



Control Union Certification B.V. Evaluation of Tec Pellets – Produção e Comercialização de Pellets, 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

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Current report completion date: 05/Oct/2020

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Name of the Company: Tec Pellets – Produção e Comercialização de Pellets, Lda.

Company contact for SBP: Ana Alves - ana.alves@tecpellets.pt

Certified Supply Base: Portugal

SBP Certificate Code: SBP-06-07

Date of certificate issue: 23/Dec/2016

Date of certificate expiry: 22/Dec/2021

This report relates to the Fourth 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 TEC Pellet's production site in Balazar, Portugal, and the port facilities at Viana do Castelo and 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 Balazar, Portugal. The Organisation holds FSC® and PEFC™ Chain of Custody certificate. Feedstock used in the biomass production originates from Portugal and Spain. A Supply Base Evaluation is included in the scope of the evaluation for Portugal. The scope includes communication of Dynamic Batch Sustainability Data

SBP certificate: SBP-06-07

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 and PEFC 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 - No SBP endorsed Regional Risk Assessment was used for this assessment

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Tec Pellets is a pellet production company located in the village of Balazar, north of Porto, Portugal. The pellet production plant became operational in the first quarter of 2013, equipped with the latest technology in terms of equipment, allows the plant to obtain a high quality product that ensures the most demanding requirements of international customers. It has an installed capacity of 100.000tn /year. Since September 2014, Tec Pellets has a Quality Management System according to ISO9001 standard, certified by SGS. The largest producers of electricity in the European Union are their main customers and they are located primarily in the United Kingdom, Germany, Denmark and Sweden. To produce pellets Tec Pellets used 100% of natural feedstock such as material of the forest chain, as is the case of waste from the wood industry (sawdust and slab wood), various roundwood and the residues obtained in clearing the forests. Eucalyptus wood from Portugal consumption in 2014 was 5 400 000 m3 (CELPA data) and Pinus pinaster wood was 2 247 000 m3 (Centro Pinus data). In report period from april 1, 2019 to march 31, 2020, Tec Pellets consumed approx. 250 000 m3 of wood at the pellet production process. Tec Pellets has its own harvesting teams but buys most of the primary feedstock from independent harvesting companies. In this reference period Tec Pellets own harvested team harvested approximately 30% of feedstock received. This value represent about 60 000 tonnes of the feedstock. The present Supply Base of Tec Pellets includes:

1. Continental Portugal (around 130 suppliers; of which 18 secondary feedstock suppliers);
2. Continental Spain (1 supplier's);

5.2 Description of Company's Supply Base

A quantitative description of the supply base can be found in the company's Supply Base Report, available at <http://www.tecpellets.pt/#/>

'Continental 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;
- Lacking cadastral data (only 53% of the land), 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.

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 identifies the origin of the transport which can be useful in case of direct transports to Tec pellets. 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. Considering the relatively positive Corruption Perception Index (2019) of Portugal (CPI 62) 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 throuout the Mediteranian 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) does lists a considerable number of protected plant species for Portugal. However, the list does not include any tree species. The 'Red List' of the IUCN (International Union for Conservation of Nature and Natural Resources) indicates hundreds of plant species for the continental territory of Portugal, but also does not include any tree species. 49 plant species are reckoned relevant regarding forest operations.

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.

To derive maximum economic benefit, distribution of the three main forest species – maritime pine, eucalyptus and cork oak – is vertically integrated within the forestry industry, with maritime pine and eucalyptus being concentrated in timber-producing areas and cork oak in multifunctional areas.

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, views forests and forestry products as an area of crucial importance to its economy. The forest sector has a significant impact on its GDP - higher than the European average. The forest sector represents almost 10% of the national export trade and 2% of the Gross Value Added. Forests are also the base of an economic sector which generates around 100 000 direct jobs (4% of the active population).

Supply from Continental Portugal

The supply base 'Continental Portugal' is the only region that is included within Tec Pellet's SBP Supply Base Evaluation (SBE). The supply base 'Continental Spain' is only relevant to the Supply Base description but not included in SBE.

Considering the total amount of feedstock (and the primary feedstock) it processes, Tec Pellets is the second largest company in the north of Portugal (after a pulp and paper company). Primary feedstock accounts for approximately 40 - 60% of total feedstock supply. Around 21% feedstock suppliers are FSC certified but not all deliver feedstock with an FSC claim, and around 14% are PEFC and 13% are both FSC and PEFC certified. Tec Pellets uses a small amount of feedstock from around 5 suppliers as biofuel for the drying process.

Although the Supply Base consists of continental Portugal, Tec Pellets is only using wood from the central and north of of Portugal; more specifically wood from the following regions:

- Beira Litoral;
- Douro Litoral;
- Minho;
- Trás-os-Montes and Alto Douro (Figure 1).

Most landowners in these regions own small plots of only one or two ha. From these regions, Tec Pellets sources the following tree species:

- Maritime pine (*Pinus pinaster*);
- Eucalyptus (*Eucalyptus spp.*);
- Poplar (*Populus spp.*).

