



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

Third 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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Table of Contents

1	Overview
2	Scope of the evaluation and SBP certificate
3	Specific objective
4	SBP Standards utilised
4.1	SBP Standards utilised
4.2	SBP-endorsed Regional Risk Assessment
5	Description of Company, Supply Base and Forest Management
5.1	Description of Company
5.2	Description of Company's Supply Base
5.3	Detailed description of Supply Base
5.4	Chain of Custody system
6	Evaluation process
6.1	Timing of evaluation activities
6.2	Description of evaluation activities
6.3	Process for consultation with stakeholders
7	Results
7.1	Main strengths and weaknesses
7.2	Rigour of Supply Base Evaluation
7.3	Compilation of data on Greenhouse Gas emissions
7.4	Competency of involved personnel
7.5	Stakeholder feedback
7.6	Preconditions
8	Review of Company's Risk Assessments
9	Review of Company's mitigation measures
10	Non-conformities and observations
11	Certification recommendation

1 Overview

CB Name and contact:	Control Union Certifications; Meeuwenlaan 4-6; P.O.Box 161, 8000AD Zwolle, Netherlands.
Primary contact for SBP:	Andrea Ferrazzo
Current report completion date:	25/Nov/2020
Report authors:	Mr. L. Vaz Freire (Lead Auditor), Mr. Pedro Catarro (Perito) and Mr. H. Jurczynszyn (Certifier)
Name of the Company:	Pelletsfirst, Produção e Comercialização de Pellets de Madeira, SA
Company contact for SBP:	Sílvia Jorge
Certified Supply Base:	Portugal
SBP Certificate Code:	SBP-06-13
Date of certificate issue:	31/Jan/2018
Date of certificate expiry:	30/Jan/2023

This report relates to the Third Surveillance Audit

2 Scope of the evaluation and SBP certificate

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

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

SBP certificate: SBP-06-13

3 Specific objective

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

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

4 SBP Standards utilised

4.1 SBP Standards utilised

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

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

4.2 SBP-endorsed Regional Risk Assessment

Not Applicable

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

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

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

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

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

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

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

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

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

5.2 Description of Company's Supply Base

Forest is the dominant land use in continental Portugal, occupying 35.4 % of the territory.

About 93% of the Portuguese forest is private. In the North and Center of the country, most forest holdings have less than 0.5 ha and are occupied by maritime pine and eucalyptus. The privately owned area is about 3,129,000 ha. There are about 400,000 private forest owners in Portugal and 6.5 million forest holdings. In Portugal, the registration of forest properties is limited. Only 40% of Portuguese municipalities and 50% of the national territory are covered by cadastral surveys. The latter exists entirely in the southern region, which is characterized by large-scale properties. The northern region, characterized by small properties, has almost no record. This implies that for a significant part of the national territory there is no published / official information on landowners. s in Portugal.

Five types of forest owners were defined: investment -reserve; owned -reserve; work – reserve; reserve - holding; forestry-company. A set of variables intended for validation were also selected for validation of the types of forest owners, with the aim of showing the differences between the five types considered. Apart from the differences in tree species composition and ownership structure, forest owners are differentiated by its economic logic, a subject that will occupy the reference position in terms of forest policy.

Changes in the socio-economic context have resulted in a decrease of working people, mostly those associated with rural activities.

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

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

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

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

Consequently the supply area includes the Portuguese continental territory.

<http://www.enerpellets.pt/pdf/supplybase20.pdf>

<http://www.enerpellets.pt/pdf/relatoriodabase20.pdf>

5.3 Detailed description of Supply Base

The supply base is Portugal.

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

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

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

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

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

The felling phytosanitary manifest includes identification of the origin of the felling. Also, documentation for transportation mostly identifies the origin of the transport. This are the most common ways to trace the origin of the primary feedstock. However, there are still many areas in Portugal without cadastral data, complicating the matter. Considering the relatively positive Corruption Perception Index (2018) of Portugal (CPI 64) documents, such as invoices and transport documents, can be considered reliable sources of information.

