

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

Second Surveillance Audit

Scope Change Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.4

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

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1 Overview

CB Name and contact:	Control Union Certifications; Meeuwenlaan 4-6; P.O.Box 161, 8000AD Zwolle, Netherlands.
Primary contact for SBP:	Andrea Ferrazzo
Current report completion date:	25/Nov/2019
Report authors:	Mr. L. Holm (Lead Auditor) Mr. H. Jurczyszyn (Certifier)
Name of the Company:	Pelletsfirst, Produção e Comercialização de Pellets de Madeira, SA
Company contact for SBP:	Silvia Jorge
Certified Supply Base:	Portugal
SBP Certificate Code:	SBP-06-13
Date of certificate issue:	31/Jan/2018
Date of certificate expiry:	30/Jan/2023

This report relates to the Second Surveillance Audit & Scope Change Audit

2 Scope of the evaluation and SBP certificate

This certificate covers production and distribution of wood pellets, for use in energy production, at Pellets First pellet plant in Cós, Portugal and transport to the port facilities in Figueira da Foz, Portugal for vessel loading and shipping of pellets. The Organisation has been audited against FSC Chain of Custody certificate, the certificate was issued on 17-11-2017. Feedstock used in the biomass production originates from Portugal. A Supply Base Evaluation is included in the scope of the evaluation. The scope includes communication of Dynamic Batch Sustainability Data

The following SBP standards are applicable and form the scope of the evaluation and thus, the SBP certificate: Standard 2, Standard 4 and Standard 5.

SBP certificate: SBP-06-13

3 Specific objective

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

- Review of the BP's management procedures;
- Review of the production processes, production site visit;
- Review of SBP system control points and an analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients; and
- GHG data collection analysis - Instruction Document 5D: Dynamic Batch Sustainability Data v1.1 evaluation

4 SBP Standards utilised

4.1 SBP Standards utilised

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

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

4.2 SBP-endorsed Regional Risk Assessment

Not Applicable

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

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

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

Pelletfirst is situated in Cós, Alcobaça, and since March 2013 also certified for the production of premium wood pellets in bulk (Enplus A1). The annual production capacity for this plant is approximately 100 000 tons.

The final product will be supplied as bulk, in bags or in big-bags. Since part of the production is shipped by sea the port of Figueira da Foz has been selected being relatively close to the production site. The transportation of pellets from the plant to the port of Figueira da Foz is guaranteed by truck on excellent highways.

The geographical position of both these plants is mainly due to a strategic option. Both plants are situated in the largest forested area in Portugal which is a guarantee for a good and sustainable supply of raw material.

In terms of equipment, both units are equipped with a selected set of equipment, widely tested in this kind of industry, Moreover the equipment was internally improved and developed in many details by the Group's own engineering department.

Close to the plant in Pedrogão Grande also operates since 2015 a production unit for the processing of forest residues from the wood pellet production, of both units. The final product is bark in different grain sizes and degrees of purity which is used to create growth substrates and decorative mulch.

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

5.2 Description of Company's Supply Base

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

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

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

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

Consequently, the supply area includes the Portuguese continental territory.

5.3 Detailed description of Supply Base

The supply base is Portugal.

3.2 million ha of forests cover Portugal, corresponding to 35.4% of the country's land mass, followed by soil considered uncultivated (32%) and farmland (24%). Private property by landowners (83%), industrial companies (6%), and communities (Baldios, 8%) correspond to 3.1 million ha of forests. The forest area under communitarian management (Baldios) are subject to old customary and traditional rights and regulated by specific laws. In Portugal, there are, however, no indigenous people or specific minorities relying on the forests for their livelihood.

The following aspects related to forestry in Portugal are important to its sustainable management:

- 97% of the forest is in private ownership. More than half of the forests are very small parcels of only one or two ha (mainly in the northern and central regions). Regional forest management plans do not apply to small forests and woodlands;
- 47% of the land has no cadastral data and discrepancies in ownership rights complicate the procurement process. Moreover, many small woodland owners are not very interested in their properties (they can be living far away);
- Forest cover has increased from under 2.0 million to 3.2 million ha over the last 100 years and is dominated by introduced fast-growing species. Over the last decades, there is a tendency to replace semi-natural forests with fast-growing plantations.