'Spain'

Spain has approximately 27,7 million ha of forests and wood lands, representing 56% of total land area. Of this area 18,0 million ha is considered 'Forested land' (36%) and 9,5 million (19%) falls in the category of 'Other wooded land'. Of the forested land, approximately 90% is considered seminatural; 10% are plantations. A small, but growing, proportion of these plantations consists primarily of introduced eucalypt species (583 thousand ha, representing 5% of the forested land in 2005) (FSC-CNRA-ESP V1-1).

In 2018, there were 301 000 944 ha in 21 certificates issued by FSC Forest Management (FM and FM / COC) and 945 FSC Chain of Custody (COC) certificates. There are currently 2 351 359 ha certified by PEFC; and 1519 PEFC (CoC) certified companies.

According to the National Forest Inventories, over 80% of forests in Spain are composed of two or more tree species. The largest formation is made of holm oaks (which represents 15,3% of the tree covered area), followed by pastures and pine stands.

Average annual logging volume between the years 2000 and 2010 was 15,3 million cubic meters of barked wood, of which approximately 60% was coniferous and 40% deciduous. These logging rates account for a mere 1,5% of stock and 32% of the annual increment. In 2010, annual wood consumption was 27,7 million cubic meters. The main timber producing species are eucalyptus, maritime pine, radiata pine, scotch pine, and poplars.

There are four main categories of forest types:

- The Mediterranean broadleaved forests (in the south-central region);
- The Mediterranean conifer forests (also in the south-central region);
- The Atlantic forests, a group of mixed formations of beech, oak, chestnut, birch, etc;
- Plantations of mainly introduced tree species.

The Mediterranean nature that characterizes most of the country brings with it a great variety of forest ecosystems and an extraordinary wealth of flora, which means that Spanish forests have high biodiversity levels. The extraction of non-wood products is significant. The most significant products in economic terms are cork, fruit, biomass production for energy purposes, resins, grazing pastures, mushrooms, hunting and different plants.

The public administration of forests and forestry is divided among different jurisdictional levels in Spain:

- State General Administration;
- Autonomous Communities (AC) of which there are 17 covering all Spanish territory; and
- Local public bodies within each Autonomous Community.

Spanish forestlands are distributed between:

- Privately owned lands (70,9%);
- Local administrations (22,9%);
- The central and regional governments (6,2%).

Over two-thirds of the forests are private property, less than one third are under public ownership, and only a small proportion is owned by the state. Most public land is owned by local public corporations. Forest management is also shared among the different jurisdictional levels; there are State laws which include general regulations but most responsibility for the management of public forests falls at the level of the Autonomous Community. Wood harvesting is regulated by the Autonomous Community's forest agency. There are specific areas legislated mostly by the state (e.g. land tenure, tax payment, transports) but others for which each Autonomous Community have developed their own legislation, the content and provisions of which differs from one community to another (as with management and harvesting planning).

The size of forest lands depending on their ownership does not reflect great differences between those that belong to the State and those that belong to other public entities, with an average of 500 and 600 ha respectively, but there is a significant difference with privately owned forestlands, whose mean surface area scarcely covers 3 ha, clear indication of the extent of smallholdings still existing in the private forest sector (Spanish Forest Strategy).

The Spanish Forest Law (Law 43/2003) forms the legislative basis for forest management. Most Autonomous Communities have their own laws ('Ley de Montes') regulating the protection, management and harvesting of forests in their territory. Article 33 establishes the need for both public and private forests to have a Forest Management Plan, and a working scheme or other equivalent Management Instrument. These documents will be elaborated by the owner/title holder and must always be approved by the regional forestry organization. Multiple laws in each Autonomous Community regulate forestry and harvesting and the specific technical forest operating constraints

Any organisation that wishes to become certified in Spain must have a forest management plan with defined management goals, techniques and actions. Next to FSC, Spain has a PEFC Endorsed Forest Certification System, based on the national sustainable forest management regulation 'UNE 162 000'.

As stated in the Forest Act, forest management plans are obligatory for all public and private forests, except those that do not meet the minimum area each Autonomous Community determines.

CITES (Convention on International Trade in Endangered Species of Wild Fauna and Flora) does lists a considerable number of protected plant species for Spain.

The wood and furniture sectors are of significance to Spain's national economy, because of the large number of companies in represents (a total of 29 555), of which 16 160 companies are manufacturing furniture and 13 395 other wood-based products. The sector is also significant because of the employment it generates, with 147 000 employees, of which 85 200 correspond to the furniture sector (PEFC, 2017).

Supply from Spain

Tec Pellets has one supplier of wood chips in Spain, which supplies about 2% of the feedstock. The feedstock is classified as controlled wood. The company provides primary feedstock in form of wood chips of pine. Tec pellets also received on this reported period wood from Spain through Portuguese suppliers. Two of the six suppliers have a FSC certificate and one of them is PEFC. The feedstock was also classified as controlled wood.

