

NEPCon Evaluation of Palser-Bioenergia e paletes, Lda Compliance with the SBP Framework: Public Summary Report

Fourth Surveillance 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:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus ot@nepcon.org, +420 606 730 382
Current report completion date:	16/Jun/2020
Report authors: :	Rui Simões
Name of the Company:	Palser Bioenergia e Paletes, Lda
Company contact for SBP:	Rui Pedro, qualidade@palser.pt, +351274600600
Certified Supply Base:	Portugal continental
SBP Certificate Code:	SBP-01-32
Date of certificate issue:	02/Sep/2016
Date of certificate expiry:	01/Sep/2021

This report relates to the Fourth Surveillance Audit

2 Scope of the evaluation and SBP certificate

Production of wood pellets, for use in energy production, at Palser Bioenergia e Paletes, Lda and transportation to the Figueira da Foz harbour in Portugal.

The scope of the certificate does not include Supply Base Evaluation. The scope includes communication of Dynamic Batch Sustainability Data.

3 Specific objective

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

The scope of the evaluation covered:

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

As the audit was done in a remote way because of COVID-19 pandemic, the interviews and the whole audit were adapted to the possible relevant data.

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 Palser group started their operation in 1984 resulting from the effort of two workers who had the opportunity to acquire a small sawmill, which subcontracted the sawing of logs.

Currently Palser with two plants, in Sertã and in Palmela, has 190 employees and has a registered capital of 5.800.000 Euros. The manufacturing plant develops its main activities such as sawmill, production and recovery of pallets, wooden packaging and agglomerate block production in three manufacturing units, electric power production from forest biomass and pellets production. The total amount of electricity produced within Forest Biomass Thermoelectric Plant-CHP in Palser is sold to the grid, there is not internal use of this electricity.

The input material for the pellet production is sawdust sourced from wood industries.

The flow of the feedstock for the pellet mill level starts with the sawmill Pinhoser (within Palser economic Group). Pinhoser sources sawn timber to the pallets production factory (the main activity in the Group) and sawdust for the pellets production. For the energy flow, forest biomass from thinning, forest residues and industry residues (without quality for pellets production) are used in a cogeneration energy plant based in the same facilities. The heat obtained as co-product of the process of obtaining electricity is used as an input in the pellets drier. At Pinhoser all incoming feedstock is either FSC certified, FSC Controlled or controlled according to the existing FSC Controlled wood verification program. FSC Controlled wood verification program is applicable for feedstock originating from Portugal continental. Origin information at FMU level (forestry) is available on the delivery documents.

At Palser a FSC percentage system is implemented meaning that when certified product is ordered to Pinhoser or Palser Palmela plant, the pellet mill will work using temporal and physical segregation mechanisms. Pellets are transported by truck and sold at Figueira da Foz harbour or to a storage site in the middle of the way, from plant to harbour (Pombal). Transport responsibility is hold by the customer from Figueira da Foz harbour under incoterms conditions FOB.

Besides FSC certification, Palser have also PEFC and several quality certifications for pallets and wood packaging.

5.2 Description of Company's Supply Base

For pellets manufacture, Palser is supplied exclusively from secondary feedstock (sawdust) originated by sawing wood of maritime pine (*Pinus pinaster*) mainly from Portugal. There is a very small probability (<1,5%) that some of the feedstock is originated from primary wood originated from Spain, that is why Palser has included Spain at the Supply Base Report.

Portugal

Forest cover in Portugal accounts for about 36% one of the largest proportions of forested areas of Europe (ICNF 2019). According to data from the latest National Forest Inventory, 2015 (IFN6 - Areas of land use and forest species in mainland Portugal in 2015), the forest use is the dominant land use of the mainland. The Portuguese forest space (forests, shrubs and unproductive lands) occupies 6.2 million hectares. Since 2015 huge wildfires in 2016, 2017 and 2018 had contributed to a burned area of 0,33 million hectares, meaning that forest areas are retreating since 1995.

The maritime pine forest trend is also a decreasing trend since 1995 mainly due to forest wildfires and to a disease outbreak (pine wood nematode PWN) being now estimated roughly around 600 000 ha.

The Portuguese forest is mostly private, occupying public forest areas only 2% of the total forest area. About 8% of the forest areas is covered by a community management (known as baldios). The remaining 90% belong to private individuals or business owners. The land ownership is divided in about 11 million farm buildings of which only a part that represents about 53% of the area is subject to registration (cadastro). The forest properties are, on average, smaller, and may not exceed 1 hectare in central and northern regions of the country. The management of the forest subject to Forest management plans already covered in 2013 about 44% of the forest area.

