



Control Union Certifications B.V. Evaluation of Futerra, Torrefação e Tecnologia – Transformação de Biomassa para Energia, S.A. Compliance with the SBP Framework: Public Summary Report

First 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

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Current report completion date: 10/Jun/2020

Report authors: Mr. Lennart Holm (Lead Auditor) and Mr. Hubert Jurczyszyn (Certifier)

Name of the Company: Futerra, Torrefação e Tecnologia – Transformação de Biomassa para Energia, S.A.

Company contact for SBP: Maria João Preto, m.preto@futerrafuels.com

Certified Supply Base: Portugal

SBP Certificate Code: SBP-06-31

Date of certificate issue: 20/Sep/2019

Date of certificate expiry: 19/Sep/2024

This report relates to the First Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope of evaluation: Surveillance evaluation to assess the CH's conformance to SBP 1, 2, 4, and 5 and respective Instruction Notes and Documents for use in wood pellet production, at Futerra's production site in Valongo, Portugal, and the port facilities at Leixões, Portugal, as well as evaluation of mitigation measures implemented for primary feedstock under the SBE (including inspection of primary feedstock suppliers).

Scope of certificate: The following SBP standards are applicable and form the scope of the evaluation and thus, the SBP certificate: Standard 1, Standard 2, Standard 4 and Standard 5. This certificate covers Production site in Campo, Valongo, Portugal. The Organisation holds an FSC® Chain of Custody certificate. 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

SBP certificate: SBP-06-31

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 this evaluation also covered the Supply Base Evaluation, and the mitigation measures describing herein.

The scope of the evaluation covered:

- Review of the BP's management procedures, including requirements designated in applicable SBP Standards and Instruction Documents;
- Review of the production processes, production site visit;
- Review of the updated Supply Base Report;
- Review of the risk assessment results;
- Review of SBP system control points, analysis of the existing FSC CoC system;
- Evaluation of mitigation measures implemented for primary feedstock (including inspection of primary feedstock suppliers);
- Review of the records, calculations and conversion factors;
- GHG data collection analysis
- Interviews with responsible staff;
- Review of the records

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

Futerra a pellet production company located in the village of Valongo in Portugal. Valongo is located near to the city of Porto. Futerra buys low-quality primary feedstock from over a hundred suppliers and secondary feedstock from around 10 sawmills. Around 30 feedstock suppliers are FSC certified but not all deliver the feedstock with an FSC claim. Futerra produces regular and torrefied wood pellets. Primary feedstock accounts for approximately 90% of total feedstock supply.

Futerra has a production capacity of 120.000 tons of torrefied pellets and 55.000 tons of white pellets a year. It is the world's largest production facility of torrefied pellets. The plant is the first commercial scale torrefaction plant in Portugal. Considering the total amount of feedstock it processes, Futerra is the second largest company in the north of Portugal, after a pulp and paper company. The innovative technology makes it feasible to use low-grade forest residues and debris. This activity contributes to the regional economy and to effective forest fire fighting – the main issue in Portuguese forestry today.

The supply base is Portugal.

Although the Supply Base consists of the whole of Portugal, at present Futerra is only procuring wood from the central and northern administrative regions of Portugal; in specific from:

- Viana do Castelo;
- Braga;
- Villa Real;
- Bragança;
- Porto;
- Aveiro;
- Viseu;
- Coimbra;
- Castelo Branco;
- Leiria;
- Santarem.

5.2 Description of Company's Supply Base

The supply base is Portugal.

Although the Supply Base consists of the whole of Portugal, at present Futerra is only procuring wood from the central and northern administrative regions of Portugal; in specific from:

- Viana do Castelo;
- Braga;
- Villa Real;
- Bragança;
- Porto;
- Aveiro;
- Viseu;
- Coimbra;
- Castelo Branco;
- Leiria;
- Santarem.

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^o.155/2004) and European holly (*Ilex aquifolium*; protected by Law N^o. 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).

In Portugal the eucalyptus wood consumption was around 7.7 million m³ (according CELPA / 2018 data) and pinewood was 4.21 million m³ (according data from Centro Pinus / 2019). The total wood raw material national consumption was 11.91 million m³.

The raw material consumption in Futerra for pellet production was less than 1% of the national wood consumption.

Futerra's supply area is mainland Portugal and the adjacent border is Spain.

