At the beginning of 2017, 100% of the suppliers that delivered raw material potentially framed in "SBP-compliant feedstock" were evaluated according to the implemented SBE verification requirements.

8.3 Conclusions from the Supplier Verification Programme

Pellets Power 2 – Produção de Pellets, Lda has the suppliers list approved of who can deliver material to SBP compliant (2017), and another list with suppliers that are in the process of verification (2017).

The site audits were selected based on the raw material and type of supplier to include the Alentejo region. Depending on the risk level, Pellets Power 2 – Produção de Pellets, Lda first mitigate the risk and only after that material is received as compliant or not.

The forest audits have been carried out, in forest, and loggings suppliers were evaluated, in terms, of HCV, Health & Safety, biodiversity, forest best practices, environmental practices. In what concerns unspecify risk: *high conservation values from forest management activities are identified and addressed, ecosystems and habitats are conserved or set aside in their natural state, Biodiversity protection, trainings provided for personnel, including employees and contractors; safeguards put in place to protect the health and safety of forest workers.* During the audit, the suppliers show if are or not approved and if the wood material can be considered, compliant or not.

At this moment, the result of audits was positive, and no specified risk was identified, and is not mitigated. In this case the supplier is approved and the wood material can be considered, compliant.

If the result was negative in some aspects, the material cannot be sourced and Pellets Power 2 – Produção de Pellets, Lda needs to increase the number of suppliers to be verified in order to get assurance that the risk is mitigated. Pellets Power 2 – Produção de Pellets, Lda has prepared procedures to mitigate the negative results, and then another audit visit is required in order to verify the new mitigations results.

Pellets Power 2 – Produção de Pellets, Lda has planned that during the field audit, if some of the unspecified risks are not "low risk" is necessary mitigated and inform the wood supplier. A new visit can be required, or can be solved on-site, during the evaluation (ex: training, delivery of technical documents).

This non-compliance is noted in the audit report and can be solved during the audit, or afterwards.

9 Mitigation Measures

9.1 Mitigation measures

At this moment, the result of audits was positive, and no risk are identified, it was not necessary mitigate, and the supplier is approved and the material wood can be considering, compliant.

	Risks	Main coments and Mitigation Measure
2.1.1/ 2.1.2	<i>The Biomass Producer has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped/Potential threats to forests and other areas with high conservation values from forest management activities are identified and addressed.</i>	Before each site visit the HCV information is search and identified; Fill the audit form; Fill the audit suppliers table vs risk results; If necessary mitigation with training or notify the suppliers and logging workers;
2.2.3	<i>Key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).</i>	Before each site visit the <i>ecosystems and habitats</i> information is search and identified; Habitats Directive; Before each site visit the HCV information is search and identified; Fill the audit form; Fill the audit suppliers table vs risk results; If necessary mitigation with training or notify the suppliers and logging workers (exemple birds, protected areas;);
2.2.4	<i>Biodiversity is protected (CPET S5b).</i>	Before each site visit the <i>Biodiversity</i> information is search and identified; Fill the audit form that have the itens do verified in Alentejo region; Fill the audit suppliers table vs risk results; If necessary mitigation with training or notify the suppliers and logging workers;
2.3.2	<i>Adequate training is provided for all personnel, including employees and contractors (CPET S6d).</i>	Fill the health and safety audit form; Fill the audit suppliers table vs risk results; If necessary mitigation with training or notify the suppliers and logging workers; If necessary delivery an informative manual to suppliers with the good practices
2.8.1	<i>Appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).</i>	Fill the audit form; Fill the audit suppliers table vs risk results; If necessary mitigation with training or notify the suppliers and logging workers If necessary delivery an informative manual to suppliers with the good practices

9.2 Monitoring and outcomes

If the result was negative in some aspects/risks, the material could not be sourced as compliant and the Pellets Power 2 – Produção de Pellets, Lda increase the number of audits suppliers that needs to be verified in order to get assurance that the risk is mitigate.