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

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

The national legislation of Portugal does list protected tree species, and, for example, it is forbidden to cut any cork oaks (*Quercus suber*), and holm oaks (*Quercus ilix / Quercus rotundifolia*; protective measures by Law N^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).

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

5.4 Chain of Custody system

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

6 Evaluation process

6.1 Timing of evaluation activities

The audit occurred between November 16 and 20, 2020 by the CU audit team. This report is the result of the findings of a certification evaluation carried out by an independent lead auditor representing Control Union Certifications. The purpose of the assessment was to evaluate the compliance of the client with respect to the standards used within the scope of the certificate.

Activity	Site	Date/Time
Opening meeting		
Opening meeting Pelletsfirst	Field	16-11-2020
Agreement on Scope	Auditor:	09:00-12:30
Presentation company and processes and procedures	LVF + PC	
Field verification of SBE		
Lunch break		12:30-13:30
Tour of the facility	Cós	13:30-17:45
Supply Base Evaluation	Auditor: LVF + PC	
Final discussion / days closing meeting		17:45-18:00
Day's Opening meeting	Auditor: LVF + PC	17-11-2020 09:00-09:15
Checking the Supply Base Evaluation		09:15-12:30

Lunch break		12:30-13:30
Field verification of SBE		13:30-17:45
Final discussion / days closing meeting		17:45-18:00
Day's Opening meeting	Auditor: LVF + PC	18-11-2020 09:00-09:15
Field verification of SBE		09:15-12:30
Lunch break		12:30-13:30
Visit at port of Figueira da Foz	Figueira da Foz Auditor: LVF	13:30-17:45
Final discussion / days closing meeting		17:45-18:00
Day's Opening meeting	Remote Auditor: LVF + PC	19-11-2020 09:00-09:15
Incoming material claims Incoming raw material registration Business integrity, social, health and safety requirements Logo/Trademark use		09:15-12:30
Lunch break		12:30-13:30

Complaints procedures Management system overview Chain of Custody registrations Output Claims		13:30-17:45
Final discussion / days closing meeting		17:45-18:00
Day's Opening meeting	Remote Auditor: LVF + PC	20-11-2020 09:00-09:15
GHG data registrations		09:15-12:30
Lunch break		12:30-13:30
GHG data registrations		13:30-16:00
Report writing		16:00-17:00
Closing meeting		17:00-18:00

• Names and affiliations of people interviewed	
Name:	Affiliation:
Silvia Jorge	Pelletsfirst
Rui Rodrigues	Pelletsfirst
Assis Lopes Martins	Pelletsfirst
João Sousa	Pelletsfirst
Giovanni Alencastro	Consultor
João Almeida	Paulouro, Lda.
João Carlos Almeida	Paulouro, Lda.
Luís Manuel Encarnação	Pelletsfirst
José Santos	Pelletsfirst
Fábio	Pelletsfirst
Dalila Silva	Pelletsfirst
Luís Relvas	Pelletsfirst
Fernando Antunes	Antunes e Ramos, Lda.
António José	Antunes e Ramos, Lda.

Jorge Primitivo	J. Primitivo, Lda
Nelson Costa	Célia Marques, Lda.
Paulo Marques	Célia Marques, Lda.

6.2 Description of evaluation activities

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

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

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

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

6.3 Process for consultation with stakeholders

Third 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

Strengths: The audit of Pelletsfirst 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 FSC Chain of Custody system is considered a main strength with respect to New Pellets overall conformity with the relevant SBP standards. The company are also ENPlus certified.

Furthermore, New Pellets has implemented a robust Supplier Qualification Program and Mitigation Measures based on a SBE Portugal Risk Assessment produced by AIMMP.