The feedstock received from Continental Spain was:

Sawdust from one Portuguese sawmill;

Roundwood of pine and eucalyptus ;

Chips of pine and slabwood;

In Spain, there are approximately 105 000 ha of poplar plantations (ProPopulus, 2018). 40% of the plantations are public property (sub-branches of City Councils and Administration), and 60% are private ownership. The main region of harvest 'Castilla y León' holds around 70 000 ha of poplar plantations. Poplar is categorized as a species of fast growth (15 years).

5.3 Detailed description of Supply Base

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

Sub-scope 1 'Continental 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): Floresta temperada: 3,2 million ha
- d. Forest by management type (ha): Plantations: 1,8 million ha;
Natural: 1,4 million ha
- e. Certified forest by scheme (ha) FSC: 478 439 ha (source: <https://pt.fsc.org/pt-pt>) (year 2020)
PEFC 283 310 ha (source: (<https://www.pefc.pt>) (year 2020)

Sub-scope 2 'Spain'

- a. Total Supply Base area (ha): 18,4 million ha forested area (FAO, 2015)
27,7 million ha forest lands officially
- b. Tenure by type (ha): Private: 19,6 million ha forest lands (71%)
Public: 8,1 million ha forest lands (29%)
- c. Forest by type (ha): Temperate Forest: 27,7 million ha forest lands
- d. Forest by management type (ha): Managed natural: 15,5 million ha
Plantations: 1,8 million ha;
Of which poplar plantations: 105 000 ha
- e. Certified forest by scheme (ha): FSC: 301 000 ha (source: <https://es.fsc.org/es-es>) (year 2020)

Feedstock

- f. Total volume of Feedstock: 0 – 250 000 tonnes 216862,50 tonnes (april 2019-march 2020)
- g. Volume of primary feedstock: 0 – 200 000 tonnes ; 146 615,00 tonnes (april 2019-march 2020)
- h. tonnes (april 2019 – march 2020);
- 88 319,64 tonnes round wood
 - 58 295,36 tonnes wood chips
- i. List percentage of primary feedstock (g), by the following categories. - percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*. Subdivide by SBP-approved Forest Management Schemes:
- Certified to an SBP-approved Forest Management Scheme: 0% in 2016; 5% in 2017; 1,1% in 2018; 0% in 2019 and 2020,
 - Not certified to an SBP-approved Forest Management Scheme; 100% (in 2016 all was FSC CW; 2017 - 95% FSC CW; 2018 – 98,9% FSC CW; 2019 and 2020 - 0%),
- j. List all species in primary feedstock, including scientific name:
- maritime pine (*Pinus pinaster*) (2017, 2018, 2019 and 2020)
 - Eucalyptus (*Eucalyptus spp.*) (2017, 2018, 2019 and 2020)
 - Poplar (*Populus spp.*) (2017, 2018, 2019 and 2020)
- k. Volume of primary feedstock from primary forest: None (0,00 m3)
- l. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
- Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme
 - Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme
Not applicable
- m. Volume of secondary feedstock: specify origin and type - the volume may be shown as a % of the figure in (f) and percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*.
- 72878,18 tonnes from sawmills (april 2019-march 2020)
 - 57% - 41 817,40 tonnes woodchips from Portugal
 - 21% - 15 202,40 tonnes sawdust from Portugal
 - 22% - 15 858,40 tonnes slab wood from Portugal
 - 20,1 tonnes (april 2019-march 2020)
 - 100% - 20,1 tonnes chips of pine from Spain
- n. Volume of tertiary feedstock: specify origin and composition - the volume may be shown as a % of the figure in (f) and percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*.

- 0 tonnes

5.4 Chain of Custody system

The Organisation holds valid FSC and PEFC Chain of Custody certificate. Valid COC system description and other documents exist. Critical control points of the CoC systems were evaluated also during SBP audit. The Organisation has implemented CoC credit system which is used for materials received as FSC and/or 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 load is registered into the recordkeeping system. All input material is weighted and recorded in tonnes. For the credit account purposes the volume of feedstock is recalculated by using the conversion factor of the production, credit account is updated once a month: data about received raw materials by FSC and/or PEFC 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. 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

This fourth surveillance audit was carried out during 14-16 and 24 of September, 2020. The evaluation was conducted at the office with a visit to the port of Leixões and included on-site visits of the pellet production in Balazar, Portugal, as well as field inspection of three forest properties where currently the feedstock is sourced from.