Over the period 1995 – 2010 the forest decreased 4,6%. The net decrease of forest areas (150 611 ha) is mainly due to conversion to 'brush and pastures'. In addition, significant areas of forests were converted to urban use (28 000 ha). Data of different sources, for example the FAO, indicate a clear trend in decreasing forest area in Portugal of over 1% every 3 years the last 20 years or more.

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

The felling phytosanitary manifest includes identification of the origin of the felling. Also, documentation for transportation mostly identifies the origin of the transport. This are the most common ways to trace the origin of the primary feedstock. However, there are still many areas in Portugal without cadastral data, complicating

the matter. Considering the relatively positive Corruption Perception Index (2018) of Portugal (CPI 64) documents, such as invoices and transport documents, can be considered reliable sources of information.

Portuguese forests are 69% deciduous, and 31% coniferous. Regarding tree species, the most relevant are (ICNF, 2013):

- Eucalyptus (*Eucalyptus globulus* and other spp.), 26% of forest area.
Originally from Tasmania, eucalyptus became one of the most planted trees in Portugal. Since the 1980's there is great controversy about the negative effects of these trees on soil fertility, water scarcity, and biodiversity, which in 1988 and '89 resulted in the implementation of a few laws that restricts the increase of monoculture plantation of this species. In 2017 a law was enforced that forbids the conversion of forests to eucalyptus stands.
- Maritime pine (*Pinus pinaster*), 23% of forest area.
This species was chosen in the large afforestation campaigns carried out during the nineteenth century, due to its ability to adapt to poor and rocky soil. In addition, it regenerates easily. Its timber is widely used commercially;
- The cork oak (*Quercus suber*), 23% of forest area.
This is an evergreen indigenous species, typical of Mediterranean climate forests. Their presence can be found throughout the country. The cork oak is often seen as the 'national tree' of Portugal. Portugal is the leading producer and exporter of cork.
- Holm oak (*Quercus rotundifolia*), 11% of forest area.
An evergreen tree of large size. It can be found throughout the Mediterranean climate. It can grow at any type of terrain except of those with poor drainage and or saline nature, but prefers fertile soil, deep and of loamy nature. The wood is well suitable for charcoal and firewood production.
- Stone pine (*Pinus pinea*), 6% of forest area.
Stone pine is mainly used to produce pine nuts. The residues from thinning and pruning are used for pellet production. Stone pine can mainly be found in the south.

The national legislation of Portugal does list protected tree species, and, for example, it is forbidden to cut any cork oaks (*Quercus suber*), and holm oaks (*Quercus ilix* / *Quercus rotundifolia*; protective measures by Law N°.155/2004) and European holly (*Ilex aquifolium*; protected by Law N°. 423/89).

CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) lists a considerable number of protected plants for Portugal. However, the list does not include any trees. The 'Red List' of the IUCN (International Union for Conservation of Nature and Natural Resources) indicates hundreds of plants for the continental territory of Portugal, but also does not include any trees either. Specialists reckon 49 of these plant species to the relevant ones for forestry.

Climate change, the occurrence of extreme meteorological events, in combination with large areas of insufficiently managed forests (especially eucalyptus forests) has increased the phenomenon of devastating forest fires. Portugal accounts for the largest and the most forest fires in Europe. Climate change may also induce pests and diseases due to stress in host plants. In Portugal, phytosanitary problems affect mainly the cork oak and holm oak, showing its decline. The loss of vitality and the mortality of maritime pine is mainly related with the Wood Pine Nematode (WPN), detected in Portugal since 1999.

The forestry industry of Portugal is vertically integrated to derive maximum economic benefit from the three main forest tree species – maritime pine, eucalyptus and cork oak. Maritime pine and eucalyptus dominate the timber-producing regions. Forests of cork oak are generally multifunctional.

Goods produced by way of forestry activities sustain an important industrial chain based on natural resources that in turn supports a strong export sector. Portugal, therefore, considers forests and forestry products as an area of crucial importance to its economy. The forest sector has a significant impact on its GDP. Forest sector products contribute to around 10% of the national export. Forests are also the base of an economic sector which generates around 100 000 jobs (4% of the employable population).

