SBP

Sustainable Biomass Partnership

NEPCon Evaluation of Enerpellets Compliance with the SBP Framework: Public Summary Report

www.sustainablebiomasspartnership.org

Completed in accordance with the CB Public Summary Report Template Version 1.0

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

Document history

Version 1.0: published 26 March 2015

Contents

1 Overview

CB Name and contact:	NEPCon, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus, ot@nepcon.org, +420 606 730 382
Report completion date:	20/Sep/2016
Report authors:	Rui Simões,
Certificate Holder:	Enerpellets, Rua da Graça - Lugar do Pinheiro Bordalo 3270 – 029 Pedrogão Grande Portugal
Producer contact for SBP:	Silvia Jorge, qualidade@pelletsfirst.pt; 262 545 564
Certified Supply Base:	Portugal and Spain
SBP Certificate Code:	SBP-01-50
Date of certificate issue:	11/Nov/2016
Date of certificate expiry:	10/Nov/2021

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	**First Surveillance Audit**	**Second Surveillance Audit**	**Third Surveillance Audit**	**Fourth Surveillance Audit**
☒	☐	☐	☐	☐

2 Scope of the evaluation and SBP certificate

The certificate scope covers the office and production site in Pedrógão. Portugal.

The Organisation holds a valid FSC Chain of Custody certificate (TT-COC-005845) with FSC Controlled wood in the scope. The FSC certificate contains the pellets production activity.

The Organisation is sourcing primary and secondary feedstock from external suppliers.

Primary feedstock includes roundwood, branchwood, mainly from thinning of pine forests (*Pinus pinaster*). Also eucalyptus wood is used, mostly low quality wood (tree tops, thinner diameters not accepted from pulp industries). Secondary feedstock: sawdust and sawmill residues is used for the pellet production.

Branch wood and forest residues with low quality that can't be used for production purposes are also used for the drier.

Tertiary feedstock is not used.

Supply Base Evaluation is not included into the scope of the evaluation.

End point of scope is Aveiro harbour.

Scope of the evaluation is indicated in the table below:

<table>
<tr><th>Scope Item</th><th colspan="4">Check all that apply to the Certificate Scope</th><th>Change in Scope
(N/A for Assessments)</th></tr>
<tr><td>Approved Standards:</td><td colspan="4">SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0
http://www.sustainablebiomasspartnership.org/documents</td><td>☒</td></tr>
<tr><td>Primary Activity:</td><td colspan="4">Pellet producer</td><td>☒</td></tr>
<tr><td rowspan="4">Input Material Categories:</td><td colspan="2">☒ SBP-Compliant Primary Feedstock</td><td colspan="2">☒ SBP-Compliant Secondary Feedstock</td><td rowspan="4">☒</td></tr>
<tr><td colspan="2">☒ Controlled Feedstock</td><td colspan="2">☐ SBP non-Compliant Feedstock</td></tr>
<tr><td>☐ SBP-Compliant Tertiary biomass</td><td colspan="3">☐ Post-consumer Tertiary Feedstock</td></tr>
<tr><td>☐ SBP-approved Recycled Claim</td><td colspan="3">☐ Post-consumer Tertiary Feedstock</td></tr>
<tr><td></td><td>☒ FSC</td><td>☐ PEFC</td><td>☐ SFI</td><td>☐ GGL</td><td>☒</td></tr>
</table>

Chain of custody system implemented:	☐ Transfer	☐ Percentage	☒ Credit	☒
Points of sales	☐ Harbour (including own handling of material)	☒ Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbor	☐ Other point of sale (e.g. gate of the BP, boarder, railway station etc.)	☐
Provide name of all points of sales	- - -	-Aveiro -	- - -	
Use of SBP claim:	☒ Yes	☐ No		☒
SBE Verification Program:	☐ Low risk sources only	☐ Sources with unspecified/ specified risk		☒
	New districts approved for SBP-Compliant inputs:			
Sub-scopes	NA			☒
Specify SBP Product Groups added or removed:				
Comments:				

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.