A Total of 4 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
Monday 14-09-2020		
Opening meeting and Agreement on Scope	TEC Pellets Auditor: Lennart Holm LH	09:00-09:30
Introduction into Supply Base		09:30-10:45
Supply Base Report		10:45-12:30
Lunch break		12:30-13:30
Introduction into Supply Base Evaluation		13:30-14:45
Supply Base Evaluation		14:45-17:45
Final discussion / days closing meeting		17:45-18:00
Tuesday 15-09-2020		
Day's Opening meeting	TEC Pellets Auditor: Lennart Holm	09:00-09:15

	LH	
Visit to the port of Porto	Leixões	09:15-10:30
Field verification of SBE	Sites: Sobrado – Valongo Lote 66, Mata Nacional, Dunas da Mira Lote 445, Mata Nacional, Dunas da Mira	09:15-15:45
Final discussion / days closing meeting		17:45-18:00
Wednesday 16-09-2020		
Day's Opening meeting	TEC Pellets Auditor: Lennart Holm LH	09:00-09:15
GHG data registrations		09:15-12:30
Lunch break		12:30-13:30
Finalization GHG data audit Verification of missing items		13:30-16:00
Final discussion / days closing meeting		17:00-18:00
		Thursday 24-09-2020
Opening meeting	TEC Pellets Auditor: Luis Vaz Freire	09:00-09:15

	LVF	
Chain of Custody registrations		09:15-10:30
Output claims		10:30-11:45
Output claims		11:45-13:00
Lunch Break		13:00-14:00
Incoming material claims and raw material registration		14:00-15:00
Tour of the facility: - Receiving of materials - Wood Yard - Equipment used		15:00-15:45
Outstanding issues		15:45-17:30
closing meeting		17:30-18:00
Report writing		October 5, 2020

6.2 Description of evaluation activities

The first 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 mention individuals were made.

A visit to the port of Leixões was made, to inspect the storage facility and handling procedures, as well as a tour of the facility

For the audits of individual suppliers, 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. As well, a visit to a supplier of secondary feedstock was done.

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:
Ana Alves	TEC Pellets
Mario Carneiro	TEC Pellets

Barbara Paulo	TEC Pellets
Celia Maciel	TEC Pellets
Rui Marinho	TEC Pellets
Ricardo Santos	TEC Pellets
Fernando Cruz	Madeicampo-supplier
José Bessa	Madeicampo-supplier
Hugo Ferreira	Madeicampo-supplier
José Santos	TCGL, porto de Leixões
Alberto Fernandes	Transfradelos-own harvesting team
Joaquim Carvalho	Transfradelos-own harvesting team
Tiago Maciã	Transfradelos-own harvesting team
Rodrigo Dias	Transfradelos-own harvesting team
José Fernandes	Transfradelos-own harvesting team
Dulce Silva	D.R.A-supplier
António Antunes	D.R.A-supplier
Guadalupe Sousa	D.R.A-supplier

• **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	Credit Control system
Labelling	Trademark agreement signed Feb 10, 2016. Use on SBP trademark on a leaflet, approved by SBP on 07/09/2017.
Invoicing and shipping	Certified materials are either SBP Controlled or SBP Compliant

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 TEC Pellets 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 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 Chain of Custody system in combination with ISO 9001:2015 are considered a main strength with respect to TEC Pellets overall conformity with the relevant SBP standards.

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

7.2 Rigour of Supply Base Evaluation

TEC Pellets 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. TEC Pellets 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 17 Indicators which were designated as specified risk. TEC Pellets 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. TEC pellets 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

TEC Pellets do have in depth procedures for this and have supplied actual data on Greenhouse Gas emissions, except for forest operations; including planting, harvesting, use of pesticides and fertilizers. For the in-forest use of chemicals, operational data is not recorded because is not primary feedstock from woody energy crops.

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 were two external consultants with experience is producing SBP systems and carries a PhD as well as a MSc 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.

1.4.1: This indicators is low risk; nevertheless, verification of the origin and legality of the feedstock is part of the standard procedures of Tec Pellets.

2.1.1, 2.1.2: HCV 1, 3, 4, 5, and 6 are specified risk; HCV 2 is low risk. Social and cultural aspects regarding Sustainable Forest Management are considered during the evaluation of best practises.

2.4.1: The possible impacts of the harvest operations on the forest and its surroundings are assessed in front (also in relation to the interests of the local population, farmers, and people interested in recreation).

2.4.2: Specified risk regarding mainly the forest fire fighting aspect.

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	Specified	Specified
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
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

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	Specified	Specified
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

2.2.3	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

2.9.1	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
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.

