



NEPCon OÜ Evaluation of Pellets Power 2 Compliance with the SBP Framework: Public Summary Report

Additional Audit

www.sbp-cert.org



The promise of good biomass



Completed in accordance with the CB Public Summary Report Template Version 1.5

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

Document history

Version 1.0: published 26 March 2015

Version 1.1: published 30 January 2018

Version 1.2: published 4 April 2018

Version 1.3: published 10 May 2018

Version 1.4: published 16 August 2018

Version 1.5: published 22 October 2020

© Copyright The Sustainable Biomass Program Limited 2020

Table of Contents

1	Overview
2	Scope of the evaluation and SBP certificate
2.1	Description of the company
2.2	Detailed description of the Chain of Custody system
3	Specific objective
4	Evaluation process
4.1	Timing of evaluation activities
4.2	Description of evaluation activities
4.3	Sampling methodology
4.4	CB stakeholder engagement
4.5	Stakeholder feedback
5	Results
5.1	Main strengths and weaknesses
5.2	Rigour of Supply Base Evaluation
5.3	Collection and communication of data
5.4	Competency of involved personnel
6	Review of company's risk assessments
6.1	Overview of company's risk assessments and mitigation measures
6.2	Specified risk indicators and mitigation measures
7	Non-conformities and observations
8	Certification decision

1 Overview

Certification Body (CB) Name:	NEPCon OÜ
Primary CB contact for SBP:	Ondrej Tarabus
Primary CB contact email:	otarabus@preferredbynature.org
Audit team leader:	Ondrej Tarabus
Audit team members:	Ondrej Tarabus
Name of the Company:	Pellets Power 2
Company legal address:	Herdade Castelo de Arez, 7580-508 Alcácer do Sal, Portugal
Company contact for SBP:	Filipa Rebelo
Company contact email:	f.rebelo@gesfinu.com
Company website:	www.gesfinu.com
SBP Certificate Code:	SBP-01-13
Date of certificate issue:	09 Mar 2021
Date of certificate expiry:	08 Mar 2026
Audit closing meeting date:	08 Oct 2021
Audit cycle:	Additional Audit

2 Scope of the evaluation and SBP certificate

Scope Item	Check all that apply to the Certificate Scope	Change in scope (N/A for Assessments)
Primary Activity:	Biomass Producer	☐
Approved Standards:	SBP Standard 1: Feedstock Compliance Standard; SBP Standard 2: Verification of SBP-compliant Feedstock; SBP Standard 4: Chain of Custody; SBP Standard 5: Collection and Communication of Data Instruction; Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5	☐
Includes Supply Base Evaluation (SBE):	Yes	☐
Includes communication of Dynamic Batch Sustainability Data (DBSD)	No	☐
Includes Group Scheme	No	☐
Products	Pellets	☐

Feedstock types:	Primary	☐
Feedstock origin (countries):	Portugal	☐
SBP-endorsed Regional Risk Assessments used: Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/	Not applicable	☐
Chain of custody system implemented:	FSC: FSC: APCER-COC-150116	☐
	Credit	☐

2.1 Description of the company

BP is a biomass producer with a production situated in Alcácer do Sal, Portugal. Pellets Power II. is a part of Gesfinu group. Gesfinu is a privately owned family group operating in electricity generation and bio energy as main business activities, continuing in the real estate activity. BP is producing only industrial wood pellets with designated capacity of 100.000 tn. BP is sourcing mostly primary feedstock for its production. The input material consists of branches, tree tops, stem wood from thinning as well as roundwood. Insignificant share of the feedstock is secondary, which is delivered from local sawmills. The input material is mostly delivered from Pine stands (Pinus pinaster and Pinus pinea). This material consists of low quality stemwood or material from pruning of Pinus pinea trees planted for production of pine nuts. For purposes of drying there are also sourced some wood industry residues. Material is supplied locally (cca. 50 km around the plant). All the input material is therefore coming from Portugal. All Feedstock types are delivered to the pellet plant by trucks. Incoming feedstock is either FSC certified (FSC 100%, FSC Controlled Wood) or controlled according to the existing biomass producer (BP) FSC Controlled wood verification program. FSC controlled material verification program is applicable for feedstock originating from Portugal. Origin information is kept and origin information access agreements are signed with feedstock suppliers. As a part of the Verification program BP is conducting supplier audits. The BP is implementing FSC credit system. However, the amount of FSC 100% feedstock is so insignificant, that BP has implemented SBP supply base evaluation of the feedstock which is considered then as SBP-compliant. BP maintains a credit account for SBP inputs and outputs, separately from FSC credit account. BP is implementing Supply Base Evaluation (SBE) limited to two pine species (Pinus pinea and Pinus pinaster) coming from thinnings/prunings from Alentejo region. The BP has developed its own risk assessment with some indicators designated as unspecified risk and has implemented out Supplier Verification Program resulting in low risk for all these indicators. After the production, pellets are stored in BP's production storage or transported into the Sines harbour and loaded directly to the vessel