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

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

7.2 Rigour of Supply Base Evaluation

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

7.3 Collection and Communication of Data

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

7.4 Competency of involved personnel

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

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

7.5 Stakeholder feedback

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

7.6 Preconditions

N/A, no preconditions

8 Review of Company's Risk Assessments

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

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

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

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

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

Indicator	Risk rating (Low or Specified)		Indicator	Risk rating (Low or Specified)	
	Producer	CB		Producer	CB
1.1.1	Low	Low	2.3.3	Low	Low
1.1.2	Low	Low	2.4.1	Specified	Specified
1.1.3	Low	Low	2.4.2	Specified	Specified
1.2.1	Low	Low	2.4.3	Low	Low
1.3.1	Low	Low	2.5.1	Specified	Specified
1.4.1	Low	Low	2.5.2	Low	Low
1.5.1	Low	Low	2.6.1	Low	Low
1.6.1	Low	Low	2.7.1	Low	Low
2.1.1	Specified	Specified	2.7.2	Low	Low
2.1.2	Specified	Specified	2.7.3	Low	Low
2.1.3	Specified	Specified	2.7.4	Low	Low
2.2.1	Specified	Specified	2.7.5	Low	Low
2.2.2	Specified	Specified	2.8.1	Specified	Specified
2.2.3	Specified	Specified	2.9.1	Specified	Specified
2.2.4	Specified	Specified	2.9.2	Low	Low
2.2.5	Low	Low	2.10.1	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	Low	Low

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

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

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

9 Review of Company's mitigation measures

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

<p>2.1.1: The Biomass Producer has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation values are identified and mapped.</p>	
Means of Verification	<ul style="list-style-type: none"> - Internet research - GIS maps of HCV areas - Interviews - Priority Classified Habitat and species catalogue. - Regional, publicly available data from a credible third party as FSC and PEFC reports
Mitigation Measure	<ul style="list-style-type: none"> - Suppliers Qualification and Control Program (PSI 16 - Programa de Qualificação e Controlo Fornecedores), including consultation of cartography and others information sources, and verification that forests and other areas with high conservation values (HCV), specifically HCV 1.2, HCV 1.3, HCV 1.4 and HCV 3, are identified and mapped. - Disqualify material coming from areas where high conservation values are not identified and mapped.
<p>2.1.2: The Biomass Producer has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities.</p>	
Means of Verification	<ul style="list-style-type: none"> - FSC or PEFC Forest management certificate public reports - Forest Management plan as PGF, PUB, PEIF - Game management plans - Regional Forest Plans - Forest Best Management Practices - Forest Operating Procedures - Records of BPs' field inspections - Monitoring records - Interviews with staff - Publicly available information on the protection of the values identified - Regional, publicly available data from credible third parties
Mitigation Measure	<ul style="list-style-type: none"> - Consultation of information sources regarding HCVs. - Procedures for conduct specific field audits to identify and address real and potential threats to forests and other areas with high conservation values, specifically HCV 1, HCV 2, HCV 3 and HCV 4, which were previously identified and mapped. - Disqualify material coming from areas where forest management and operations represent evident threats to HCV 1, HCV 2, HCV 3 and HCV 4.

	<ul style="list-style-type: none"> - Promotion of Good Forest Practices - Monitoring plan
<p>2.1.3: The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is not sourced from forests converted to production plantation forest or non-forest lands after January 2008.</p>	
Means of Verification	<ul style="list-style-type: none"> - Historical maps and enquiries with stakeholders - Regional, publicly available data from a credible third party - Records of BPs' field inspections - Monitoring records - Aerial photos
Mitigation Measure	<ul style="list-style-type: none"> - Consultation of historical information sources and information from stakeholders - Analysis of owner's information regarding the past and future area's covering and use. - Procedures to conduct monitoring field audits to verify if feedstock is or is not sourced from forests converted to production plantation forest or non-forest lands after January 2008. - Disqualify material coming from areas where natural forest were converted into Eucalyptus or other plantation from 2008, or to be converted with Eucalyptus or other plantation, or transformed into pasture, agriculture or other non-forest use - Promotion of Good Forest Practices - Monitoring plan
<p>2.2.1: The Biomass Producer has implemented appropriate control systems and procedures to verify that feedstock is sourced from forests where there is appropriate assessment of impacts, and planning, implementation and monitoring to minimise them.</p>	
Means of Verification	<ul style="list-style-type: none"> - Approved EIA when applicable. - Approved Forest Management Plan when applicable - Records of oil and hazardous chemicals deliveries. - Manifest - Records of BPs' field inspections - Monitoring records - Regional Forest Plan
Mitigation Measure	<ul style="list-style-type: none"> - Consultation of information sources and legislation regarding impact assessment. - Analysis of information from the area regarding social and environmental aspects - Procedures for conduct field audits to verify social and environmental aspects and the appropriate assessment, planning and implementation of measures for minimise real or potential impacts, especially in case of clear cuttings made over a specific size area, defined regionally by each Regional Forest Plan (PROF), as the maximum clearcutting area or the size of even aged monoespecific forest stand. - Disqualify material coming from areas where no appropriate assessment of impacts, and planning, implementation and monitoring to minimise them, is confirmed. - Promotion of Good Forest Practices - Monitoring plan
<p>2.2.2:</p>	