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

5.4 Chain of Custody system

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

6 Evaluation process

6.1 Timing of evaluation activities

The audit occurred between November 4 and 6-8, 2019 by the CU audit team. This report is the result of the findings of a certification evaluation carried out by an independent lead auditor representing Control Union Certifications. The purpose of the assessment was to evaluate the compliance of the client with respect to the standards used within the scope of the certificate.

Activity	Site	Date/Time
November 04, 2019		
Opening meeting Agreement on Scope	Pelletsfirst	
Presentation company and processes and procedures Checking the Supply Base Evaluation Introduction into Supply Base Supply Base report Suppliers Suppliers certificates Final discussion / days closing meeting		
November 06, 2019		
Tour of the facility Visit at port of Figueira da Foz Field verification of SBE Final discussion / days closing meeting		
November 07, 2019		

Day's Opening meeting		
Incoming material claims		
Incoming raw material registration		
Business integrity, social, health and safety requirements		
Logo/Trademark use		
Complaints procedures		
Management system overview		
Chain of Custody registrations		
Ouput Claims		
Final discussion / days closing meeting		
November 08, 2019		
Day's Opening meeting		
GHG data registrations		
Report writing		
closing meeting		

• Names and affiliations of people interviewed	
Name:	Affiliation:
Fernando António Monteiro	Pelletsfirst
Susana Silva	Pelletsfirst
Silvia Jorge	Pelletsfirst
Rui Rodrigues	Pelletsfirst
Assis Lopes Martins	Pelletsfirst
Giovanni Alencastro	Consultor
Álvaro Santo	Presidente da Junta de Freguesia de Coz, Alpedriz e Montes
João Quintaneiro	Grupo JC (Porto de Figueira da Foz)
Fernando Fernandes	Engiflora Lda
António Ricardo	Engiflora Lda
Manuela Correia	Pinho e Eucalipto - Madeiras Lda

Silvino Fernandes	Pinho e Eucalipto - Madeiras Lda
José Martins Matias	Pinho e Eucalipto - Madeiras Lda
Carlos Ribeiro	Apolinário da Cruz Gomes & Filha, Lda
Nelio Figueiredo	Apolinário da Cruz Gomes & Filha, Lda
David Gaspar	Apolinário da Cruz Gomes & Filha, Lda
Ana Oliveira	Apolinário da Cruz Gomes & Filha, Lda

6.2 Description of evaluation activities

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

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

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

Critical control points, summary	
<i>Identified CCP</i>	<i>Evaluation CCP</i>
Sourcing and input check	Check prior to sending the material by supplier and check upon request
Reception and storage	Reception and storage of material based on credit control system.
Volume control	FSC Credit control system, but 100% certified input material
Labelling	Trademark agreement signed 03/11/2016. No trademark use.
Invoicing and shipping	No sales to date. Certified materials are either SBP Controlled or SBP Compliant
Stakeholder Consultation	<p>Consultation with stakeholders' was conducted by Control Union on October 02, 2019.</p> <p>The process for stakeholder consultation consisted of sending direct email to different stakeholder categories: state institutions, local NGOs, authorities, government bodies, forest owners associations, academic and research institutions. All stakeholders are recorded on ET01.02 - Partes Interessadas_PF</p> <p>During the stakeholder consultation process by Control Unio, a comment was received from União de Freguesias de Coz, Alpedriz e Montes regarding noise level and dust particle in the air, from the plant.</p>

6.3 Process for consultation with stakeholders

The organization has produced an SBE with required Risk Assessment. The organization did consult with stakeholders' on September 13, 2019.

Consultation with stakeholders' was conducted by Control Union on October 02, 2019.

The process for stakeholder consultation consisted of sending direct email to different stakeholder categories: state institutions, local NGOs, authorities, government bodies, forest owners associations, academic and research institutions. All stakeholders are recorded on ET01.02 - Partes Interessadas_PF

During the stakeholder consultation process by Control Unio, a comment was received from União de Freguesias de Coz, Alpedriz e Montes regarding noise level and dust particle in the air, from the plant.