1.1.2	<i>Feedstock can be traced back to the defined Supply Base.</i>
Mitigation measures	<p>Tec pellets does not buy any wood from wood suppliers without a valid company registration and delivery documentation indicating the place of harvest.</p> <p>The Due Diligence System and the internal procedure on the acquisition of feedstock called 'Procedimento para aquisição de matéria prima' state appropriate control systems. See also indicator 1.2.1 below.</p>
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>
Mitigation measures	<p>Tec Pellets does not buy any wood from wood suppliers without a valid company registration, nor from wood lands, of which the owner rights are disputed. Any dispute concerning the ownership of the feedstock needs to be solved first.</p> <p>Additional investigations are conducted by means of legal document research and extends to, for example, interviewing local stakeholders (owners of neighbouring wood lands) and local authorities, whenever:</p> <ul style="list-style-type: none"> • Cadastral data are unavailable; • The land will be impounded by the government; • There are complaints about the land owner, or the harvest operation. <p>In these cases, the internal procedure 'Procedimento para aquisição de matéria prima' is activated. Additionally, all suppliers must have an 'Economic operator registration'. Tec Pellets only accepts feedstock which is of clear origin, as stated on the delivery documents.</p> <p>The Wood Supply Manager knows all plots to be harvested or to be managed and knows in which regions there are no cadastral data / land records, this is the case in the 'cameras of the município'.</p>
2.1.1	<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>
Mitigation measures	<p>Tec Pellets identifies and maps of areas with high conservation values (HCVs). HCV 1, 3, 4, 5 and 6 were assessed to have a specified risk. Extra effort is needed to identify and map these values. Internet sources, as well as the local situation needs to be studied.</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.

Tec Pellets (contractually) ensures:

- 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)

Steps taken:

- 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;
- Tec Pellets inspects the forest operations at the harvesting areas.

Below the main sources of information, used to prepare the identification of these values for the harvesting teams. The feedstock suppliers evaluate every plot before the harvesting operations begin. Tec Pellets inspects the suppliers and harvesting areas.

HCV 1 – Species diversity:

- 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>

HCV 3 – Ecosystems and habitats:

- 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

HCV 4 – Critical ecosystem services & HCV 5 – Community needs:

- Habeas-Hotspot Areas for Biodiversity and Ecosystem Services http://www.habeas-med.org/webgis/pt_en/
- Forests located in critical areas - defined and mapped in REN-National Ecological Reserve.

HCV 6 – Cultural values:

	<ul style="list-style-type: none"> ➤ 15 sites in Portugal identified as World Heritage by UNESCO: http://www.patrimoniocultural.pt/pt/patrimonio/patrimonio-mundial/portugal ➤ Sites proposed for Portugal under assessment by UNESCO: https://www.unescoportugal.mne.pt/pt/temas/proteger-o-nosso-patrimonio-e-promover-a-criatividade/patrimonio-mundial-em-portugal ➤ Classified groves the <u>application report of the Habitats Directive (2007-2012)</u> national legislation that identifies and protects outstanding grove (arboreta) (http://www.icnf.pt/portal/florestas/Arvores.qry?start:int=80&Distrito=&Concelho=&Freguesia=&Processo). ➤ Other cartographic information of HCV included on open GIS: http://www.habeas-med.org/webgis/pt_en/ and http://epic-webgis-portugal.isa.ulisboa.pt
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>
Mitigation measures	<p>Tec Pellets identifies and addresses potential threats to forests and other areas with high conservation values (HCVs). HCV 1, 3, 4, 5 and 6 were assessed to have a specified risk.</p> <p>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 e.g. protected species, habitats and key ecosystems and objects of cultural significance on the plot before harvesting; • Development of adaptations to the harvesting plans, if needed; • Harvesting according to best practices in sustainable forest management; • Tec Pellets keeps records of field inspections and continuously evaluates the results of the feedstock suppliers. <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. 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>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. See also below, indicator 2.2.3</p> <p>Clear cuts are reduced to the maximum size indicated in the PROFs, or even further, if the environmental aspects, such as hillslopes, require special attention.</p>

	There are no indigenous people in Portugal, but it is important to evaluate the interests of
1.1.2	<i>Feedstock can be traced back to the defined Supply Base.</i>
Mitigation measures	<p>Tec pellets does not buy any wood from wood suppliers without a valid company registration and delivery documentation indicating the place of harvest.</p> <p>The Due Diligence System and the internal procedure on the acquisition of feedstock called 'Procedimento para aquisição de matéria prima' state appropriate control systems. See also indicator 1.2.1 below.</p>
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>
Mitigation measures	<p>Tec Pellets does not buy any wood from wood suppliers without a valid company registration, nor from wood lands, of which the owner rights are disputed. Any dispute concerning the ownership of the feedstock needs to be solved first.</p> <p>Additional investigations are conducted by means of legal document research and extends to, for example, interviewing local stakeholders (owners of neighbouring wood lands) and local authorities, whenever:</p> <ul style="list-style-type: none"> • Cadastral data are unavailable; • The land will be impounded by the government; • There are complaints about the land owner, or the harvest operation. <p>In these cases, the internal procedure 'Procedimento para aquisição de matéria prima' is activated. Additionally, all suppliers must have an 'Economic operator registration'. Tec Pellets only accepts feedstock which is of clear origin, as stated on the delivery documents.</p> <p>The Wood Supply Manager knows all plots to be harvested or to be managed and knows in which regions there are no cadastral data / land records, this is the case in the 'cameras of the municipio'.</p>