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

4 SBP Standards utilised

4.1 SBP Standards utilised

Verification of SBP-compliant Feedstock, SBP Standard 2, Version 1.0, March 2015

Chain of Custody, SBP Standard 4, Version 1.0, March 2015

Collection and Communication of Data, SBP Standard 5, Version 1.0, March 2015

Instruction document 5A Collection and Communication of Data version 1.0. March 2015 was utilised for the evaluation as well.

http://www.sustainablebiomasspartnership.org/documents

4.2 SBP-endorsed Regional Risk Assessment

Not applicable.

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

Enerpellets is a pellet producer with two manufacturing plants located in Pedrogão Grande and Alcobaça, both in Portugal at Leiria district. Its pellets can be used for the production of both energies, electric and thermal.

Pedrogão Grande Enerpellets plant started production on 2009 serves industrial segment, with effective annual production capacity of 140,000 tons.

The other plant (Alcobaça) is not in the scope of SBP certification because it produces pellets only for domestic use.

Produces wood pellets from the local raw material species, mainly pine (*Pinus pinaster*). The unit has the capability to process the raw material as primary feedstock (pulpwood and forestry residues) or secondary feedstock (woodchips, sawdust and offcuts).

In 2015, no FSC certified or CW feedstock was used in the production.

The localization in Pedrogão Grande is a strategic choice, since it is set up amongst the largest forested area in Portugal, which enables for a proximity to the raw material. Since production is mainly transported by boat it was made available in the harbours of Figueira da Foz and Aveiro logistic infrastructures for loading vessels.
These ports were chosen due to its relative proximity to Pedrogão, as well as the fact of being the larger ports in the centre of Portugal for bulk freight.

From the plant, pellets are transported by truck and sold at the harbours where transport responsibility is hold by the customer under incoterms conditions FOB

Enerpellets is also exploiting pine bark as a wood sub-product inside its industrial park enhancing a higher added value than to burn. Bark is also exported for central European countries. Their renewable investment will also include a photovoltaic plant soon.

The BP is also certified as FSC credit system to manage their Chain of Custody.

5.2 Description of Biomass Producer's Supply Base

Most part of wood (99,65%) is coming from forested areas of Portugal, mainly from the districts of, Portalegre, Santarém, Castelo Branco, Faro, Leiria, Coimbra, Aveiro, Viseu Guarda and Setubal.

The rest of feedstock is coming from Spanish autonomic communities of Castilla y Leon and Exstramadura

The primary material (logs, harvesting waste and other forest waste from pines and eucalyptus) is supplied by approximately 39 small and medium companies which are made aware of and controlled in order to obtain the necessary information about the origin of the management unit, with a compromise stated to that effect.

These suppliers (loggers) usually select the wood during logging operations, to sale best logs to sawmills industries, sending thinner roundwood, branches and biomass to pellet industries. Enerpellets is recommending these practices to its suppliers for every species where a better values added is possible.

Secondary pine feedstock represented 15% of supplies in 2015, coming from 27 Portuguese sawmills.

According to preliminary data from the latest National Forest Inventory, 2013 (IFN6 - Areas of land use and forest species in mainland Portugal in 1995, 2005 and 2010), the forest land use is the dominant use of the mainland. The Portuguese forest occupies 3.2 million hectares, which corresponds to 35.4% of the country, one of the largest proportions of forested areas of Europe.

From the total forest land the main forest correspond with Eucalyptus forest (26%) followed by cork (23%). The pine forest is distributed throughout the with Maritime Pine occupying 23% of the forest area of the mainland, mostly located in small areas and Umbrella Pine occupying 6% of the total forest area of continental Portugal, with its main distribution in the south of the country.

Maritime Pine (*Pinus pinaster*) forests are usually managed in stands of trees, generally of seed or seedling origin, that usually develop a high closed canopy, and can be managed using natural regeneration or by sowing or planting.

Over the period 1995-2010 the forest areas exhibited a decrease of 4.6%, corresponding to a net loss rate of 0.3% / year (10 mil ha / year). The net decrease of forest areas (-150,611 ha) is mainly due to conversion to the land use class "brush and pastures."

