

# NEPCon Evaluation of AXPO IBERIA S.L. Compliance with the SBP Framework: Public Summary Report

Main (Initial) Audit

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## Completed in accordance with the CB Public Summary Report Template Version 1.3

*For further information on the SBP Framework and to view the full set of documentation see  
[www.sbp-cert.org](http://www.sbp-cert.org)*

### *Document history*

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# 1 Overview

|                                 |                                                                                                                                                     |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| CB Name and contact:            | NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia                                                                                                       |
| Primary contact for SBP:        | Ondrej Tarabus ot@nepcon.org, +420 606 730 382                                                                                                      |
| Current report completion date: | 28/Jan/2019                                                                                                                                         |
| Report authors:                 | Pilar Gorría                                                                                                                                        |
| Name of the Company:            | AXPO IBERIA S.L.                                                                                                                                    |
| Company contact for SBP:        | Marco Montalto, Head of Biomass Department marco.montalto@axpo.com                                                                                  |
| Certified Supply Base:          | The supply base is composed of the following Autonomous Regions in Spain: Anadaluca, Comunidad Valenciana, Región de Murcia and Castilla la Mancha. |
| SBP Certificate Code:           | SBP-07-13                                                                                                                                           |
| Date of certificate issue:      | 29/Jan/2019                                                                                                                                         |
| Date of certificate expiry:     | 28/Jan/2024                                                                                                                                         |

This report relates to the Main (Initial) Audit

## 2 Scope of the evaluation and SBP certificate

The certificate scope covers the chipping activity in the forest and office in Madrid, Spain. The BP can purchase the material in 2 points:

- Feedstock purchase in the forest already chipped or in logs, in such case the BP outsource the chipping activity in the forest
- In the port, feedstock purchased in form of chips

The Organisation holds PEFC Chain of Custody certificate, covering chipping and trade of chips: NC-PEFC/COC-031655. The certification covers PEFC certified purchases and sales for primary feedstock originating from Spain (regions of Murcia, Valencia, Andalucia and Castilla la Mancha).

BP uses primary feedstock for chips production. Primary feedstock is delivered from the external suppliers. By this assessment, the BP has only worked with one supplier.

All inputs materials delivered to the BP under the scope of SBP are PEFC certified and the system used in the CoC is physical separation.

It is planned that BP will sell SBP chips from the following harbours: Puerto de Sagunto, Puerto de Alicante, Puerto de Cartagena, Puerto de Sevilla y Puerto de Huelva on FOB or DAP Incoterm conditions. The BP is using temporary storage facilities in each harbour at the moment.

Until the assessment the BP has only worked with forest biomass in very few cases, during the reporting period only 2 ships were loaded with forest biomass. The BP foresee that their activity in the biomass market will increase in the upcoming months.

Scope description: Production of wood chips, for use in energy production, at Spain (region Andalucía, Valencia, Castilla la Mancha and Murcia), transportation to different harbours in Spain (Castellon, Sagunto, Alicante, Cartagena, Almería, Sevilla, Huelva and Cadiz) and additional transport to different Spanish harbours. The scope of the certificate does not include SBE.

Scope of the evaluation is indicated in the table below:

| Scope Item | Check all that apply to the Certificate Scope | Change in Scope<br><br>(N/A for Assessments ) |
|------------|-----------------------------------------------|-----------------------------------------------|
|            |                                               |                                               |