2.1.3	<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>
Mitigation measures	<p>When a eucalyptus or poplar plantation is 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. • Was it a forest before being converted to plantation? • Will a plantation be established here after current operations? If land use change (conversion) is planned the feedstock cannot be accepted as SBP compliant. <p>This is dealt with in the Feedstock Supplier Declaration and addressed in the field operations checklist. Tec Pellets always demands its 'Environmental Impact Assessment' (EIA), which covers these points.</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>There is a specified risk on this point, mainly in case no forest plan is available (no PROF, PGF ZIF, PUB, SNAC, as well as no PEFC or FSC certification). Tec Pellets always demands its 'Environmental Impact Assessment' (EIA). The EIA evaluates:</p> <ol style="list-style-type: none"> a. The possible economical, ecological and social impact of the forest operations including its surroundings. Harvesting operations can be changed to avoid negative impacts. b. The quality of the management (by the land owner) prior to harvesting and regeneration plan. <p>Tec Pellets monitors the plots to be harvested intensively and checks the EIA of its feedstock suppliers and the performed Risk Mitigation Measures (RMM). Indicators 2.2.2, 2.2.3, 2.2.4, 2.2.6, and 2.4.2 include relevant management measures which are checked during the EIA</p>
2.2.2	<i>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).</i>
Mitigation measures	<p>Before harvesting operations commence the plot is evaluated on this point and records are kept. Best forestry practises are applied. Maps can be obtained from 'Reserva Ecológica Nacional' (REN).</p> <p>Tec Pellets demands an 'Environmental Impact Assessment' (EIA) from all feedstock suppliers. The Tec Pellets' EIA addresses the specified risk on soil degradation: best practices have to be applied (Tec Pellets' Internal Instruction on Best Management Practices IT--04).</p> <ol style="list-style-type: none"> a) Low intensity of forestry, selective cuttings and small clear cuts of maximally 5 ha were needed considering the soil and groundwater level. b) Regeneration focusses on tree species that maintain or improve soil quality c) Leave nutrients in the forests, mainly the green fraction of forest residues (on the other hand other forest residues need to be cleared to prevent forest fires. d) Do not operate near--water areas. e) Fertilisation of the ground, when needed and possible. <p>Poor soil quality can lead to erosion and other problems. Therefore, this indicator is related to indicator 2.2.6.</p>

<p>2.2.3 & 2.2.4</p>	<p><i>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). & The Biomass Producer has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).</i></p>
<p>Mitigation measures</p>	<p>Tec Pellets prepares (publicly available) data on ecosystems and habitats (see above 2.1.1 on mapping and 2.1.2 on identifying and addressing potential threats). This information is given to all feedstock suppliers. Feedstock suppliers are trained to recognise key ecosystems and habitats.</p> <p>Most importantly, the feedstock suppliers inspect visually the harvesting plot and report on the results. Key ecosystems and habitats are indicated on the harvesting maps. Best practises are used to protect the high ecological values (internal document IT--04). The harvesting operations conserve these objects, mainly by not cutting the woodland or forest directly around them. In exceptional cases, low intensity harvesting operations are possible without damaging these objects.</p> <p>a. Study key ecosystems on the harvesting plot, conserve areas of ecological value b. Study flora and fauna at the harvesting plot, nests, breeding areas, anthills conserve protected tree species and habitats c. Do not operate near--water areas.</p> <p>Tec Pellets demands its 'Environmental Impact Assessment' (EIA) from all feedstock suppliers. Tec Pellets monitors the harvesting operations of its feedstock suppliers and checks the EIA of its suppliers (see also chapter 5 on 'SBE program approved feedstock suppliers').</p> <p>Steps taken:</p> <ul style="list-style-type: none"> • Desk assessment (before harvesting operations commence) of key ecosystems and habitats: <ul style="list-style-type: none"> ○ All classified areas: National Network of Protected Areas;; Special Areas of Conservation (SAC);; Special Protection Areas (SPA);; Ramsar sites;; Important Bird Areas (IBA);; ○ Priority habitats in Natura 2000 network;; ○ Areas where threatened species occur;; ○ Areas where endemic species of the Iberian Peninsula occur;; ○ Areas where seasonal concentrations of species occur;; ○ Large landscape level forests;; ○ Important areas for watershed protection;; • Forest plot inspection prior harvesting;; • Mapping of the harvesting plot, indicating key ecosystems, habitats and objects of importance to biodiversity;; making photos prior to harvesting. • Best forestry practices, including measures to conserve and increase biodiversity (for example, standing dead wood. • Change of operational plan, if necessary.
<p>2.2.6</p>	<p><i>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).</i></p>
<p>Mitigation measures</p>	<p>1) Tec Pellets studies data (from publicly available information, researches and programs) for its harvesting teams on ground water, surface water and steams (see above 2.1.1 on mapping and 2.1.2 on identifying and addressing potential threats, HCV 1 – Species diversity). This information is given to all feedstock suppliers.</p> <p>2) Feedstock suppliers are trained to not contaminate ground water and to plan forest management operations that protect the soil, forest and surroundings from surface water.</p> <p>3) The harvesting teams inspect visually the plot and the hill slopes and streams in the surroundings and report on the results. Tec Pellets demands its 'Environmental Impact Assessment' (EIA) from all feedstock suppliers.</p> <p>4) Best practises are used (internal document IT--04). Best practices include forest</p>