10 Detailed Findings for Indicators

Detailed findings for each Indicator are given in Regional Risk assessment elaborated by Pellets Power 2 – Produção de Pellets, Lda.

11 Review of Report

11.1 Peer review

Internal Review by a Forest Engineer (Francisco Braga) and Environmental Engineer (Maria João Preto).



11.2 Public or additional reviews

Report is available on Gesfinu company website www.gesfinu.com , for public disclosure.

All requests, if any, by parties concerned shall be sent to company's e-mail address:

maria.preto@gesfinu.com

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	Maria João Preto 	Environmental Engineer	4.09.2017
	Name	Title	Date
The undersigned persons confirm that I/we are members of the organisation's senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report.			
Report approved by:	Filipa Rebelo 	Diretor	4.09.2017
	Name	Title	Date

13 Updates

Supply Base Report Regional Risk Assessment. – Alentejo (Pellets Power 2- Produção de Pellets)

13.1 Significant changes in the Supply Base

No significant changes in to the supply base.

Supply Base Report Regional Risk Assessment. – Alentejo (Pellets Power 2- Produção de Pellets)

13.2 Effectiveness of previous mitigation measures

Not applicable.

13.3 New risk ratings and mitigation measures

Not applicable.

13.4 Actual figures for feedstock over the previous 12 months

0-200,000 tonnes (*Confidential information*)

Fiscal year (2016):

Supply Base – Portugal

- a) Total Supply Base area: 3,2 millions ha: Cumulative area of all forest types within SB
- b) Tenure by type (ha): Privately owned– 3,135 millions ha; Public forest 94000 ha
- c) Forest by type (ha): Temperate Forests 3154800 ha
- d) Forest by management type (ha): managed natural: 2306000 ha; Planted forest: 849000ha
(source - FRA 2015 – Country Report, Portugal)
- e) Certified forest by scheme (ha): FSC® - certified forest - 370000 ha and PEFC-certified forest - 257121 ha

Feedstock

- f) Total volume of Feedstock: 146411 tonnes (0 – 200,000 tonnes)
 - Arboricultural arising: 1140 tonnes
 - Branch wood: 5604 ton
 - Low grade roundwood: 139667 tonnes
 - Final fellings: 0.16 % of total volume feedstock
- g) Volume of primary feedstock: 146411 tonnes (0 – 200,000 tonnes)
 - Arboricultural arising: 1140 ton
 - Branch wood: 5604 ton
 - Low grade roundwood: 139667 ton

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

Subdivide by SBP-approved Forest Management Schemes.

n. 100% Small forest holdings not certified to an SBP-approved Forest Management Schemes

FSC® Controlled Wood:

o. 100% SBP-approved Controlled Feedstock System certification

i) List all species in primary feedstock, including scientific name: *Acacia dealbata* Link; *Acacia melanoxylon*; *Eucalyptus globulus*; *Pinus pinaster*; *Pinus pinea*

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:

p. Certified to an SBP-approved Forest Management Scheme – 0%

q. Not certified to an SBP-approved Forest Management Scheme -0%

l) Volume of secondary feedstock: Specify origin and type (Portugal / *Pinus pinaster* and *Pinus pinea*)

1. Wood industry residues: 0 tonnes

m) Volume of tertiary feedstock: 0 tonnes

Origin: Portugal

13.5 Projected figures for feedstock over the next 12 months

0 – 200,000 tonnes (Confidential information)

Fiscal year (2017):

a) Total volume of Feedstock: 0 – 200,000 tonnes

b) Volume of primary feedstock: 0 – 200,000 tonnes

c) 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

d) List all species in primary feedstock, including scientific name:

Acacia dealbata Link; *Acacia melanoxylon*; *Eucalyptus globulus*; *Pinus pinaster*; *Pinus pinea*

e) Volume of primary feedstock from primary forest: 0 tonnes

f) 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

▪ Not certified to an SBP-approved Forest Management Scheme

g) Volume of secondary feedstock: Specify origin and type (Portugal / *Pinus pinaster* and *Pinus pinea*)

1. Wood industry residues: 0 tonnes

h) Volume of tertiary feedstock: 0 tonnes

Origin: Portugal

Appendix A

Example of stakeholders Letter and Reporting Form

Exmos. Srs.,

No seguimento do email abaixo (enviado no passado dia 21-12-2016), e de maneira a termos novamente a vossa opinião, para facilitar o vosso feedback, [gostaríamos de saber se mantêm ou não a resposta ao questionário recebido na anterior consulta \(ver email em anexo\)](#), mas agora baseado na nova avaliação de risco, que foi sujeita a algumas alterações.

Relembro que esta avaliação de risco tem como pressupostos apenas as atividades de gestão florestal desenvolvidas habitualmente em povoamentos de Pinheiro Bravo e Pinheiro Manso na área de abastecimento de matéria-prima que engloba unicamente a Região do Alentejo (Nuts 2). (página 4 /5 do documento em anexo)

Sendo assim e resumindo, temos inicialmente os seguintes indicadores classificados com risco especificado (página 8 do documento em anexo, tabela 1):

- **2.1.2 Potential threats to forests and other areas with high conservation values from forest management activities are identified and addressed.**
- **2.2.3 Key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).**
- **2.2.4 Biodiversity is protected (CPET S5b).**
- **2.3.2 Adequate training is provided for all personnel, including employees and contractors (CPET S6d).**
- **2.8.1 Appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).**

Caso considerem que estes riscos possam não ter a classificação de “risco especificado”, mas sim de “baixo risco” nas atividades de gestão florestal consideradas, agradeceríamos que nos dessem a v/ opinião.

O vosso contributo é-nos importante e fundamental nesta certificação de extensão à norma STD 01 do SBP (com o objetivo de conseguirmos produto final - *SBP compliant feedsctok*, exigência atual dos nossos clientes).

Agradeço a sua atenção aguardando pela sua resposta.

Atenciosamente,

Maria João Preto

Grupo Gesfinu
Avenida Villagarcia de Arosa, 1919

4460-439 Matosinhos
Tel. 229351175
Fax. 229388609
Tlm. 969647006

De: Maria João Preto [<mailto:maria.preto@gesfinu.com>]

Enviada: 21 de dezembro de 2016 18:21

Para: 'antonio.loureiro@unimadeiras.pt' <antonio.loureiro@unimadeiras.pt>

Assunto: FW: Consulta às partes Interessadas - SBP 01 - Pellets Power 2 - Análise de Risco - Sustainable Biomass Partnership

Importância: Alta

Exmos Srs.

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Segue a versão draft para vossa análise e comentários.

Com os melhores cumprimentos,

Maria João Preto

Grupo Gesfinu
Avenida Villagarcia de Arosa, 1919
4460-439 Matosinhos
Tel. 229351175
Fax. 229388609

De: Maria João Preto [<mailto:maria.preto@gesfinu.com>]

Enviada: terça-feira, 20 de Dezembro de 2016 18:04

Para: 'maria.preto@gesfinu.com'

Assunto: Consulta às partes Interessadas - SBP 01 - Pellets Power 2 - Análise de Risco - Sustainable Biomass Partnership

Exmos Srs.

O Grupo Gesfinu (**Pellets Power 2 – Produção de Pellets, Lda**) obteve a primeira certificação pelo sistema **SBP - Sustainable Biomass Partnership** no país para a produção de *pellets* de madeira, cujo objectivo é garantir o cumprimento das exigências de seus clientes sobre matérias-primas sustentáveis.