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

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

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

	<ul style="list-style-type: none"> - Procedures for conduct field audits to verify these aspects if necessary. - Disqualify material coming from areas where natural processes, such as fires, pests and diseases, are not managed appropriately. - Promotion of Good Forest Practices - Monitoring plan
<p>2.5.1: The Biomass Producer has implemented appropriate control systems and procedures for verifying that legal, customary and traditional tenure and use rights of indigenous people and local communities related to the forest are identified, documented and respected (CPET S9).</p>	
Means of Verification	<ul style="list-style-type: none"> - Customary use rights are identified and documented - Interviews with local communities and other stakeholders, indicate that their rights are being respected - Appropriate mechanisms exist to resolve disputes - Agreements exist regarding these rights
Mitigation Measure	<ul style="list-style-type: none"> - Analysis of information from the area regarding use and abuse of fences and inadequate signs and closed gates - Procedures for conduct field audits to verify these aspects if necessary. - Disqualify material coming from areas where is confirmed the use and abuse of fences and inadequate signs and closed gates in a way that customary rights are not respected (except in case of licensed cattle parks or big game hunting areas). - Promotion of Good Forest Practices - Monitoring plan
<p>2.8.1: The Biomass Producer has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).</p>	
Means of Verification	<ul style="list-style-type: none"> - Accredited professional courses (p.e. chainsaws, machinery operator, phytopharmaceuticals applicator) card and/or specific certificates of training sessions. - Records of H& S procedures and Personal Protection Equipment distribution by the Organization. - Record of machinery safety tools and equipment on original documental register.
Mitigation Measure	<ul style="list-style-type: none"> - Suppliers training and qualification. - Confirmation of legal status of qualified suppliers in relation with health and safety requirements. - Procedures for conduct monitoring field audits to verify all the aspects related with health and safety of forest workers. - Disqualify material coming from areas where there are insufficient or inappropriate safeguards to protect the health and safety of forest workers. - Promotion of Good Forest Practices - Monitoring plan
<p>2.9.1: Biomass is not sourced from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks.</p>	
Means of Verification	<ul style="list-style-type: none"> - Maps, WebPages

	<ul style="list-style-type: none"> - Procedures and records - Regional, publicly available data from a credible third party - The existence of a strong legal framework in the region - Interviews with experts
Mitigation Measure	<ul style="list-style-type: none"> - Consultation of information sources regarding high carbon stocks areas (wetlands, peatlands and old mature forests stands). - Analysis of information from the area regarding the riparian vegetation and old mature forests stands. - Procedures for conduct monitoring field audits to verify if biomass is sourced from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks. - Disqualify material coming from areas that had high carbon stocks in January 2008 and no longer have those high carbon stocks. - Promotion of Good Forest Practices - Monitoring plan