An interview with the President of the Freguesia was held on November 8, 2019. He expressed deep concern about the amount of dust produced by the plant (Pelletsfrist), harming not only the resident population but also other industrial activities (eg clogging of machine cooling filters). He believed that the factory should have left a physical barrier to prevent the spread of dust, but nothing was done. He also reported concern at times that black smoke will come out of the chimney and says there are residents who have pictures of it.

He suggested that the factory also make a physical barrier with tall trees or hedges to solve the problem.

Audit team investigation of the issue shows that there was a complaint from some residents that led to a court case.

The court has appointed a body of experts to evaluate and establish measures to minimize the potential impacts that could be caused by the company, itself installed in an Industrial Zone.

In court an agreement was reached between the residents and the company, which resulted in the company having to make an investment of no more than € 100,000 in the measures proposed by the experts.

The recommended measures were all implemented except the Arboreal Barrier on neighboring land, which in court was found to be impossible to carry out the measure. The company presented in court an investment of over 120,000 €. After the implementation of the measures, tests were performed that proved the efficiency of the measures as well the company will also implement a water park irrigation system, and will implement an internal procedure whenever there are incidents in the production process that have a very short maximum response time.

7 Results

7.1 Main strengths and weaknesses

Strengths: The audit of Pelletsfirst demonstrated a good level of compliance with the required criteria of Standard 2, 4 and 5. There was reasonable evidence provided to support compliance where a Non-Conformity was not detected. The Non-Conformities presented in this report identify actions that must be taken in order to comply with the SBP system and its standards. The existence of a FSC Chain of Custody system is considered a main strength with respect to Pelletsfirst overall conformity with the relevant SBP standards. The company are also ENPlus certified.

Furthermore, Pelletsfirst has implemented a robust Supplier Qualification Program and Mitigation Measures based on a SBE Portugal Risk Assessment produced by NEPCon in October 2016.

With this tools BP started to go on field and developed a classification process of feedstock over the Risk Analysis to find Low Risk inputs. Also some FSC (and PEFC) inputs were bought as primary and secondary feedstock.

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

7.2 Rigour of Supply Base Evaluation

Pelletsfirst has implemented a robust Supplier Qualification Program and Mitigation Measures based on a SBE Portugal Risk Assessment produced by NEPCon in October 2016, which includes a clear description of their Supply Base Area. The geographical scope of the SBE is Continental Portugal. This SBE uses credible data sources. Pelletsfirst management and monitoring systems are designed to ensure compliance with applicable laws and regulations. Risk was designated low for all core Indicators, with the exception of 13 Indicators which were designated as specified risk. Pelletsfirst has developed additional controls and mitigation measures to manage these risks. After the risk assessment was completed, mitigation measures were proposed and consulted with stakeholders. The stakeholder consultation process involved consultations to key stakeholders with regard to information on SBP certification, SBP risk assessment and supply base report, by communicating this via electronic email. As no comments were received, the organization has implemented the mitigation measures for the specified risk indicators. The risk mitigation measures have been designed and implemented planned in cooperation with acknowledged experts and external consultants in relevant fields.

7.3 Collection and Communication of Data

The organization has in depth procedures for this in depth procedures for this. The auditor confirmed the Greenhouse Gas (GHG) sources for feedstock input from the forest, production at the facility, transportation to the port and storage and handling at the port and reviewed how the input data was measured. Findings were substantiated by on-site staff interviews with operations personnel on the overview of the operations at the facility, historical operations, changes to operations, procedures and processes used to maintain the

facility, and procedures and processes used to ensure data quality. Pelletsfirst demonstrated full competency to analyse and report the required data on Greenhouse Gas emissions

7.4 Competency of involved personnel

Internal staff members and one external consultant are involved in the SBP system management and implementation. All interviewed responsible staff demonstrated awareness of their responsibilities within SBP system. The external Consultant who is contracted for forest matters, which includes sourcing the forest based material and field visits and reports for SBP Std.#1.

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

7.5 Stakeholder feedback

Consultation with stakeholders' was conducted by Control Union on October 02, 2019.