2.2 Detailed description of the Chain of Custody system

The Organisation holds valid FSC Chain of Custody and FSC Controlled wood certificate <http://info.fsc.org/details.php?id=a024000000BNTYaAAP&type=certificate&return=certificate.php>. Valid FSC system description and other documents exist. The Organisation implements FSC Credit system of claims. FSC Credit system is used for materials received as FSC certified, FSC Controlled wood and feedstock verified according to the Organisation's own controlled material verification system (such material is included in the company SBE). The controlled material verification system of the organisation is covering only Portugal (the scope of the certificate covers three different pellet plants, one of which is the Organisation, and risk assessment for this certification as a whole covers Portugal and Spain). No other feedstock is received. 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 tones. For the credit account purposed the volume of feedstock is recalculated by using the conversion factor of the production, FSC credit account is updated once in a month: data about received raw materials by FSC certification status and volume of sold pellets are recorded. In case of the FSC and / or SBP sales, the volume of sold pellets is withdrawn from the credit account.

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 updated Supply Base Report;
- Review of the risk assessment results;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Evaluation of mitigation measures implemented for primary feedstock (including inspection of primary feedstock suppliers);
- Review of the records, calculations and conversion factors;
- Interviews with responsible staff;
- SAR and relevant energy use data review

4 Evaluation process

4.1 Timing of evaluation activities

<i>Audit Level of Effort (LoE)</i>		
<i>Activity</i>	<i>Auditors</i>	<i>Auditor hours</i>
1. Preparation	OT	8,0
2. On-site (excl. travel time)	OT	12,0
3. Report writing	OT	8,0
4. Other	N/A	N/A

<i>Audit Schedule</i>			
<i>Activity</i>	<i>Location</i>	<i>Auditor name</i>	<i>Date/time</i>
<i>Opening meeting</i>	BP office	OT	08 Oct 2021/08:00
<i>Evaluation of the SBE system</i>	BP office	OT	08 Oct 2021/08:15
<i>Visiting of FMUs included in SBE</i>	Sampled FMU	OT	08 Oct 2021/10:00
<i>Closing meeting</i>	BP office	OT	08 Oct 2021/19:00

Auditor qualification		
Auditor name	Role	Qualification
Ondrej Tarabus	Lead auditor	Czech citizen, graduated in University of Life Sciences Prague, The Faculty of Forestry. He has participated in several FSC FM, FSC CoC, PEFC CoC, ISCC certification assessments in Czech Republic, Slovakia, Italy, Germany, Vietnam, Egypt, Spain, Romania, Bosnia and Herzegovina, Austria, etc. Ondřej Tarabus has been through lead assessor SBP training course and is experienced with carbon calculation using standards such as ISO 14 064, Carbon Footprint management or ISCC.

4.2 Description of evaluation activities

The audit started with an opening meeting, where the lead auditor introduced the auditing team, provided information about audit plan, methodology, auditor qualification, confidentiality issues, and assessment methodology and clarified verification scope. It was underlined the need to collect objective evidence through a combination of document review, site visits, interviews and discussions, explained the essence and importance of sampling aspect of the auditing. The auditor explained the reason for this specific audit - additional onsite verification of the effectiveness of the mitigation measures implemented.