In addition to this conversion, significant amount of forested land was converted to urban use between 1995 and 2010 (28 000 ha). Additional information about this evolution, risk and facts connected with the supply base are detailed in the SBR. (http://www.enerpellets.pt/pdf/relatoriodabase.pdf

5.3 Detailed description of Supply Base

a. Total Supply Base area:	21,5 million ha (Portugal and Spain)
b. Tenure by type:	Privately owned:15,4 million ha
	Public: 6,1 million ha
c. Forest by type:	Temperate: 21,5 million ha
d. Forest by management type:	Plantation: 16,9 million ha
	Natural regeneration: 4,6 million ha
e. Certified forest by scheme:	FSC: 578580 ha PEFC: 2100 686 ha

Quantitative description of the Supply Base can be found in the Supply Base Report of the Biomass Producer website: http://www.enerpellets.pt/pdf/relatoriodabase.pdf

5.4 Chain of Custody system

The Organisation is certified with FSC Chain of Custody certificate with FSC Controlled wood in the scope of the certificate. Critical control points of the FSC CoC system were evaluated also during SBP assessment.

The Organisation has implemented FSC credit system. All the input materials are received either with FSC certified claim, FSC Controlled wood claim or the material is covered by organisation's own Controlled wood verification system.

The Controlled wood system includes all primary material from Portugal and Spain.

Incoming wood reception register and supplier list are maintained. All material is checked during the arrival and correctly recorded in the internal system. No physical separation is needed. Based on the credit account management the proportion of the SBP-compliant and SBP-controlled biomass can be calculated.

6 Evaluation process

6.1 Timing of evaluation activities

The assessment was carried out on 19th and 20th July. Assessment activities included documents review at office, inspection of production facilities and staff interviews.

6.2 Description of evaluation activities

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

Description of the assessment evaluation:

All SBP related documentation connected to the SBP as well as FSC CoC/Controlled sources system of the organisation, including Stakeholder Consultation, SBP Procedures, GHG related data, Supply Base Reports, were evaluated during the assessment.

Auditor was welcomed in Enerpellets. Audit started with an opening meeting attended by the Quality Manager, the Director and the external consultant that supported the company in the SBP implementation.

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

After that auditor went through all applicable requirements of the SBP standards nr.2, 4, 5 and instruction documents 5a covering input clarification, existing chain of custody and controlled wood system, management system, CoC, recordkeeping/mass balance requirements, emission and energy data and categorisation of input and verification of SBP compliant and SBP Controlled feedstock/ biomass.

During this process overall responsible person for SBP system and as well as other persons having key responsibilities within the system were interviewed.

After that, roundtrip around BP's pellet production was undertaken. During the site tour reception process were observed, applicable records were reviewed, pellet factory staff was interviewed and FSC system critical control points were analysed.

At the end of the audit findings were summarised and audit conclusion based on use of 3 angle evaluation method were provided to the quality manager, the Industrial Production Responsible and external consultant.

Composition of audit team:

Auditor(s), roles	Qualifications
Rui Simoes Lead auditor	Rui is a forestry engineer with more than 20-year experience in different forest project, management plans and forest management and Chain of Custody audits. Rui has completed with success an SBP training on 2016th. FSC, PEFC in FM and COC auditor for NEPCon. SBP auditor.

6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on 7th of June 2016 by sending direct email to different stakeholder categories: state institutions, local NGOs, authorities, government bodies, forest owners associations, academic and research institutions. The stakeholder notification letter is added as an Exhibit No. 10 to this report.

Additionally, during the assessment, the auditor made some stakeholder interviews at local sawmills to support the findings and confirm the information provided by the BP and included in the SBR. The area of interest in this stakeholder consultation was the proportion of primary feedstock that finished in biomass compared to other final uses. Stakeholder confirmed the information provided by the BP.

7 Results

7.1 Main strengths and weaknesses

Strengths:

-Most of SBP system elements were implemented at the time of the assessment.