The process for stakeholder consultation consisted of sending direct email to different stakeholder categories: state institutions, local NGOs, authorities, government bodies, forest owners associations, academic and research institutions. All stakeholders are recorded on ET01.02 - Partes Interessadas_PF

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The recommended measures were all implemented except the Arboreal Barrier on neighboring land, which in court was found to be impossible to carry out the measure. The company presented in court an investment of over 120,000 €. After the implementation of the measures, tests were performed that proved the efficiency of the measures as well, the company will also implement a water park irrigation system, and will implement an internal procedure whenever there are incidents in the production process that have a very short maximum response time.

7.6 Preconditions

N/A, no preconditions

8 Review of Company’s Risk Assessments

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

No Supplier Verification Program has been performed as no Unspecified Risks were identified. Mitigation Measures were applied to avoid feedstock with Specified Risks and exclude it from SBP-Compliant Biomass.

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

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

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

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

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

2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

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

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

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

9 Review of Company’s mitigation measures

The mitigation measures per indicator are given in the table below. Subsequently, information is given on the management system, implementing the mitigation measures regarding the sustainability indicators.

<p>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.</p>	
Means of Verification	<ul style="list-style-type: none"> - Internet research - GIS maps of HCV areas - Interviews - Priority Classified Habitat and species catalogue. - Regional, publicly available data from a credible third party as FSC and PEFC reports
Mitigation Measure	<ul style="list-style-type: none"> - Suppliers Qualification and Control Program (PSI 16 - Programa de Qualificação e Controlo Fornecedores), including consultation of cartography and others information sources, and verification that forests and other areas with high conservation values (HCV), specifically HCV 1.2, HCV 1.3, HCV 1.4 and HCV 3, are identified and mapped. - Disqualify material coming from areas where high conservation values are not identified and mapped.
<p>2.1.2: The Biomass Producer has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.</p>	
Means of Verification	<ul style="list-style-type: none"> - FSC or PEFC Forest management certificate public reports - Forest Management plan as PGF, PUB, PEIF - Game management plans - Regional Forest Plans - Forest Best Management Practices - Forest Operating Procedures - Records of BPs’ field inspections - Monitoring records - Interviews with staff - Publicly available information on the protection of the values identified - Regional, publicly available data from credible third parties
Mitigation Measure	<ul style="list-style-type: none"> - Consultation of information sources regarding HCVs. - Procedures for conduct specific field audits to identify and address real and potential threats to forests and other areas with high conservation values, specifically HCV 1, HCV 2, HCV 3 and HCV 4, which were previously identified and mapped.

	<ul style="list-style-type: none"> - Disqualify material coming from areas where forest management and operations represent evident threats to HCV 1, HCV 2, HCV 3 and HCV 4. - Promotion of Good Forest Practices - Monitoring plan
<p>2.1.3: The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is not sourced from forests converted to production plantation forest or non-forest lands after January 2008.</p>	
Means of Verification	<ul style="list-style-type: none"> - Historical maps and enquiries with stakeholders - Regional, publicly available data from a credible third party - Records of BPs' field inspections - Monitoring records - Aerial photos
Mitigation Measure	<ul style="list-style-type: none"> - Consultation of historical information sources and information from stakeholders - Analysis of owner's information regarding the past and future area's covering and use. - Procedures to conduct monitoring field audits to verify if feedstock is or is not sourced from forests converted to production plantation forest or non-forest lands after January 2008. - Disqualify material coming from areas where natural forest were converted into Eucalyptus or other plantation from 2008, or to be converted with Eucalyptus or other plantation, or transformed into pasture, agriculture or other non-forest use - Promotion of Good Forest Practices - Monitoring plan
<p>2.2.1: The Biomass Producer has implemented appropriate control systems and procedures to verify that feedstock is sourced from forests where there is appropriate assessment of impacts, and planning, implementation and monitoring to minimise them.</p>	
Means of Verification	<ul style="list-style-type: none"> - Approved EIA when applicable. - Approved Forest Management Plan when applicable - Records of oil and hazardous chemicals deliveries. - Manifest - Records of BPs' field inspections - Monitoring records - Regional Forest Plan
Mitigation Measure	<ul style="list-style-type: none"> - Consultation of information sources and legislation regarding impact assessment. - Analysis of information from the area regarding social and environmental aspects - Procedures for conduct field audits to verify social and environmental aspects and the appropriate assessment, planning and implementation of measures for minimise real or potential impacts, especially in case of clear cuttings made over a specific size area, defined regionally by each Regional Forest Plan (PROF), as the maximum clearcutting area or the size of even aged monoespecific forest stand. - Disqualify material coming from areas where no appropriate assessment of impacts, and planning,