|                                      |                                                                                                                                                     |                                                                                                                                         |                                                                                                   |                              |                          |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|------------------------------|--------------------------|
| Approved Standards:                  | SBP Standard #2 V1.0 SBP Standard #4 V1.0 SBP Standard #5 V1.0<br><a href="http://www.sbp-cert.org/documents">http://www.sbp-cert.org/documents</a> |                                                                                                                                         |                                                                                                   | <input type="checkbox"/>     |                          |
| Primary Activity:                    | Producer of wood chips                                                                                                                              |                                                                                                                                         |                                                                                                   | <input type="checkbox"/>     |                          |
| Input Material Categories:           | <input checked="" type="checkbox"/> SBP-Compliant Primary Feedstock                                                                                 | <input type="checkbox"/> SBP-Compliant Secondary Feedstock                                                                              |                                                                                                   | <input type="checkbox"/>     |                          |
|                                      | <input type="checkbox"/> Controlled Feedstock                                                                                                       | <input type="checkbox"/> SBP non-Compliant Feedstock                                                                                    |                                                                                                   |                              |                          |
|                                      | <input type="checkbox"/> SBP-Compliant Tertiary biomass                                                                                             | <input type="checkbox"/> Post-consumer Tertiary Feedstock                                                                               |                                                                                                   |                              |                          |
|                                      | <input type="checkbox"/> SBP-approved Recycled Claim                                                                                                | <input type="checkbox"/> Post-consumer Tertiary Feedstock                                                                               |                                                                                                   |                              |                          |
|                                      |                                                                                                                                                     |                                                                                                                                         |                                                                                                   |                              |                          |
| Chain of custody system implemented: | <input type="checkbox"/> FSC                                                                                                                        | <input checked="" type="checkbox"/> PEFC                                                                                                | <input type="checkbox"/> SFI                                                                      | <input type="checkbox"/> GGL | <input type="checkbox"/> |
|                                      | <input checked="" type="checkbox"/> Transfer                                                                                                        | <input type="checkbox"/> Percentage                                                                                                     | <input checked="" type="checkbox"/> Credit                                                        |                              | <input type="checkbox"/> |
| Points of sales                      | <input type="checkbox"/> Harbour (including own handling of material)                                                                               | <input checked="" type="checkbox"/> Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbour | <input type="checkbox"/> Other point of sale (e.g. gate of the BP, boarder, railway station etc.) |                              | <input type="checkbox"/> |
| Provide name of all points of sales  | -<br>-<br>-                                                                                                                                         | Sagunto<br>Alicante<br>Cartagena<br>Sevilla<br>Huelva                                                                                   | -<br>-<br>-                                                                                       |                              |                          |
| Use of SBP claim:                    | <input checked="" type="checkbox"/> Yes                                                                                                             |                                                                                                                                         | <input type="checkbox"/> No                                                                       |                              | <input type="checkbox"/> |
| SBE Verification Program:            | <input type="checkbox"/> Low risk sources only                                                                                                      |                                                                                                                                         | <input type="checkbox"/> Sources with unspecified/ specified risk                                 |                              | <input type="checkbox"/> |

|                                                  |  |                          |
|--------------------------------------------------|--|--------------------------|
|                                                  |  |                          |
| Sub-scopes                                       |  | <input type="checkbox"/> |
| Specify SBP Product Groups added or removed: N/A |  |                          |
| 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. The scope of this evaluation does not cover a Supply Base Evaluation, since all feedstock is either SBP-compliant feedstock or SBP-controlled feedstock.

The scope of the evaluation covered:

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

## 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

AXPO IBERIA S.L. is a subsidiary company from AXPO Group which operates in the energy sector as energy producer and other related activities. Axpo Iberia has a biomass department that operates as biomass trader, providing their clients with biomass from forest and agriculture sources and trading services. The work with forest biomass is relatively new for the company and it is very much connected with SBP certification. The feedstock is chipped in the forest and transported directly to the ports where it is loaded into the ships and sent to client. The feedstock includes material from a Supply Base consisting of Andalucía, Camunidad Valenciana, Castilla la Mancha and Murcia. The scope of the certification includes the use of a logistics site at the harbour in Sagunto, Alicante, Cartagena, Huelva y Sevilla.

### 5.2 Description of Company's Supply Base

The Supply Base includes provinces of Andalucía, Camunidad Valenciana, Castilla la Mancha and Murcia.