10 Non-conformities and observations

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

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

NC number 2019-1	NC Grading: Minor
Standard & Requirement:	Std 1, 2.8.1
Description of Non-conformance and Related Evidence:	
<p>The organization has a control system and adequate procedures on the health and safety of forest workers. The organization demands the same from its feedstock suppliers and checks the health safety of harvesting personnel during its monitoring (administrative and field) inspections. During the site visit, it was found that some of the truck drivers were not using personal protective equipment as required by each of the locations or operating. Signage at the entrance of the premises is non-existent or not visible and does not clarify the obligation on the part of drivers to use PPE.</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Training records, Flyers and PPE signals photo
Findings for Evaluation of Evidence:	Placement of Signs in the Ordinance. Training action for employees of the Ordinance, to raise the awareness of drivers, for the mandatory use of Personal Protective Equipment, in the company's facilities. Training action for employees of the Crane, to make drivers aware of the mandatory use of Personal Protective Equipment at the company's facilities. Elaboration of a Good Practices Flyer on Safety matters, for distribution to drivers when entering the company's premises.
NC Status:	Closed

NC number 2019-2	NC Grading: Minor
Standard & Requirement:	Std 2, 12.4
Description of Non-conformance and Related Evidence:	
Although the process for selecting and appointing an evaluation team, and during interview with the SBP responsible, it is not recorded.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	ET01.01 - System responsibilities and MS.01 - Quality & Sustainability Manual
Findings for Evaluation of Evidence:	Update the Technical Specification, ET01.01 - "System Responsibilities", in order to define the responsibilities within the scope of the CoC. (Evidence ET01.01)- Include in item 3.5 - "The Team", of the Quality and Sustainability Manual, MS.01, the definition of the CdR team. (Evidence MS.01). Validation of ET01.01 - "System Responsibilities", within the scope of the SBP, by the CcC Manager.
NC Status:	Closed

NC number 2019-3	NC Grading: Observation
Standard & Requirement:	Std 2, 19.1
Description of Non-conformance and Related Evidence:	
The stakeholders' consultation process made references to the SBR. The initial matrix and the first SBR were reviewed by an expert. The option of the team of this latest version is to consider the imputations of SBE's public consultation and when publishing SBR to check for any comments. No peer review or other credibility support was found to be deemed necessary by the company. However with the addition of new information, check the relevance of doing a new peer review. The SBR is not yet uploaded on www.enerpellets.pt , but is signed by João Magalhães a senior administrator.	
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:	Review of report, SBR on the website - photo
Findings for Evaluation of Evidence:	- Placement of information, SBR - Supply Base Report, validated by the Administrator, on the company's website. (Evidence Consultation to the Site)- Realization of a Peer View, with the update of the SBR.

	(SBR evidence)Corrective Action - In the next review to carry out the SBP, ensure normative compliance 11.1 - Review to the parties.
NC Status:	Closed

NC number 2019-4	NC Grading: Minor
Standard & Requirement:	ID5D, 1.1
Description of Non-conformance and Related Evidence:	
Feedstock by category is entered into Registo Entradas de materias-primas e combustivel.xls and transferred into controlo do sistema de Credidos.xls, which also identifies biomass made by category. Credits for CAT 1 and CAT 5 NL Biomass Sustainability Regulation Biomass Categories are transferred into controlo do sistema de Credidos.xls. and controlo do sistema de Credidos - instrução 5D.xls. The Maximum accounting period is 24 Months as per Pelletsfirst FSC COC system. The system explaining how feedstock may be allocated to biomass as Dynamic Batch Sustainability Data (DBS) is not well described in Pelletsfirst's management system.	
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:	I13.01 - Credit System
Findings for Evaluation of Evidence:	Change the file I13.01 - Credit System, in order to define a methodology that includes the control of the Credit System and the Control of the Credit System for the 5D instruction.Validation of File I13.01 - " , Credit System", within the scope of the SBP
NC Status:	Closed

NC 2020-01	NC Grading: Minor
Standard & Requirement:	Std 1 - 2.2.6 Requirement "The BP 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 (CPETS5b). Examples of means of verification: <ul style="list-style-type: none"> • Regional Best Management Practices • Supply contracts • Records of BPs' field inspections • Assessment at an operational level of measures designed to minimise impacts on the values identified • Monitoring records • Interviews with staff