	<p>implementation and monitoring to minimise them, is confirmed.</p> <ul style="list-style-type: none"> - Promotion of Good Forest Practices - Monitoring plan
<p>2.2.2: The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is sourced from forests where management maintains or improves soil quality (CPET S5b).</p>	
Means of Verification	<ul style="list-style-type: none"> - Best Management Practices; - Records of BP's field inspections; - Assessment at an operational level of measures designed to minimise impacts on the values identified - Level of enforcement - Regional, publicly available data from a credible third party - Erosion and desertification programs and maps
Mitigation Measure	<ul style="list-style-type: none"> - Consultation of information sources and legislation related with soil aspects - Analysis of information from the area regarding soil erosion. - Procedures for conduct field audits to verify if forest management maintains or improves soil quality, especially in forest lands located on desertification susceptible area according to Forest Services (ICNF) cartography and with size above minimum size required for Forest Management Plan in respective PROF. - Disqualify material coming from areas where is confirmed that forest management do not maintain or improves soil quality. - Promotion of Good Forest Practices - Monitoring plan
<p>2.2.3: The Biomass Producer has implemented appropriate control systems and procedures to ensure that key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).</p>	
Means of Verification	<ul style="list-style-type: none"> - Best Management Practices - Supply contracts - Assessment of potential impacts at operational level and of measures to minimise impacts - Monitoring results - Publicly available information on the protection of the identified values - Regional, publicly available data from a credible third party
Mitigation Measure	<ul style="list-style-type: none"> - Consultation of information sources regarding biodiversity - Analysis of information from the area regarding biodiversity. - Procedures for conduct specific field audits to identify and address real and potential threats to conservation of key ecosystems and habitats. - Disqualify material coming from areas where forest management and operations represent evident threats to conservation of key ecosystems and habitats. - Promotion of Good Forest Practices

	- Monitoring plan
2.2.4: The Biomass Producer has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).	
Means of Verification	<ul style="list-style-type: none"> - Best Management Practices - Supply contracts - Assessment of potential impacts at operational level and of measures to minimise impacts - Monitoring results - Publicly available information on the protection of the identified values - Regional, publicly available data from a credible third party
Mitigation Measure	<ul style="list-style-type: none"> - Consultation of information sources regarding biodiversity. - Analysis of information from the area regarding biodiversity. - Procedures for conduct specific field audits to identify and address real and potential threats to protection of biodiversity. - Disqualify material coming from areas where is confirmed that forest management and operations do not ensure that biodiversity is protected. - Promotion of Good Forest Practices - Monitoring plan
2.2.6: The Biomass Producer has implemented appropriate control systems and procedures to verify that negative impacts on ground water, surface water and water downstream from forest management are minimised (CPET S5b).	
Means of Verification	<ul style="list-style-type: none"> - Internet research - GIS maps of HCV areas - Regional, publicly available data from a credible third party as FSC and PEFC reports - Forest Management plan as PGF, PUB, PEIF - Game management plans - Regional Forest Plans - Forest Best Management Practices - Forest Operating Procedures - Records of BPs' field inspections - Monitoring records - Publicly available information on the protection of the values identified - Historical maps and enquiries with stakeholders - Aerial photos - Approved EIA when applicable. - Records of oil and hazardous chemicals deliveries. - Assessment at an operational level of measures designed to minimise impacts on the values identified - Erosion and desertification programs and maps