-Use of the FSC system and control of all incoming materials at the level of reception.

Weaknesses:

-See the non-conformities reports below.

7.2 Rigour of Supply Base Evaluation

Not applicable.

7.3 Compilation of data on Greenhouse Gas emissions

Some data required for the GHG calculation were not supported by strong evidence as the organization did not collect all information on regular basis during 2015 before the decision to go for SBP certification was taken.

However, the newly established system for GHG data collection is already implemented for the assessment. Some NCR were issued.

7.4 Competency of involved personnel

SBP responsible workers	Qualifications
Silvia Jorge	Quality manager, is responsible of the hole quality procedures and certifications as FSC and SBP. She is the main responsible of SBP certification inside the BP. She has provided good overview of the SBP system and the requirements.
Giovanni Alencastro	Forest Engineer, specialized on certification (external consultant), giving SBP training to all involved people.
Rui Rodrigues	Production director, Mechanic Engineer . Rui Rodrigues is also responsible of procurement, so SBP requirements are used in several parts of his responsibilities. He has provided good knowledge of controlling the certified claims and other relevant requirements.

7.5 Stakeholder feedback

No comments were received from stakeholders. During the audit some questions were made to local sawmill to confirm the feedstock destinations, which was done. Interviewed persons didn't want to give identities.

7.6 Preconditions

Not applicable.

8 Review of Biomass Producer's Risk Assessments

Not applicable.

9 Review of Biomass Producer's mitigation measures

Not applicable.

10 Non-conformities and observations

NCR: 01/16	NC Classification: minor
Standard & Requirement:	SBP Standard # 2 requirement 6.1
Description of Non-conformance and Related Evidence:	
Until the moment of the assessment, BP didn't received any material classified as SBP compliant primary feedstock. Place of harvesting is questioned at reception, filling system cells according to the following documents: -Cutting manifest (in case of pines from Portugal), or; -Permiso de corta in case of spanish wood; or -Transportation document in all other cases. This process is in the procedures for receptionof the primary feedstock and it is included on IT.11. Recepção de Matérias-Primas. However, on the IT system it was shown that in case of spanish origin, the system chooses "Estrangeiro", instead of place of origin.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	12 months from audit closing date
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	**OPEN**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

NCR: 02/16	NC Classification: minor
Standard & Requirement:	SBP Standard # 2 requirement 6.3
Description of Non-conformance and Related Evidence:	
BP has a system to find the place of harvesting of the feedstock based on keeping documents and records like cutting manifests, transportation documents and licenses (in case of feedstock from Spain) which applies to every primary feedstock. This documents are verified by sampling on own verification program (FSC CW). In case of secondary feedstock BP makes a verification program to understand the place of origin of wood, started from January 2016, where Assis Martins is doing twice a month a visit to sawmills, asking for primary manifests. During the assessment the process of supplier evaluation was evaluated on case of supplier Verde Pinho chips (nr:11187) and this evaluation has proved that the evaluation is at sufficient extend to provide information about the origin. The verification program contained evaluation of 34 documental processes and supplier visits in 2016.In 2015 this system was not in place yet, and therefore the origin of the material for reporting period was not evaluated and this results in minor non-conformity.	
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	By the next annual surveillance audit
Evidence Provided by Organisation:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	**OPEN**
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?	Yes ☐ No ☒

NCR: 03/16	NC Classification: minor	
Standard & Requirement:	SBP Standard # 5 requirement 5a, 3.3.1, 3.7.6	
Description of Non-conformance and Related Evidence:		
The BP has included energy used for forestry from a public report of eucalyptus plantations in Brazil including every forest management practices from soil preparation, plantation until the final felling. Justification of this source used by BP is because of the accuracy of study in similar conditions. BP didn't found any local study with same precision. The same value of 3,28 l/ha for eucalyptus has been used for pine and other forest management practices. A minor non-conformance is issued because BP didn't use the data as much accurate as possible, in the local reality.		
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.	
Timeline for Conformance:	By the next annual surveillance audit	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	**OPEN**	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