A Pellets Power 2 – Produção de Pellets, Lda, encontra-se certificada pelo Sistema Sustainable Biomass Partnership (SBP) para os seguintes referenciais:

SBP Standard 2 - Verification of SBP-compliant Feedstock
SBP Standard 4 - Chain of Custody
SBP Standard 5 - Collection and Communication of Data

“Scope: Production of wood pellets, for use in energy production, at Pellets Power 2 – Produção de Pellets, Lda and transportation to Sines harbour. The scope of the certificate does not include Supply Base Evaluation”

Neste momento o objetivo da Pellets Power 2 – Produção de Pellets, Lda é alcançar mais um referencial da certificação SBP, neste caso o SBP (01), que engloba a avaliação de risco da base de abastecimento, limitada a nível regional – Alentejo, uma vez que se refere à área de base de abastecimento de matéria-prima (*biomassa florestal*) abrangida por esta instalação.

Tendo em vista a certificação de acordo com o referencial SBP-Standard 1 - Feedstock Compliance Standard, **segue a avaliação de risco desenvolvida pela Pellets Power 2.**

Agradecemos assim a vossa contribuição com comentários e/ou opiniões relativamente a este documento (Draft), para o seguinte contacto: maria.preto@gesfinu.com, sendo que o prazo máximo da sua receção será de um mês.

A título de informação complementar, informamos que o Grupo Gesfinu se encontra certificado pelo sistema multisite para as instalações de Produção de Pellets (incluindo a Pellets Power 2 – Produção de Pellets, Lda) pelo FSC (*Cadeia de custódia e madeira controlada*) desde 2012, para a cadeia de custódia e madeira controlada (<http://info.fsc.org/details.php?id=a024000000BNTYaAAP&type=certificate&return=certificate.php>).

Desde já agradecemos a vossa colaboração e cooperação neste trabalho, sendo o vosso feedback muito importante para nós.

Com os melhores cumprimentos,

Maria João Preto

Grupo Gesfinu
Avenida Villagarcia de Arosa, 1919
4460-439 Matosinhos
Tel. 229351175
Fax. 229388609

LIST OF STAKEHOLDERS

Stakeholder Type	Geographic area	Stakeholder name
Academic, research institutions	Regional	Departamento de Fitotecnia - Universidade de Évora
Academic, research institutions	National	INIAV - Instituto Nacional de Investigação Agrária e Veterinária, I.P.
Academic, research institutions	National	INIAV-Sistemas Agrários e Florestais e Sanidade Vegetal
Academic, research institutions	European	EFI - European Forest Institute
Associations	Local	AADP - Associação dos Agricultores do Distrito de Portalegre
Associations	Local	AFLOPS -Associação de Produtores Florestais
Associations	Local	AFLOSOR - Associação dos Produtores Agro-Florestais da Região de Ponte de Sôr
Associations	National	ANEFA – Associação Nacional de Empresas Florestais, Agrícolas e do Ambiente
Associations	Local	ANSUB - Associação de Produtores Florestais do Vale do Sado
Associations	Local	ASAFLA- Associação Agro-Florestal do Alentejo
Associations	National	Associação das Indústrias de Madeira e Mobiliário de Portugal
Associations	Local	Associação de Agricultores do Distrito de Portalegre
Associations	Local	Associação dos Agricultores de Grândola
Associations	Local	Associação dos Agricultores do Ribatejo
Associations	Local	Associação dos Agricultores dos Concelhos de Abrantes, Constância, Sardoal e Mação
Associations	National	Centro Pinus - Associação para a Valorização da Floresta de Pinho
Associations	Regional	ENDÉMICA - Associação Florestal do Alentejo, Évora
Associations	Regional	Federação Alentejana de Caçadores
Associations	National	Forestis
Associations	International	ILO - International Labour Office
Associations	National	Ordem dos Biólogos
Associations	National	Ordem dos Engenheiros
Associations	Local	Pinus Verde - Associação para o Desenvolvimento Integrado da Floresta
Associations	Local	SUBERÉVORA - Associação de Produtores Florestais- UNAC
Associations	National	UNAC - União da Floresta Mediterrânica
Authorities, government agencies	National	ACT - AUTORIDADE PARA AS CONDIÇÕES DE TRABALHO
Authorities, government agencies	National	Agência Portuguesa do Ambiente
Authorities, government agencies	National	APA - Instituto da Água
Authorities, government agencies	National	APA-APA - Serviços Descentralizados para assuntos das Regiões Hidrográficas - ALENTEJO
Authorities, government agencies	National	CBE - Centro de Biomassa para a Energia
Authorities, government agencies	Regional	CCDR-ALENTEJO - DRA - ALT - Direcção Regional do Ambiente e do Ordenamento do Território - Alentejo
Authorities, government agencies	Regional	Comissão de Coordenação e desenvolvimento Regional do Alentejo
Authorities, government agencies	Regional	Direcção Regional de Agricultura e Pescas do Alentejo (Ministério da Agricultura)
Authorities, government agencies	National	Escola Superior Agrária de Beja
Authorities, government agencies	National	IAPMEI - Instituto de Apoio às Pequenas e Médias Empresas e ao Investimento