After that, the auditor has reviewed the mitigation measures implemented, the evidence supporting the implementation of the mitigation measures such as checklist and supplier document and conducted sampling. Later on, the audit has visited the sampled FMUs with the aim to evaluate the compliance with the standard.

During the process overall responsible person for SBP system and responsible staff having key responsibilities within the system were interviewed. At the end of the audit finding were summarized and audit conclusion based on use of 3 angle evaluation method were provided to the company representatives.

Impartiality commitment: NEPCon commits to using impartial auditors and our clients are encouraged to inform NEPCon management if violations of this are noted. Please see our Impartiality Policy here: <http://www.nepcon.org/impartiality-policy>

4.3 Sampling methodology

Purchase and sales records were sampled to ensure the verification is representative of the BP activity during the reporting period. The relevant staff were presented during the audit. Records about GHG and SAR data were evaluated from different months. Supplier audit reports and mitigation measures were also reviewed during the remote audit. When sampling the FMUs which should be visited the formula $x=0.6 \sqrt{\text{number of suppliers}}$ was used. This resulted in 5 FMUs to be visited as the BP had 34 suppliers. The sampling took into account following aspects, preference should be given to private forest owners, ongoing work, non-forest harvest, thinning which could be confused with final harvest, NATURA 2000 sites, harvesting near water courses.

4.4 CB stakeholder engagement

N/A

4.5 Stakeholder feedback

No feedback was received from stakeholders

5 Results

5.1 Main strengths and weaknesses

Main strengths: Use of the FSC credit system. Effective recordkeeping system. Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses: see NCR section

5.2 Rigour of Supply Base Evaluation

The Supply Base Evaluation was implemented only for primary feedstock sourced from 1 region of Portugal Alentejo and some municipalities in the border with similar forest management and composition. The BP has carried out the SBE for primary feedstock (forest products) that are originating from SBE area and is not received with FSC or PEFC claim. Risk mitigation measures are implemented for material coming from *Pinus pinea* and *Pinus pinaster* thinning harvesting operations.

The BP has identified 6 indicators with unspecified risk in their risk assessment for whose Supplier Verification Program is carried out to determine if the risk for the defined scope is specified or low:

2.1.1 Mapping of forests and other areas with high conservation value

2.2.1. Potential threats to forests and other areas with high conservation values from forest management activities are identified and addressed.

2.2.3 Key ecosystems and habitats are conserved or set aside in their natural state (CPET S8b).

2.2.4 Biodiversity is protected (CPET S5b).[OT2]

2.3.2 Adequate training is provided for all personnel, including employees and contractors (CPET S6d).

2.8.1 Appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).

After this risk assessment was conducted, the stakeholder consultation process started with sending email to different stakeholders. The BP keeps records of communication with stakeholders. The BP has shared the results of the risk assessment with the stakeholders as well as proposed mitigation measures (SVP content).

In order to define whether the risk constitute in specified or low risk for the defined area and species (Alentejo region, thinnings/prunings of *Pinus pinea* and *Pinus pinaster*) the BP has conducted Supplier Verification program. The BP has prepared several maps with protected areas as well as list of protected species which are used during the supplier audits to identify the extend of risk in each area. The supplier audit checklists contain requirements for evaluation of legal aspects, determination of scope (species, type of harvest and area), ecological aspects (such as biodiversity, HCVs for each category, fire protection elements) and health and safety requirements together with appropriate training. Normally audits start at the BP office where the harvesting site is evaluated using available maps with protected areas and species.

Later on, the supplier office is visited where the forest management plan is evaluated and additional information about sites are collected. Finally, the audit continues at the forest site where the workers are interviewed and the forest conditions are evaluated using the checklist. In case the evaluation of all six indicators results in low risk the risk is confirmed as low and the material is received as SBP compliant. In case there would be identified that the indicator can't be assessed as low risk and the material can't be

received as SBP compliant, the number of suppliers verified would be increased. After the supplier audits the BP has concluded that for the specified area, thinning operations and pine species low risk can be considered for all indicators. The supplier verification is repeated annually on sample basis.