NCR: 04/16	NC Classification: minor	
Standard & Requirement:	SBP Standard # 5 requirement 5a, 4.12.1	
Description of Non-conformance and Related Evidence:		
In 2015, BP didn't measure biomass moisture used in dryer, per category of feedstock, that's why there are no values on GHG table (line 1.2.13). Together with implementation of SBP requirements the BP has implemented the process of moisture measurement and therefore there are data for2016,		
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.	
Timeline for Conformance:	By the next annual surveillance audit	
Evidence Provided by Organisation:	PENDING	
Findings for Evaluation of Evidence:	PENDING	
NCR Status:	**OPEN**	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

NCR: 05/16	NC Classification: minor	
Standard & Requirement:	SBP Standard # 2 requirement 2C,.4.1	
Description of Non-conformance and Related Evidence:		
The SBR covers the most part of important features. It is done on latest version available on SBP website. However it doesn't include a concise summary of why a SBE was determined to be required or not required.		
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.	
Timeline for Conformance:	By the next annual surveillance audit	
Evidence Provided by Organisation:	Before the closing of this report, the BP has included justification on SBR about SBE needing.	
Findings for Evaluation of Evidence:	According to the justification provided by BP, it is considered this NCR is closed,	
NCR Status:	**CLOSED.**	
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?		Yes ☐ No ☒

OBS: 01/16	**Standard & Requirement:**	SBP Standard # 4 requirement 6.3.1
	Report Section	Appendix B p 7.1
Description of findings leading to observation:	BP is certified against FSC-STD-40-004 V2-1 EN which includes Occupational Health and Safety, and has written procedures about OH&S. However during the audit it was found that the staff didn't used the complete personal equipment in every situation. An Observation is issued as other aspects of the H/S were properly addressed. .	
Observation:	BP should implement every requirement of its Occupational Health and Safety program, which includes the use of complete Personal Equipment for every staff at all times when applicable.	

OBS: 02/16	**Standard & Requirement:**	SBP Standard # 5 requirement 5a, 3.6.1
	Report Section	Appendix C p 4.6.1
Description of findings leading to observation:	BP has provided data calculated from a similar chipper on its other plant (Alcobaça), which has a separated electric counter instaled with monthly values. For this year BP is going to instal a similar electric counter for this machine, to be able to make accurate calculations. One OBS is issued because calculations are not based on suppliers sawmills.	
Observation:	BP should base calculations on its suppliers chippers.	

OBS: 03/16	**Standard & Requirement:**	SBP Standard # 5 requirement 5a, 5.1.3
	Report Section	Appendix C p 6.4
Description of findings leading to observation:	BP didn't use the biodiesel share on pellets haulage to harbour.	
Observation:	BP should base use the biodiesel share on pellets haulage to harbour.	

11 Certification decision

Based on Organisation's conformance with **SBP requirements, the auditor makes the following recommendation:**	
☒	Certification approved: Upon acceptance of NCR(s) issued above
☐	Certification not approved:
Based on auditor's recommendation and NEPCon quality review following certification decision is taken:	
NEPCon certification decision: **The Biomass Producer has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be issued immediately after NEPCon will obtain the arppoval of the report from SBP. The expiration of the certificate will be then 5 years.**	
Certification decision by: Ondřej Tarabus	
Date of decision**: 20.09.2016**	

12 Surveillance updates

Not applicable.

13 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Sílvia Jorge, Quality Manager
Auditor(s):	Rui Simões, Lead auditor
People Interviewed, Titles:	Rui Rodrigues, Manager. Purchase and logistic Dep. Responsible Alberto Nunes, Industria Production Responsible Giovanni Alencastro, external certification expert Sílvia Jorge, Quality Manager Arlindo Silva, Pellets Control Div. Bruno Henriques, Pellets Control Div. Assis Martins, Purchasing and Verification Program Nelson Ferreira, Rotating Tractor operational Daniel Henriques, chipper operational Eduardo Rodrigues, Reception
Brief Overview of Audit Process for this Location:	see 6.2
Comments:	NA