Sustainable forest management certified by systems like FSC and PEFC cover around 12% of the total forest area, with a predominance of eucalyptus and cork tree. The maritime pine management is held in high forest, taking advantage of areas of natural regeneration, or installed mainly by planting, and after performing the thinning and pruning over the life of the stand.

Maritime Pine (*Pinus pinaster*) forests are usually managed in stands of trees, generally of seed or seedling origin, that usually develop a high closed canopy, and can be managed using natural regeneration or by sowing or planting. Initial densities are just 1200 trees/ha at the moment of planting to half at the end of the revolution, which can go from 30 to 40 years.

The Pine Sector represented 80% of jobs and 88% of companies in the whole forest industries (8 437 companies), which represented a rate of change in 2016/2017 of +3% and -0.3%, respectively, according to the PINUS Centre, from INE (SCIE), 2019 to 2017 Data. Also according to this publication and to the same period of analysis, this sector now has more weight in GVA and Turnover (NRV), +7% (52%; 1 133M euros) and +6% (46%; 4 137 M euros), respectively.

The pine wood deficit is estimated to represent 58% of industrial consumption.

Spain

The Spanish forest area represents 55 % of the national territory, 27.7M ha. With 18.4M ha, covering 36.3% of its territory, Spain has the third largest extension of tree-covered forest area in the EU, equivalent to 0.4 ha per capita. On the other hand, Spain has 9.3 M ha of treeless area, covering 18.5% of its national territory. The largest formation is made of holm oaks, which represents 15.3% of the tree-covered area, about 2.8 M ha, followed by pasture with 2.4 M ha and pine with 2 M ha. It is worth mentioning the increase of *Pinus pinaster*, which increased by about 1.7 million m³ with bark and becomes the species with the highest volume. Conifers are increasing since 1998 to 2017, being this last year the highest harvested timber of this 20-year historical series is achieved, 17.7 million m³, exceeding the previous year's value by more than 800,000 m³.

Detailed information about the supply base region (general description of the forest resources and forest management practices within the Supply Base) is publically available at the BP's homepage

<https://www.palser.com.pt/docs/Palser-Supply-Base-Report-2020-EN.pdf>

5.3 Detailed description of Supply Base

Supply Base

a. Total Supply Base Area (ha):

Base	<i>total</i>
Countries area (ha)	59 628 600
Forest area (ha)	31 055 000

b. Tenure by type (ha):

Base	Portugal	Spain	<i>total</i>
Private (including communal/unknown (ha))	3 091 900 (98%)	20 088 000 (72%)	23 179 900
Public (ha)	63 100 (2%)	7 812 000 (28%)	7 875 100
<i>total</i>	3 155 000	27 900 000	31 055 000

c. Forest by type (ha):

Base	Portugal	Spain	<i>total</i>
Maritime pine (ha)	579 300	1 059 005	1 638 305

d. Forest by management type (ha):

Base	Portugal	Spain	<i>total</i>
Natural/Semi-natural Management	579 300	1 059 005	1 638 305

e. Certified forest by scheme (ha):

Base	Portugal	Spain	<i>total</i>
FSC (ha)	421 406	301 000	722 406
PEFC (ha)	278 449	2 311 218	2 589 667

5.4 Chain of Custody system

The Organisation holds a valid FSC Chain of Custody (SGSCH-COC-009172) with pellets included in the product group and FSC Controlled wood in the scope of the certificate. Critical control points of the FSC CoC system were evaluated also during SBP assessment.

The Organisation has implemented FSC percentage system. All the input materials are received either with FSC certified claim or FSC Controlled wood claim. FSC Certified and FSC Controlled wood includes only material from Portugal continental and Spain. Incoming wood reception register and supplier lists are maintained.

All material is checked during the arrival and correctly recorded in the internal system. Before starting certified production all the processing cycle is emptied according to temporal segregation. Based on the percentage management, the proportion of the SBP-compliant biomass and SBP-controlled biomass is calculated from FSC 100%/FSC Credit Material certified and FSC Controlled Wood feedstock, respectively.

In case of FSC and/or SBP sales, the volume of sold pellets is withdrawn from the percentage account.

6 Evaluation process

6.1 Timing of evaluation activities

Remote assessment was conducted at 7th May 2020. Totally 3 auditor days were spent for this audit: 1,0 day onsite + 0,5 day documented evidence review prior to the assessment. Another 1,5 day was needed for reporting.