The official data of the INE (National Institute of Statistics) indicate that Spain is the third country of the European Union with more wooded forested area (18,417,900 hectares) after Sweden and Finland. The total forest area represents 27.7 million hectares, 54.8% of the Spanish territory.

According to public data of the Government of Spain of the forested surface, 36% are public forests: belonging to: the State, to the autonomous communities, to the local entities and to other entities of public right. 64% are private forests: belonging to individuals or legal entities under private law, either individually or under co-ownership, which can be divided into community property forests representing 7% and private forests that represent 57%.

Within this area, Axpo Iberia defines its scope in raw material (primary feedstock), chips 100% PEFC certified, sourced from: pruning, thinning, clearing and / or final cutting of species of the Pinus and Eucalyptus genus, in PEFC certified forests. Included in the scope is the transport of the material from the forest to the port facilities in chips and, if necessary, the transport to the port of export destination.

Valencian Community:

- The Valencian Community has 748,000 hectares of wooded forest area, on a total of 1,267,000 hectares of forest area.
- Regarding the property regime, the private forest clearly predominates except in the province of Valencia where the public dominates
- Regarding the species, the pines are the clear dominants of the forest area
- According to the IFN3 data, the average stock of the Valencian forests is 20,000,000 m3 of wood with bark. In 2012, 248,000 m3 of bark wood was cut in the community

Region of Murcia:

- The Region of Murcia has 302,000 hectares of wooded forest area on a total of 487,000 hectares of forest area.
- Regarding the property regime, the private forest that represents 70% of the forest area of Murcia clearly predominates. Of 30% of public forest, 60% belongs to local entities and 40% to the regional or central administration.
- Regarding the species, the pines, both in natural and repopulated masses, are the main population of the community forest area
- According to the IF3 data, the average stock of the Murcia mountains is 9,116,000 m3 of wood with bark. In 2012, 1,368 m3 of bark wood was cut in the community.

Castilla la Mancha:

- According to the IFN3, Castilla La Mancha has 2,740,000 hectares of wooded forest area on a total of 3,565,000 hectares of forest area.
- Regarding the ownership regime, the private forest clearly represents 76% of the Castilian forest area of La Mancha. Of the 24% of public forest, 55% belongs to local entities and 45% belongs to the regional or central administration.
- According to data from the government of Castilla La Mancha, regarding plant formations pine forests represent 37% of the forest area of the Community. The following superficial formation is the oak with 19% surface
- According to the IF3 data, the average stock of the Castilian-La Mancha mountains is 84,000,000 m3 of wood with bark. In 2012, 258,000 m3 of bark wood was cut in the community

The BP works with material sourced from public forest and in private forest, with different characteristics respect to contracts, adjudications and necessary licenses, but in any case they have to fulfill the requirement of having a certificate valid in PEFC Forest Management.

There is a study carried out by COSE (Spanish Confederation of Forest Organizations) and published by MAPAMA, 2013, which concludes that the degree of control by the forest authority is high or very high in all the Autonomous Communities except Galicia. It states that there is no risk that undeclared timber extraction will have a significant size.

The Law of Forestry (Law 43/2003, of November 21, of Forestry, Law 10/2006, of April 28, and Law 21/2015, of July 20, that modifies Law 43/2003 - Law of Consolidation ) gives the Autonomous Communities the authority of forest management and their control. In the case of public forests managed by the administration (public property) there must be internal approval of the Forest Service of the CA.

Each CCAA develops its own legislation and models for the case, both public tenders and permits and authorizations for forestry work and exploitation. There are 3 relevant documents in order to verify the legality of the use and compliance with the requirements of the EUTR:

- Notification of work / use (in private forests for works included in the planning of approved PG where the CA allows it)
- Authorization of work / use (in private forests without management plan or other circumstances according to legislation of the CCAA)