<p>Mitigation Measure</p>	<ul style="list-style-type: none"> - Consultation of information sources and legislation related with water. - Analysis of information from the area regarding soil erosion. - Procedures for conduct field audits to verify if forest management maintains or improves soil quality, especially in case of clear cuttings at dimensions above to the maximum area indicated for each region by PROF (Regional Forestry Management Plan), in areas which are not managed by ICNF. - Disqualify material coming from areas where is confirmed that forest management do not minimise negative impacts on ground water, surface water and water downstream. - Promotion of Good Forest Practices - Monitoring plan
<p>2.4.1: The Biomass Producer has implemented appropriate control systems and procedures for verifying that the health, vitality and other services provided by forest ecosystems are maintained or improved (CPET S7a).</p>	
<p>Means of Verification</p>	<ul style="list-style-type: none"> - Overall evaluation of potential impacts of operations on forest ecosystem health and vitality - Assessment of potential impacts at operational level and of measures to minimise impacts - Regional Best Management Practices - Supply contracts - Monitoring results. - Experts consultation
<p>Mitigation Measure</p>	<ul style="list-style-type: none"> - Consultation of information sources regarding biotic and abiotic risks for the ecosystems services. - Analysis of information from the area regarding biotic and abiotic risks. - Procedures to access information from the area regarding biotic and abiotic risks, and procedures for conduct monitoring field audits to verify ecosystems services, social and environmental aspects and the appropriate assessment, planning and implementation of measures for minimise real or potential risks and impacts. - Disqualify material coming from areas where health, vitality and other services provided by forest ecosystems are not maintained or improved; - Promotion of Good Forest Practices - Monitoring plan
<p>2.4.2: The Biomass Producer has implemented appropriate control systems and procedures for verifying that natural processes, such as fires, pests and diseases are managed appropriately (CPET S7b).</p>	
<p>Means of Verification</p>	<ul style="list-style-type: none"> - Regional Best Management Practices - Supply contracts - Assessment of potential impacts at operational level and of measures to minimise impacts - Monitoring results - Regional, publicly available data from a credible third party

	<ul style="list-style-type: none"> - The existence of a strong legal framework in the region - Expert consultation
Mitigation Measure	<ul style="list-style-type: none"> - Consultation of information sources and legislation regarding natural processes (fires, pests, invasive species, and diseases). - Analysis of information from the area regarding invasive species, diseases, resources - for fire prevention and protection - Procedures for conduct field audits to verify these aspects if necessary. - Disqualify material coming from areas where natural processes, such as fires, pests and diseases, are not managed appropriately. - Promotion of Good Forest Practices - Monitoring plan
<p>2.5.1: The Biomass Producer has implemented appropriate control systems and procedures for verifying that legal, customary and traditional tenure and use rights of indigenous people and local communities related to the forest are identified, documented and respected (CPET S9).</p>	
Means of Verification	<ul style="list-style-type: none"> - Customary use rights are identified and documented - Interviews with local communities and other stakeholders, indicate that their rights are being respected - Appropriate mechanisms exist to resolve disputes - Agreements exist regarding these rights
Mitigation Measure	<ul style="list-style-type: none"> - Analysis of information from the area regarding use and abuse of fences and inadequate signs and closed gates - Procedures for conduct field audits to verify these aspects if necessary. - Disqualify material coming from areas where is confirmed the use and abuse of fences and inadequate signs and closed gates in a way that customary rights are not respected - (except in case of licensed cattle parks or big game hunting areas). - Promotion of Good Forest Practices - Monitoring plan
<p>2.8.1: The Biomass Producer has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).</p>	
Means of Verification	<ul style="list-style-type: none"> - Accredited professional courses (p.e. chainsaws, machinery operator, phytopharmaceuticals applicator) card and/or specific certificates of training sessions. - Records of H& S procedures and Personal Protection Equipment distribution by the Organization. - Record of machinery safety tools and equipment on original documental register.
Mitigation Measure	<ul style="list-style-type: none"> - Suppliers training and qualification. - Confirmation of legal status of qualified suppliers in relation with health and safety requirements.