	<p>management measures that protect the plot against too high or low ground water levels, and erosion (surface water moving too quick or too slow). Related to a too quick runoff of surface water, streams in the surroundings are considered. The landscape where the harvest operations are executed is considered, including hill slopes and streams that can overflow. In areas vulnerable to water damage, the maximal contiguous clear-cut area is 5 ha.</p> <p>5) Tec Pellets monitors the harvesting operations of its feedstock suppliers and checks the submitted EIAs (see also chapter 5 on 'SBE program approved feedstock suppliers'). These best practises are required to comply with the SBE program requirements.</p> <p>The best practices as stated in point 4, and the Environmental Impact Assessment in point 3, follow the 'ICNF Handbook for forest best practices': 'In areas surrounding the water lines the risk of erosion is often very high, since these are areas of concentration of rainwater runoff. In these bands (with a minimum width of 10 meters for each side, as stated in the legal definitions and conditions of legal limits (Decree--Law no. 468/71) a strict prevention of erosion phenomena shall be performed, and it is therefore essential to adopt measures to protect it, such as maintaining all or a significant part of the natural vegetation and not inflict harm to the soil.'</p>
2.3.2	<i>Adequate training is provided for all personnel, including employees and contractors (CPET S6d).</i>
Mitigation measures	<p>Tec Pellets trains its personnel on all relevant aspects and demands the same from its feedstock suppliers.</p> <p>During the feedstock supplier's office inspections of Tec Pellets, are checked: the training records, (new) workforce, and the hiring of specialists. The level of knowledge of personnel is inspected during site visits.</p> <p>Training by Tec Pellets, including identification of key ecosystems, habitats and species biodiversity (annually and additionally based on the results of the plot assessments).</p>
2.4.1	<i>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).</i>
Mitigation measures	<p>1) Feedstock suppliers are trained to recognise health, vitality and other services provided by forest ecosystems.</p> <p>2) The harvesting teams inspect visually the plot and the surroundings and report on the results (make photos). Tec Pellets demands its 'Environmental Impact Assessment' (EIA) from all feedstock suppliers, which addresses these environmental services.</p> <p>3) Best practises are used (internal document IT--04). Many of the relevant risks are addressed by other indicators (with specified risk), such as indicators 2.2.1, 2.2.2, 2.2.3, 2.2.4, 2.2.6, and 2.4.2.</p> <p>4) The possible impacts of the harvest operations on the forest and its surroundings are assessed (before the harvesting operations commence), not only in relation to the environment, but also in relation to the interests of the local population, farmers, and people interested in recreation.</p> <p>5) Tec Pellets monitors the harvesting operations of its feedstock suppliers and checks the submitted EIAs (see also chapter 5 on 'SBE program approved feedstock suppliers'). It checks with stakeholders if there are any complaints (see also below 2.6.1).</p>
2.4.2	<i>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).</i>
Mitigation measures	<p>Visual inspections of the plots before harvesting (checklists). Checked is if the plot was managed well on fire protection in the past, if not, the feedstock is not considered compliant.</p> <ul style="list-style-type: none"> • Investigation of PMDFCI (Municipal Forest Fire Protection, Municipal de Defesa da Floresta Contra Incêndios);; • Visual inspection of the plot before harvesting;; • Implementation of forest fire fighting measures;; • Best forest practices;;