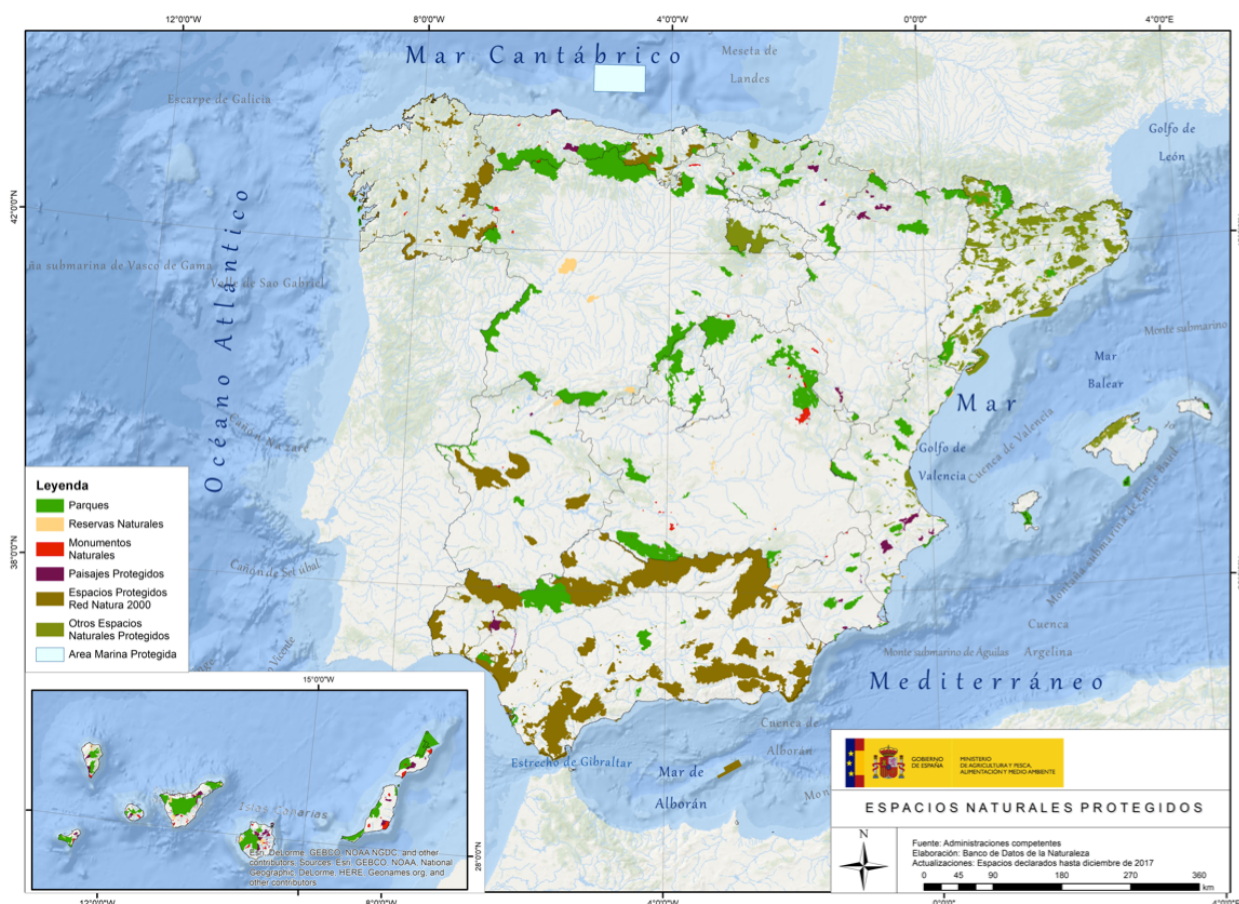
- Adjudication of jobs (in public forests)

In Spain there is a systematic legal framework for the protection of natural areas and areas with high conservation values: "In accordance with Law 42/2007 on Natural Heritage and Biodiversity, those spaces in the national territory, including protected areas, are considered inland waters and maritime waters under sovereignty or national jurisdiction, including the exclusive economic zone and the continental shelf, that meet at least one of the following requirements and are declared as such:

- Contain representative natural systems, elements, fragile, threatened or of special ecological, scientific, landscape, geological or educational interest.
- Specially dedicated to the protection and maintenance of biological diversity, geodiversity and the associated natural and cultural resources. "

There is no vegetable forest species produced or cultivated in Spain in the list of CITES species. Neither pine nor eucalyptus are within CITES species, appendices I II or III.