Activity	Location	Auditor(s)	Date/time
Opening meeting of the evaluation*	Remote	RS	07/05/2020 09.00-09.45
Documents and procedures review. Inputs and energy review (SAR + SBR)		RS	07/05/2020 09:45-13:00
Break		RS	07/05/2020 13:00-14:00
Interview with Purchasing department representative and raw material reception	Remote	RS	07/05/2020 14:00-14:30
SBP: Chain of custody review		RS	07/05/2020 14:30-15:30
Last information, stakeholders or documents		RS	07/05/2020 15:30 – 16:30
Auditor preparation		RS	07/05/2020 16:30 – 17:00
Closing meeting of the evaluation*		RS	07/05/2020 17:00 – 17:30

6.2 Description of evaluation activities

The audit was focused on management system evaluation: division of the responsibilities, document and system, input material classification (reception and registration), analysis of the existing FSC CoC system and FSC CoC system control points as well as the collection of the energy and emission data.

Description of the audit evaluation:

The SBP related documentation connected to the SBP as well as FSC CoC Certified/Controlled system of the organisation, including SBP Procedures, Energy related data, Supply Base Report, were evaluated during the assessment.

Auditor contacted remotely the Palser team. Audit started with an opening meeting attended by the Quality Manager, the Chief Officer, Production Responsible and Quality Engineer.

Auditor provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified verification scope. During the opening meeting the auditor explained CB's approval related issues.

After that auditor went through all applicable requirements of the SBP standards nrs. 2, 4, 5 and instruction documents (5E) covering input clarification, existing chain of custody system, management system, CoC, recordkeeping/mass balance requirements, energy data and categorisation of input and verification of SBP compliant and SBP Controlled feedstock/ biomass. During the process overall responsible person for SBP system as well as other persons having key responsibilities within the system were interviewed.

Team controlling staff was interviewed and FSC system critical control points were analysed.

At the end of the audit findings were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the all the Palser team.

Composition of audit team:

Auditor(s), roles	Qualifications
Rui Simões Lead Auditor	Forestry engineer > 20 year experience in forest project, management and works. Author of several fluvial and desertic restoration projects and field works. FSC, PEFC in SBP and COC auditor for NEPCon. EU nature conservacy projects evaluator. PhD Climate Change student. International experience working on english, spanish and french language, besides mother portuguese. International experience working on English, Spanish and French language, besides mother Portuguese.

Impartiality commitment: NEPCon commits to using impartial auditors and our clients are encouraged to inform NEPCon management if violations of this are noted. Please see our Impartiality Policy here:

<http://www.nepcon.org/impartiality-policy>

6.3 Process for consultation with stakeholders

N/A- On this surveillance audit stakeholders were not consulted.

7 Results

7.1 Main strengths and weaknesses

Strengths:

There is a full cascading use of wood inside the Palser economic group which is a robust mainframe to understand that all the value is reached over the processing cycle.

The structure of the certified supply-chain is included by the implemented FSC certification system within Palser economic Group, which includes a sawmill Pinhosier and another Palser site (sawmill and pallet mill) in Palmela.

Weaknesses:

Until the audit day any SBP product sales was done by Organization.

7.2 Rigour of Supply Base Evaluation

Not applicable

7.3 Collection and Communication of Data

SAR completion has been done according to the standard and no NCR have been issued.

7.4 Competency of involved personnel

During this annual audit, it was identified that the staff members involved into the SBP system management and implementation was updated over the system. Interviewed staff (Engº Rui Pedro, Engº Pedro Inácio and Engº Nelson Costa) demonstrated awareness of their responsibilities within SBP system. Overall responsible staff was familiar with the SBP requirements.

7.5 Stakeholder feedback

No feedback as been received since initial audit on 2016.

7.6 Preconditions

Not applicable

8 Review of Company's Risk Assessments

Not applicable

9 Review of Company's mitigation measures

Not applicable

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.

NCR number: 46449	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Instruction Doc. 5E: Collection and Communication of Energy and Carbon Data v1.1 - 4.1.9		
Description of Non-conformance:			
The BP has defined only one SDI which is in the port but no SDI was defined for the end of the BPs factory gate. As BP does not see an option to sell pellets at the gate or in another port, this is classified as minor non/conformity.			
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.		
NCR conformance deadline:	By next audit, but not later than 12 months after report finalisation date		
Client evidence:			
Evaluation of Evidence:			
NCR Status:	Open		
Comments (optional):			

OBS number: 01/2020	Standard & Requirement:	Instruction Doc. 5E: Collection and Communication of Energy and Carbon Data v1.1 - 3.1.4
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Description of findings leading to observation:	The moisture of fuel biomass is calculated at arrival from each load for every truck. The moisture is used by BP for supplier's payments, and the record is registered but the value is not used for the average calculations of the annual figure.
Observation:	BP should use all the measured records to calculate the annual average of residues biomass.

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):	Ondrej Tarabus
Date of decision:	16/Jun/2020
Other comments:	<i>Click or tap here to enter text.</i>