Futerra proportions SBP feedstock products groups were 100% FSC® Controlled Wood and SBP-Controlled Feedstock; around 40% of SBP-compliant Primary Feedstock, all species received are identified in 2.5. The proportions species were: Eucalyptus spp. – 17%; Acacia spp. – 7%; Pinus pinaster – 70% ; Other species – 6%.

Futerra's Supply Base Report is available at <https://futerrafuels.com/en/certifications>

5.3 Detailed description of Supply Base

Supply Base Portugal

- a. Total Supply Base area (ha): 3,2 million ha
- b. Tenure by type (ha): Private: 3,1 million ha (97%, including 8% community managed)
Public: 0,1 million ha (3%)
- c. Forest by type (ha): Temperate: 3,2 million ha
- d. Forest by management type (ha): Plantation: 1,8 million ha; Natural/Semi Natural: 1,4 million ha
- e. Certified forest by scheme (ha): FSC® - 480 149 ha FSC certified (<https://pt.fsc.org/pt-pt>) and PEFC – 278 449 ha (<https://www.pefc.pt/>) (May 2020)

A quantitative description of the supply base can be found in the company's Supply Base Report.

5.4 Chain of Custody system

The Organisation holds valid FSC Chain of Custody certificate. Valid FSC system description and other documents exist. Critical control points of the FSC CoC system were evaluated also during SBP audit. The Organisation has implemented FSC credit system. FSC Credit system is used for materials received as FSC certified, FSC Controlled wood and feedstock verified according to the Organisation's own Controlled wood verification system, covering Portugal. Feedstock whose origin cannot be verified as per the established Due Diligence system, will be considered as Non-Controlled and will not be included in the production of certified products nor supplied SBP controlled. Supplier list is maintained. After the reception, incoming feedstock is unloaded into piles according to type of feedstock and the load is registered into the recordkeeping system. All input material is weighted and recorded in tonnes. For the credit account purpose, the volume of feedstock is recalculated by using the conversion factor of the production, FSC credit account is updated with data about received raw materials by FSC certification status, and volume of sold pellets are recorded. In case of the FSC and/or SBP sales, the volume of sold pellets is withdrawn from the credit account. Based on the credit account management the proportion of the SBP-compliant and SBP-controlled biomass is calculated and all records are kept.

6 Evaluation process

6.1 Timing of evaluation activities

The SBP annual surveillance audit was carried out on May 7, and June 3, 4 and 5, 2020. The evaluation was conducted by means of on sites visits of the ellet rodution and office in Valongo, Portugal, as well as a visit to the port of Leixões and field inspection of forest properties from where currently the feedstock is sourced from. A Total of 3.5 days were used for this audit, please see more details in the table below.

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
Wednesday 27-05-2020		
Opening meeting	Futerra	09:00-09:15
Business integrity, social, health and safety requirements		09:15-09:30
Logo/Trademark use		09:30-09:35
Complaints procedures		09:35-09:40
Management system overview		09:40-11:30
Lunch break		12:30-13:30
Incoming material claims and raw material registration. Chain of custody registrations		13:30-15:30
Ouput Claims		15:30-16:00
Tour of the facility: - Receiving of materials - Wood Yard - Equipment used		16:00-17:45

Final discussion / days closing meeting		17:45-18:00
Wednesday 03-06-2020		
Day's Opening meeting	Futerra	09:00-09:15
Field verification of SBE	Site TBD	09:15-15:45
Visit at port of Leixões	Leixões	16:00-17:45
Final discussion / days closing meeting		17:45-18:00
Thursday 04-06-2020		
Day's Opening meeting	Futerra	09:00-09:15
Supply Base report		09:15-10:45
GHG data registrations		10:45-12:30
Lunch break		12:30-13:30
GHG data registrations		13:30-17:45
Final discussion / days closing meeting		17:45-18:00
Friday 05-06-2020		
Day's Opening meeting	Futerra	09:00-09:20
Review of missing items		09:20-10:30
Report Writing		10:30-12:00
Closing Meeting		12:00-12:30

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.

During the audit, all relevant requirements of the applicable SBP standard(s) were verified on compliance through the use of a report template and checklists, as well as interviews with the below mentioned individuals were made.

The audit also consisted of audits of individual suppliers and a tour of the facility. First, a sampling of the suppliers took place. Control Union was evaluating how BP staff is doing audits for the suppliers and evaluating their compliance with the SBP standards and how risk from the risk assessment is implemented on the ground. Implementation of sampling for inspection of the feedstock suppliers included into Supply Base Evaluation.