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Authorities, government agencies	National	ICNF - Alcácer do Sal -
Authorities, government agencies	National	ICNF - Departamento de Conservação da Natureza e Florestas do Alentejo
Authorities, government agencies	National	Parque Natural da Serra de São Mamede
Authorities, government agencies	National	ICNF - Departamento de Gestão e Produção Florestal (DGPF)
Authorities, government agencies	National	ICNF- Caça e pesca
Authorities, government agencies	National	ICNF- Parque Natural do Vale do Guadiana
Authorities, government agencies	National	ICNF- Reserva Natural das Lagoas de Santo André e da Sancha
Authorities, government agencies	National	ICNF-CITES
Authorities, government agencies	National	ICNF-Departamento de Gestão de Áreas Públicas e de Proteção Florestal (DGAPPF)
Authorities, government agencies	National	ICNF-Departamento de Gestão e Produção Florestal (DGPF)
Authorities, government agencies	National	ICNF-Divisão de Apoio à Produção Florestal e Valorização de Recursos Silvestres (DAPFVRS)
Authorities, government agencies	National	ICNF-Gabinete de Valorização de Áreas Classificadas e Comunicação (GVACC)
Authorities, government agencies	National	IFADAP - Instituto de Financiamento e Apoio ao Desenvolvimento da Agricultura e das Pescas
Authorities, government agencies	National	INE - Instituto Nacional de Estatística
Authorities, government agencies	National	Instituto da Conservação da Natureza
Authorities, government agencies	National	IPAC - Instituto Português de Acreditação, I.P.
Authorities, government agencies	National	SEPNA - Serviço de Protecção da Natureza e do Ambiente
Authorities, government agencies	National	Universidade de Évora
Biomass, timber processing industry, companies	Local	ABASTENA, LDA.
Biomass, timber processing industry, companies	International	DRAX
Biomass, timber processing industry, companies	National	EDP
Biomass, timber processing industry, companies	Local	FLORECHA, LDA.
Biomass, timber processing industry, companies	National	Grupo Altri
Biomass, timber processing industry, companies	National	Portucel/Soporcel
Biomass, timber processing industry, companies	Local	SILVITEC
Biomass, timber processing industry, companies	Local	UNIMADEIRAS, SA.
International governmental organizations	International	FAO - Forestry Department
Non-governmental organizations	International	FSC Portugal
Non-governmental organizations	National	LPN - Liga para a Protecção da Natureza

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Non-governmental organizations	National	QUERCUS - Associação Nacional de Conservação da Natureza
Non-governmental organizations	National	SPEA - Sociedade Portuguesa para o Estudo das Aves
Non-governmental organizations	International	WWF European Policy Office (WWF-EPO)