	<ul style="list-style-type: none"> - Procedures for conduct monitoring field audits to verify all the aspects related with health and safety of forest workers. - Disqualify material coming from areas where there are insufficient or inappropriate safeguards to protect the health and safety of forest workers. - Promotion of Good Forest Practices - Monitoring plan
<p>2.9.1: Biomass is not sourced from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks.</p>	
<p>Means of Verification</p>	<ul style="list-style-type: none"> - Maps, WebPages - Procedures and records - Regional, publicly available data from a credible third party - The existence of a strong legal framework in the region - Interviews with experts
<p>Mitigation Measure</p>	<ul style="list-style-type: none"> - Consultation of information sources regarding high carbon stocks areas (wetlands, peatlands and old mature forests stands). - Analysis of information from the area regarding the riparian vegetation and old mature forests stands. - Procedures for conduct monitoring field audits to verify if biomass is sourced from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks. - Disqualify material coming from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks. - Promotion of Good Forest Practices - Monitoring plan

10 Non-conformities and observations

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

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

NC number 2018-1	NC Grading: Minor
Standard & Requirement:	Standard 2: 15.6
Description of Non-conformance and Related Evidence:	
<p>The BP shall implement a management review system, which has the authority to make appropriate improvements to the management system.</p> <p>Defined in the Manual de Qualidade & Sustentabilidade, chapter 7.4.1 – Controlo de Documentos / Registos. Management review was done on. The last management review was done on 06/11/2018 while the internal audit was done 13/11/2018 and the external audit 14-16/11/2018. The management review should be done later, and after an external audit to ensure that appropriate improvements to the management system can be made.</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	MS.01 Manual de Qualidade e Sustentabilidade – 7.4.1 Management review done on 06/02/2019
Findings for Evaluation of Evidence:	New Management review done according to MS.01 Manual de Qualidade e Sustentabilidade, section 7.4.1 Printed on: I30.04 – Checklist FSC / SBP From now one Management review will be performed after the audits
NC Status:	Closed

NC number 2019-1	NC Grading: Minor
Standard & Requirement:	Std 1, 2.8.1

Description of Non-conformance and Related Evidence:	
The organization has a control system and adequate procedures on the health and safety of forest workers. The organization demands the same from its feedstock suppliers and checks the health safety of harvesting personnel during its monitoring (administrative and field) inspections. During the site visit, it was found that some of the truck drivers were not using personal protective equipment as required by each of the locations or operating. Signage at the entrance of the premises is non-existent or not visible and does not clarify the obligation on the part of drivers to use PPE.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

NC number 2019-2	NC Grading: Minor
Standard & Requirement:	Std 2, 12.4
Description of Non-conformance and Related Evidence:	
Although the process for selecting and appointing an evaluation team, and during interview with the SBP responsible, it is not recorded.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

NC number 2019-3	NC Grading: Observation
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Standard & Requirement:	Std 2, 19.1
Description of Non-conformance and Related Evidence:	
<p>The stakeholders' consultation process made references to the SBR. The initial matrix and the first SBR were reviewed by an expert. The option of the team of this latest version is to consider the imputations of SBE's public consultation and when publishing SBR to check for any comments.No peer review or other creditability support was found to be deemed necessary by the company. However with the addition of new information, check the relevance of doing a new peer review. The SBR is not yet uploaded on www.enerpellets.pt, but is signed by João Magalhães a senior administrator.</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open
NC number 2019-4	NC Grading: Minor
Standard & Requirement:	ID5D, 1.1
Description of Non-conformance and Related Evidence:	
<p>Feedstock by category is entered into Registo Entradas de materias-primas e combustivel.xls and transferred into controlo do sistema de Credidos.xls, which also identifies biomass made by category. Credits for CAT 1 and CAT 5 NL Biomass Sustainability Regulation Biomass Categories are transferred into controlo do sistema de Credidos.xls. and controlo do sistema de Credidos - instrução 5D.xls. The Maximum accounting period is 24 Months as per Pelletsfirst FSC COC system. The system explaining how feedstock may be allocated to biomass as Dynamic Batch Sustainability Data (DBS) is not well described in Pelletsfirst's management system.</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

11 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Hubert Jurczyszyn
Date of decision:	29/Feb/2020
Other comments:	<i>Click or tap here to enter text.</i>