The audit was completed by filling in the audit checklist 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.

• Names and affiliations of people interviewed	
Name:	Affiliation:
João Paulo Baltazar	Futerra
Paulo Estevez	Futerra
Joana Crisóstomo	Futerra
Maria João Preto	Futerra
Sandra Cardoso	Futerra
David Tavares	Futerra
Tiago Vieira	Futerra
Luis Miguel Amaral	Futerra
Bruno Silva	Futerra
Carlos Magalhães	Futerra
João Valdemar Fernandes	Navex
Carla Nogueira	Tabique
Manuel Pinto Barbosa	António Freitas Barbosa & Filhos
Pedro Martins	António Freitas Barbosa & Filhos
Adão Pinho	António Freitas Barbosa & Filhos
José Manuel Santos	J.M. Santos Unipessoal Lda
Paulo Moreira	J.M. Santos Unipessoal Lda
Joaquim Santos	J.M. Santos Unipessoal Lda

• Critical control points, summary	
Identified CCP	Evaluation CCP
Health and Safety Obligation (management of dust)	Risk assessment requires workers to wear a mask during tasks where loss of dust is present. Verified during on-site visit that workers wore masks.
Reception and storage	Reception and storage of material based on credit control system.

Volume control	Feedstock procurement is based on real data from a 6 month period, 01/10/2019-30/04/2020. This is documented and justified in the SAR.
Energy use - Electricity	Electricity consumption is based on real data from a 6 month period, 01/10/2019-30/04/2020. This is documented and justified in the SAR.
Energy use - Electricity	Diesel consumption is based on real data from a 6 month period, 01/10/2019-30/04/2020. This is documented and justified in the SAR.

6.3 Process for consultation with stakeholders

Fourth Surveillance Audit. Therefore, there was no consultation with stakeholders. No comments received from stakeholder prior, during and after this annual audit.

7 Results

7.1 Main strengths and weaknesses

The audit of Futerra demonstrated a good level of compliance with the required criteria of Standard 1, 2, 4 and 5. There was reasonable evidence provided to support compliance where a Non-Conformity was not detected.

The existence of a FSC Chain of Custody system in combination with the SBP are considered a strength with respect to Futerra's overall conformity with the relevant SBP standards.

Weaknesses: Futerra is a newly commissioned plant, production started in October 2019 and has not yet reached a stable level with only test runs of production of black pellets conducted.

Non-conformances detected during this audit.

7.2 Rigour of Supply Base Evaluation

Futerra embarked on the development of a detailed Supply Base Evaluation which includes a clear description of their Supply Base Area. The geographical scope of the SBE is Continental Portugal. The SBE was developed in joint efforts between internal personnel and a qualified consultant, using credible data sources. Futerra's 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 14 Indicators which were designated as specified risk. Futerra 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, Futerra has implemented the mitigation measures for the specified risk indicators as initially proposed. 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

Futerra is a newly commissioned plant, production started in October 2019 and has not yet reached a stable level with only test runs of production of black pellets conducted. However, the SAR has been completed according to the standard and all data provided by the BP were verified for their consistency and accuracy. Futerra do have in depth procedures for this and have supplied actual data on Greenhouse Gas emissions, as well as provided a good overview of the requirements for energy data collection. The responsible person has benefited from previous experience with other certification schemes (like GGL) for energy data collection.

7.4 Competency of involved personnel

Internal staff members are involved in the SBP system management and implementation. All interviewed responsible staff demonstrated awareness of their responsibilities within SBP system. The key responsible

person for developing the SBE system was an external consultant with experience in producing SBP systems and carries a PhD in a relevant field. All involved personnel, including responsible staff at suppliers and sub-suppliers have demonstrated good knowledge in relevant fields (recognition and identification of 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

No feedback received from stakeholders prior, during and after this annual audit.

7.6 Preconditions

None

8 Review of Company's Risk Assessments

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

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

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

1.2.1: Specified risk for areas without cadastral data.

1.4.1: These indicators are low risk, nevertheless, verification of the origin and legality of the feedstock are essential.

2.1.1 and 2.1.2: HCV 1 and 3 are specified risk. Social and cultural aspects regarding Sustainable Forest Management are considered low risk but are checked during the evaluation of best practises.

2.4.1: The risk of impacts of harvest operations on the forests and their surroundings (also considering local residents and entrepreneurs) is present, but considered low.