5.3 Collection and communication of data

The following energy sources are used by BP: electricity for pellet production; diesel for feedstock delivery and handling; diesel for biomass handling, shipping and delivery to customer. Diesel consumption value by loaders at pellet production is based on actual refuelling data; electricity consumption value by pellet plant is based on consumption values specified in invoices by external electricity supplier. BP expects that diesel consumption by trucks delivering the feedstock to plant, and biomass to customer, will be evaluated by end user based on reference values from BioGrace II.

5.4 Competency of involved personnel

Overall, BP staff showed good understanding of knowledge of all applicable SBP requirements. Generally, very few staff members are involved into SBP certification: Integrated Management Systems Engineer is appointed by the management as responsible for implementation and maintaining of the SBP system. The other responsible staff members are: receptionist (feedstock input records), production operator (biomass production records), financial administrator (diesel and electricity consumption records, credit account maintenance, DTS and invoices), mill supply manager (conversion factors and moisture measurements register), feedstock supply manager (verification of feedstock suppliers). Director holds overall responsibility for SBP certification.

6 Review of company's risk assessments

6.1 Overview of company's risk assessments and mitigation measures

Pellets Power II. has not implemented any mitigation measures but has reduced the scope where SBP compliant feedstock can come from using SBE system instead. Based on the results from the SVP it was concluded that the risk is low for all the pine material (Pinus pinea and Pinus pinaster) supplied from Alentejo region and the municipalities included in the border of Alentejo.

6.2 Specified risk indicators and mitigation measures

Country/Area	Indicator	Specified risk description	Mitigation measure
N/A	N/A	N/A	N/A

7 Non-conformities and observations

NC number NC-000929 (60876)	NC Grading: Major
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	16.4 Where mitigation measures have not been effective in managing risk, and an indicator cannot be rated as low risk, further measures shall be implemented in order for the feedstock to be compliant with SBP Standard 1. Feedstock Compliance Standard. If risk cannot be brought to 'Low' then the source shall be avoided and feedstock physically excluded from SBP-certified biomass.
Description of Non-conformance and Related Evidence:	
The BP has classified material which was sourced from final harvest but recorded as thinning. The organization does not have a definition of thinning which would be followed but based on the field visit it was revealed that material sourced from harvest of Pinus Pinaster where the aim is to support natural regeneration (small trees are left in the understory) and the trees harvested are at the end of the rotation period.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-000931 (60874)	NC Grading: Major
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	16.2 Mitigation measures shall be justified and recorded.
Description of Non-conformance and Related Evidence:	
The organization has described the mitigation measures in the SBR. However, the description is very general and does not provide sufficient information about how the measure is actually implemented. It use vague formulation such as "checklist is filled in" but it does not give detailed information (e.g. if the checklist is filled in for each harvesting site, or on randomly selected sites or per supplier).	
Timeline for Conformance:	3 months from the report finalisation

Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-000932 (60877)	NC Grading: Minor
Standard:	SBP Standard 1: Feedstock Compliance Standard
Requirement:	6 N/A 2 Biomass feedstock is sustainably sourced 22 Management of the forest ensures that ecosystem function is assessed and maintained through both the conservation/set-aside of key ecosystems or habitats in their natural state, and the maintenance of existing ecosystem functions throughout the forest (CPET S5 & 8b). 226 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 (CPET S5b).
Description of Non-conformance and Related Evidence:	
The organization has not evaluated in the checklist where the biodiversity, water or soil protection if the riparian vegetation is left aside or not. The checklist when dealing with the water protection is looking only if harvesting is not done close to the river stream and if there are not oil spills to the water but there is no information if the vegetation is kept and if the personnel is aware that the riparian vegetation shall not be harvested. Based on the field visit the vegetation was respected in general (few pine trees or shrubs were cut only but the vast majority was kept) but the personnel doing the harvesting was not aware that the vegetation should be left (and mentioned only protected species as Fraxinus or Quercus).	
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:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

8 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):	Pilar Gorriá Serrano
Date of decision:	14 Jan 2022
Other comments:	N/A