	<ul style="list-style-type: none"> Publicly available information on the protection of ground and surface water Level of enforcement Regional, publicly available data from a credible third party The existence of a strong legal framework in the region
Description of Non-conformance and Related Evidence:	
<p>Description of Non-conformance During the visit to the logging on the farm (39°49'34.4"N; 8°14'21.2"W), a temporary water line was used to remove the wood with its deterioration. When interviewing the person in charge on the spot, no mitigating measures are envisaged to prevent the use of the water line and its recovery. "</p> <p>Related Evidence - Programa de Controlo de Fornecimentos - MS.03 Vistoria de Monitorização I01.04 - Pellets First - SBP audit report on Energy and GHG data (SAR) Reporting period: Dates 01th January 2019 a 31th December 2019 Field visit Interview</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	<i>Click or tap here to enter findings for evaluation of evidence by the auditor.</i>
NC Status:	Open

NC number 2020-02	NC Grading: Major
Standard & Requirement:	Std 4 - 5.2.2 Requirement "Only the following feedstock inputs shall be considered to be SBP-compliant feedstock• Feedstock received with an SBP-approved Forest Management Scheme Claim or SBP-approved recycled claim.• Feedstock sourced from within the BP's defined Supply Base (SB) and for which a valid Supply Base Evaluation (SBE) has determined that all the indicators in the SBP Feedstock Compliant Standard are low risk.• Feedstock sourced within the scope of the BP's own SBP-approved Chain of Custody (CoC) System certification, for example, non-certified reclaimed feedstock sourced in compliance with FSC-STD-40-007: FSC Standard for Sourcing Reclaimed Material for Use in FSC.• Post-consumer tertiary feedstock sourced following the requirements of Instruction Note 4A, SBP tertiary feedstock requirements.
Description of Non-conformance and Related Evidence:	

<p>Description of Non-conformance</p> <p>Incoming feedstock for FSC FM or CoC certified, or FSC CW verified as part of their own verification program.</p> <p>The delivery documents of wood and that serve to consider this as certified material are verified in the ordinance.</p> <p>However, in some of the guides, the absence of the certification code of the selling company was identified, namely Transportes Piçarras e Irmãos and Florestal Zézere.</p> <p>It was all so possible to verify that the document used in the ordinance (List of Suppliers I11.06 01 02-09-2019) for supplier validation is not up to date and sometimes contain more than one CoC certification code (different certifying entities), causing confusion with who validates the product as a certificate upon entry. There is a real possibility of giving entry to material not certified as certified.</p> <p>Related Evidence</p> <p>Interview Resp. CoC.</p> <p>Interview employees of the materail reception.</p> <p>List of Suppliers I11.06 01 02-09-2019.</p> <p>Manual de Qualidade & Sustentabilidade MS.01 03 12-10-2020.</p> <p>Guia 6-10-2020 Transportes Piçarras & Irmão</p> <p>Documento de entrada Florestal Zézere</p> <p>Nota de Entrega 4 Wood 10053</p>	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	Updated Suppliers List; File List of Suppliers_2021Review of all entries of certified material on the Map, Correction of missing information delivery documents;Transportation Guides for Transportes Piçarra e Irmãos and FlorestalZezere,
Findings for Evaluation of Evidence:	Based on the evidences and response provided by the Certificate holder non conformity is closed
NC Status:	Closed

NC 2020-03	NC Grading: Observation
Standard & Requirement:	Std 2 - 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:	
<p>Description of Non-conformance</p> <p>Supply base report is made in Portuguese and English. Both versions will be available on the website www.enerpellets.pt. And it includes SBE. The report is concise, covering the most important features, and is completed using the latest version of the SBR template for Biomass Producers downloaded from the SBP website. The version 1.3 is indeed used but not the revert version April 2020.</p> <p>Related Evidence</p> <p>'- Supply Base Report version 1.3, Data do Relatório: 04/11/2020</p> <p>- InterviewDocumento de entrada Florestal Zézere</p> <p>Nota de Entrega 4 Wood 10053</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts 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:	19/Feb/2021
Other comments:	<i>Click or tap here to enter text.</i>