2.4.2: Specified risk on forest fire fighting.

2.6.1: Plays an important role in reducing the risks related to social aspects of SFM.

2.9.1: Of main importance is the negative trend in forest cover (carbon stocks) over the last 20 years, due to the conversion to agricultural and urban lands.

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	Specified	Specified
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Specified	Specified
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Specified	Specified
2.7.1	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
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Specified	Specified

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

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

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

2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	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.

Indicator	Specified risks	Main comments and Mitigation Measure
<u>1.2.1</u>	<i>Legality of ownership and land use can be demonstrated for the Supply Base.</i>	During the site visit the information is search and checked; Fill the internal audit checklist form and MOD02.
<u>2.1.1</u> 2.1.2	Forests and other areas with high conservation values in the Supply Base are identified and mapped. <i>Potential threats to forests and other areas with high conservation values from forest management activities are identified and addressed.</i>	Before site visit the HCV information is search and identified; Fill the internal audit checklist form and MOD02. Fill the audit suppliers table vs risk results; If necessary mitigation with training or notify the suppliers and logging workers;
2.1.3	Feedstock is not sourced from forests converted to production plantation forest or nonforest lands after January 2008.	During the site visit the information is search and checked; Fill the internal audit checklist form and MOD02.
2.2.1	<i>Feedstock is sourced from forests where there is appropriate assessment of impacts, and planning, implementation and monitoring to minimise them</i>	Before site visit the information is search and identified. Fill the internal audit checklist form and MOD02. Fill the audit suppliers table vs risk results. If necessary mitigation with training or notify the suppliers and /or logging workers.
2.2.2	<i>Feedstock is sourced from forests where management maintains or improves soil quality (CPET S5b).</i>	Before site visit the information is search and identified; Fill the internal audit checklist form and MOD02. Fill the audit suppliers table vs risk results; If necessary mitigation with training or notify the suppliers and /or logging workers; If necessary delivery an informative manual to suppliers with the good practices.
2.2.3	<i>Key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).</i>	Before 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 internal audit checklist form and MOD02. Fill the audit suppliers table vs risk results; If necessary mitigation with training or notify the suppliers and logging workers (example <i>species</i> of birds, protected areas.);
2.2.4	<i>Biodiversity is protected (CPET S5b).</i>	Before site visit the <i>Biodiversity</i> information is search and identified; Fill the audit form that have the itens do verified in country region; Fill the audit suppliers table vs risk results; If necessary mitigation with training or notify the suppliers and logging workers.

2.2.6	<i>Negative impacts on ground water, surface water and water downstream from forest management are minimised (CPET S5b).</i>	Before site visit the information is search and identified; Fill the internal audit checklist form and MOD02. Fill the audit suppliers table vs risk results; If necessary mitigation with training or notify the suppliers and /or logging workers; If necessary delivery an informative manual to suppliers with the good practices.
2.3.2	<i>Adequate training is provided for all personnel, including employees and contractors (CPET S6d).</i>	Fill the health and safety in internal audit checklist 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 forest practices.
2.4.2	<i>Natural processes, such as fires, pests and diseases are managed appropriately (CPET S7b).</i>	Before site visit the information is search and identified; Fill the internal audit checklist form and MOD02. Fill the audit suppliers table vs risk results; If necessary mitigation with training or notify the suppliers and /or logging workers; If necessary delivery an informative manual to suppliers with the good practices.
2.6.1	Appropriate mechanisms are in place for resolving grievances and disputes, including those relating to tenure and use rights, to forest management practices and to work conditions.	During the site visit the information is search and checked. Fill the internal audit checklist form and MOD02.
2.8.1	<i>Appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).</i>	Fill the health and safety in internal audit checklist 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.
2.9.1	Feedstock is not sourced from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks.	During the site visit the information is search and checked. Fill the internal audit checklist form and MOD02.