	<ul style="list-style-type: none"> • Monitoring performance. <p>Feedstock suppliers are trained to recognise poor forest management and on mitigation measures. The harvesting teams inspect visually the plot and make photos. Tec Pellets demands its 'Environmental Impact Assessment' (EIA) from all feedstock suppliers, in which this point is addressed.</p>
2.5.1	<p><i>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).</i></p>
	<p>1) Feedstock suppliers are trained to recognise possible issues with legal, customary and traditional tenure and use rights.</p> <p>2) The harvesting teams inspect visually the plot, make photos and report on the results. Tec Pellets demands its 'Environmental Impact Assessment' (EIA) from all feedstock suppliers. This aspect is addressed. If the land area to be harvested is fenced, moreover, if it has been fenced recently, the opinion of residents is assessed. Abuse of fences, blocked roads, and inadequate signs makes the feedstock non-compliant the SBE program.</p> <p>3) Tec Pellets monitors the harvesting operations of its feedstock suppliers and checks the EIA of its suppliers (see also chapter 5 on 'SBE program approved feedstock suppliers').</p> <p>By addressing sustainable forest management and making an extra effort on indicators 1.2.1 and 2.6.1, Tec Pellets integrates respecting the interests of local people into its main procedures. There are no indigenous people in Portugal nor minorities dependant on forests for their livelihood.</p>
2.6.1	<p><i>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.</i></p>
Mitigation measures	<p>Tec Pellets actively prevents grievances and disputes to arise. The aim is to track down and solve grievances and disputes before the harvesting operations commence (or not to buy from the disputed plots).</p> <p>2) Tec Pellets makes clear to the local population that any complaint or comment related to feedstock supply is taken very seriously (via website and other communications). Tec Pellets takes seriously any complaint of any person or organisation considering harvesting operations. This also ensures sufficient performance on respecting local interests (HCV 5) and cultural values (HCV 6).</p> <p>3) Tec Pellets has a complaint procedure and keep records. The feedstock suppliers are also (contractually) required to actively implement a complaint procedure and keep records. Tec Pellets demands its 'Environmental Impact Assessment' (EIA) from all feedstock suppliers, in which the interests of local population are assessed.</p> <p>4) Tec Pellets monitors the harvesting operations of its feedstock suppliers and checks their records on Complaints and Comments. It checks with relevant stakeholders, such as land owners, if no comments were submitted, or if the complaints were dealt with sufficiently.</p> <p>5)The results of the inspections of Tec Pellets have direct influence on the 'SBE program approved' status of feedstock suppliers.</p>
2.8.1	<p><i>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).</i></p>
Mitigation measures	<p>Tec Pellets has a rigorous control system and adequate procedures on the health and safety of forest workers. Tec Pellets demands the same from its feedstock suppliers and checks the health safety of harvesting personnel during its monitoring (administrative and field) inspections.</p> <p>Supplier qualification process and inspections of the supplier's administration:</p> <ul style="list-style-type: none"> • Insurances and aptitude forms;; • Social Security;; • Present workforce and training (new) personnel;; • Health and safety procedures;;

	<ul style="list-style-type: none"> • Training records and hiring of specialists;; • Records of Personal Protection Equipment (PPE) distribution;; • Records of machinery safety tools and equipment on documental register;; • Medical record for employment. <p>Field inspection supplier:</p> <ul style="list-style-type: none"> • Protective equipment use;; • Medical kit;; • Fire extinguisher;; • Respect of safety distances;; • Level of knowledge of personnel.
2.9.1	<i>Feedstock is not sourced from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks.</i>
<i>Mitigation measures</i>	<p>Wood from forests converted to plantations, as also wood lands that are converted to non--forest use are not considered SBP compliant. See also indicator 2.1.3.</p> <p>Wood from forests which are not managed according to best practices and which do not safeguard the carbon stocks above (regeneration of forests) and in the ground (degradation of grounds) are not considered SBP compliant See also indicator 2.2.2. Non--compliance with this indicator can also result in not procuring the feedstock.</p> <ul style="list-style-type: none"> • Desk assessment, monitoring, and identification – High--risk and “Important areas for carbon storage”;; • Field inspections and possible adaptations of forest management plans;; • Limitation of harvesting operations on “Important areas for carbon storage”.

10 Non-conformities and observations

- *These non-conformities are not likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.*

NC number 2020-01	NC Grading: Minor
Standard & Requirement:	Std 2, 16.3: The BP shall implement a plan to monitor the effectiveness of the mitigation measures, at least annually (i.e. every 12 months).
Description of Non-conformance and Related Evidence:	
TEC Pellets describes the monitoring process in PS07 Procedimento e monitorização de fornecedores de matéria prima. The minimal amount of field inspections per supplier depends on the amount of plots a feedstock supplier is managing. TEC Pellets uses the formula: amount of sampling plots = 0.8 times the square root of the number of plots, on which a feedstock supplier is active in the ongoing year. Using that calculation, for 2019, 24 monitoring and inspections should have been done but only 21 were executed. Further, supplier Abastena was not monitored at all, having a requirement of 4 inspections.	
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 2020-02	NC Grading: Minor
Standard & Requirement:	Instruction Note 2C,4,1. The report shall be concise, covering the most important features, and shall be completed using the latest version of the SBR template for Biomass Producers downloaded from the SBP website.
Description of Non-conformance and Related Evidence:	
There are various mistakes and errors in the english version of the SBR, Section 2.1 does not include a comparison of the scale of harvesting compared to other forest based industries in the region. Section 4.5 does not include a statement about the confidence that the evaluators have that the Biomass Producer can ensure that all specified feedstock are in full compliance with SBP Standards. Section 5 does not	

describe the monitoring plan for assessing forest operations within the supply base. Section 9.2 does not appropriately describe what the outcomes of the monitoring are.	
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 2020-03	NC Grading: Minor
Standard & Requirement:	Instruction Document 5E,3.1.4. The Operator has a Management System in place to make sure that data recording is compliant with ID5E.
Description of Non-conformance and Related Evidence:	
P04 Gestão de Florestas of 08-09-2020 and P03 Comercialização of 29-05-2019 does only partially include references and procedures to comply with instruction document 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:	20/Nov/2020
Other comments:	<i>Click or tap here to enter text.</i>