1.2.1	<i>The Biomass Producer has implemented appropriate control systems and procedures to ensure that legality of ownership and land use can be demonstrated for the Supply Base</i>
for areas without cadastral data	Procedure for evaluating legality of ownership:

<p>Mitigation measures</p>	<pre> graph TD A[Cadastral data] -- Yes --> E[Accepted] A -- No --> B[Proof of ownership provided by supplier (standard procedure)] B -- Yes --> E B -- No --> C[Phone seller, ask for proof of ownership] C -- Submitting --> E C -- Not submitting --> D[Interview with seller Establish the reason of not sending proof Standard list of questions covering: inheritance, family members, last document of proof, unregistered activities, etc Evaluation situation, risk assessment Discuss with harvesting company, check their Economic Operator Registration (store the results)] D -- Credible --> E D -- Not credible --> F[Interviews with other stakeholders, family members, local residents, or get proof of ownership at local Finances] F -- Confirmed --> E F -- Not confirmed --> G[Unaccepted] </pre>
	<p>Futerra does not buy wood from wood lands, of which the owner rights are unclear. Any unclarity/dispute concerning the ownership of the wood needs to be solved first.</p> <p>Considering forestry in the north of Portugal, the fact that there are little disputes / complaints does not guarantee the wood is legal / the seller is indeed the owner of all the plots harvested. For example, areas can become ownerless and abandoned and some could try to take advantage of the situation before the land is impounded by the government.</p>
<p>2.1.1</p>	<p><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.</i></p>
<p>HCV 1 & 3</p>	<p>The control system for feedstock, which also includes regular inspections of suppliers, is duly implemented. All used material is traceable to its origin through the harvest manifests and transport guides. All suppliers have to comply with the laws in force, which are supervised by the Tax Authority and the ICNF (Please see the file 'Plano Regional de Ordenamento Florestal' 'Documentation point 4 'cartografia síntese' (ICNF) for each region). Some HCV</p>

<p>Mitigation measures</p>	<p>areas are designated as protected and classified areas at the national or EU level (Natura 2000). There are also smaller areas or biotopes important to biodiversity, or classified as priority species' habitats.</p> <p>Futerra identifies and maps areas with high conservation values (HCVs) before the harvest commences. HCV 1 and 3 were assessed to have a specified risk. Extra effort is needed to identify and map these values in practice on paper, regarding the forest plot. Internet sources, as well as the local situation needs to be studied.</p> <p>Some HCV areas are designated as protected and classified areas at the national or EU level (Natura 2000). There are also smaller areas or biotopes important to biodiversity or classified as priority species' habitats. Habitats and species vulnerable to forestry operations are identified within the scope of Reed Natura2000 and Habitats and Birds Directive reports.</p> <p>Futerra ensures:</p> <ul style="list-style-type: none"> • Mapping of the harvesting plot; • Harvesting according to best practices in sustainable forest management; • Cleaning of waste from plantations; • Tree species (no genetically modified trees). <p>Steps taken:</p> <ul style="list-style-type: none"> • Study publicly available sources (internet sites) and other information regarding the plots where harvesting operations are planned and their surroundings; • Inform feedstock suppliers on found results regarding possible risks in front; • Onsite assessment of the plots and their surroundings prior to harvesting, measures are taken for example, when habitats are found; • Development of adaptations to the harvesting plans, if needed. <p>Below the main sources of information, used to prepare the identification of these values for our harvesting teams. The forestry specialist evaluate every plot on which the SBE is conducted before the harvesting operations begins. Futerra inspects the suppliers and harvesting areas.</p>
	<p>HCV 1 – Species diversity</p> <p>There is a specified risk that forest operations on private and communitarian grounds and public areas not managed by ICNF could harm species diversity. Species diversity is evaluated and recorded before harvesting operations commence. Caution and best practises are applied. Special attention is given to the National System of Classified Areas (SNAC) and to the Important Bird and Biodiversity Areas (IBAs). See also below, indicator 2.2.4</p> <p><i>Some information sources:</i></p> <ul style="list-style-type: none"> ➤ Classified areas: http://www.icnf.pt/portal/naturaclas/cart ➤ Protected area plans: http://www.icnf.pt/portal/naturaclas/ordgest/poap ➤ Endangered species: http://www.icnf.pt/portal/naturaclas/patrinatur/especies ➤ Endemic species: http://naturdata.com/index.php?option=com_content&view=article&id=78&Itemid=60 ➤ Digital mapping information from the Manual das Linhas Eléctricas [Manual of Electric Lines] (ICNB 2008) ➤ Important Bird Areas of Portugal at: http://ibas-terrestres.spea.pt/ ➤ Regional Forest Plans (PROF): http://www.icnf.pt/portal/florestas/profs

	<p>HCV 3 – Ecosystems and habitats</p> <p>There is a specified risk that forest operations on private and communitarian grounds and public areas not managed by ICNF could harm ecosystems and habitats. In these situations, Futerra demands to evaluate the environmental impacts (on Ecosystems and habitats) of the forest operations before the forest operations commence. Caution and best practises are applied. See also below, indicator 2.2.3.</p> <p><i>Some information sources:</i></p> <ul style="list-style-type: none"> ➤ Habitats Directive (2007-2012) ➤ Rede Natura 2000 database: http://www.icnf.pt/portal/naturaclas/rn2000 ➤ Important Bird Areas of Portugal at: http://ibas-terrestres.spea.pt/ ➤ Convention on Biological Diversity (CBD) via DL no. 21/93, dated 29 June.
2.1.2	<p><i>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.</i></p>
HCV 1 & 3	<p>There is a specified risk that forest operations on private and communitarian grounds and public areas not managed by ICNF could harm species diversity, ecosystems and habitats. Species diversity is evaluated and recorded before harvesting operations commence. Special attention is given to the National System of Classified Areas (SNAC) and to the Important Bird and Biodiversity Areas (IBAs).</p> <p>Futerra identifies and addresses potential threats to forests and other areas with high conservation values (HCVs). The control system for feedstock, which also includes regular inspections of suppliers, is duly implemented. Some HCV areas are designated as protected and classified areas at the national or EU level (Natura 2000). There are also smaller areas and biotopes important to biodiversity, which can be classified as priority species' habitats.</p> <p>Steps taken:</p> <ul style="list-style-type: none"> • Assessment, evaluation and 'SBE approval' of suppliers • Desk Assessment of possible impacts of harvesting operations, regarding Publicly available information from credible third parties; • Training of suppliers on identification of forests with HCVs, and methods to protect HCVs; • Identification and mapping of protected species, habitats and key ecosystems on the plot before harvesting; • Development of adaptations to the harvesting plans, if needed; • Harvesting according to best practices in sustainable forest management; <p>See also below, indicator 2.2.4 and indicator 2.2.3.</p>
2.1.3	<p><i>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.</i></p>
Mitigation measures	<p>Futerra considers all pine stands as forests and eucalyptus and poplar stands as plantations. Futerra checks if forests have been changed to eucalyptus or poplar plantations after 2008. When forest is converted to agricultural land or a plantation, or when land use change (conversion) is planned, the feedstock is not categorized as SBP compliant.</p> <p>When a eucalyptus or poplar plantation are cut, the history of the plantation is investigated:</p> <ul style="list-style-type: none"> • The year of conversion to plantation (if it was converted after 2008). If needed, interviews with stakeholders and residents are taken and the plot is searched for tree stumps.

	<ul style="list-style-type: none"> Was it a forest before being converted to plantation? <p>This is dealt with in the Feedstock Supplier Declaration and addressed in the field operations checklist.</p>
2.2.1	<i>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.</i>
Mitigation measures	<p>In case no forest plan is available (no PROF, PGF ZIF, PUB, SNAC, as well as no PEFC or FSC certification), or a plan is available but does not apply to a small holder, an additional assessment of environmental impacts is made and recorded before harvest. Special attention is given to plots smaller than the minimum threshold for the mandatory Forest Management Plan (PROF) and outside the SNAC.</p> <p>Before harvesting operations commence, the plot is visited and evaluated:</p> <ul style="list-style-type: none"> The possible economical, ecological and social impact of the forest operations, including its surroundings. Harvesting plans can be changed to avoid negative impacts; Was the forest management conform the law in the past (has the forest been cleaned according to the law in the past); Specific Plans for Forest Intervention (PEIF) are studied for specific measures for the intervention on forest areas with major biotic problems (e.g.: invasive species, plagues or diseases) or abiotic (e.g.: high risk of forest fire); Potential impacts of operations on ecosystems and biodiversity are identified. Impacts inside and outside the area of operation are considered, for example downstream; Impacts are monitored and monitoring results are used to improve operational practices. <p>Indicators 2.2.2, 2.2.3, 2.2.4, 2.2.6, and 2.4.2 include relevant management measures which are checked.</p>

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 01	NC Grading: Minor
Standard & Requirement:	Instruction Document 5E, 3.1.4
Description of Non-conformance and Related Evidence:	
The Manual do sistema de gestão da cadeia de responsabilidade FSC e SBP, of 27/04/2020 still includes references and procedures to comply with instruction documents ID5B and ID5C, but no reference to ID5E.	
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:	25/Sep/2020
Other comments:	<i>Click or tap here to enter text.</i>