There are multiple figures and denominations since the majority of the Autonomous Communities have legislated on this issue: National Parks, Natural Parks, Nature Reserves, Natura 2000 Network Areas, Biosphere Reserves. The protected area in Spain is 13% for natural spaces and reaches 28% if the Natura 2000 Network is included, with Spain being the country that contributes most to the Natura 2000 Network, the main instrument of the European conservation policy. The protected areas cover both public and private mountains



At the same time, there are high conservation values linked to cultural goods and prehistoric findings. The Iberian Peninsula is an area with a large amount of archaeological and prehistoric remains. There is both state legislation and the CCAA that protects and catalogues assets of historical and cultural interest.

## 5.3 Detailed description of Supply Base

Data from Spanish Government (IFN3 Spanish National Inventory 3 and other) and Governments of CCAA, except certification data from FSC and PEFC

- Total Supply Base area (ha): 6.710.000 ha wooded forested area; 9.786.000 ha forested area
- Tenure by type (ha): 7.207.016 ha forested area privately owned / 2.578.984 ha forested area public owned
- Forest by type (ha): 6.710.000 ha wooded forested area temperate; 9.786.000 ha forested area temperate
- Forest by management type (ha): 202.100 ha plantation forested area (Eucalyptus Andalucía) / 6.507.900 ha managed natural or natural forested area
- Certified forest by scheme (ha): PEFC Spain: 2.170.441 ha (Andalucía 273.614 ha; Comunidad Valenciana 1.212 ha; Murcia 0 ha; Castilla La Mancha 51.444 ha). FSC Spain 271.697 ha (Andalucía 145.411,58 ha; Comunidad Valenciana 0 ha; Murcia 0 ha; Castilla La Mancha 0 ha)

Data that quantifies the BP's Supply Base can also be found in the Supply Base Report, which will be available online for download from [www.sbp-cert.org/accreditations-and-certifications/certificate-holders/](http://www.sbp-cert.org/accreditations-and-certifications/certificate-holders/) and from the biomass producers website at <https://www.axpo.com/axpo/es/es/home.html> (once the NCR related have been addressed)

## 5.4 Chain of Custody system

The BP holds PEFC Chain of Custody certificate with physical separation method in the scope. All inputs are received as 100% PEFC certified. Material not included in the certification scope is sourced and managed physically segregated. The CoC scope covers the purchase of roundwood in the forest, chipping and transport of biomass to be sold in the Spanish ports detailed in the scope.

The BP purchase biomass in 3 different forms:

- Purchase biomass in the forest in 2 forms: logs or chipped. In case it is purchased in logs, the biomass outsources the chipping process in the forest.
- Purchase chips material directly from the port

Although these 3 possibilities exist under the COC certificate scope the BP foresees that in majority of the operations, biomass will be purchased in the forest already chipped.

Purchased documentation (harvesting permit, origin, specie, etc.) is reviewed and validated by the BP prior to start the harvesting activities by Juan Manuel. Once the material is received in the harbours, Juan Manuel double check all documentation from the supplier and the harbour to validate it. The biomass is stored in each harbour and controlled by an outsourced logistic company there.

## 6 Evaluation process

### 6.1 Timing of evaluation activities

The main assessment audit took place on 12<sup>th</sup> July and it was conducted in accordance with the audit agenda below (which had been provided to the BP prior to the audit).

| Activity                                                                                               | Location | Auditor | Date/time                  |
|--------------------------------------------------------------------------------------------------------|----------|---------|----------------------------|
| Day 1                                                                                                  |          |         |                            |
| Opening meeting*                                                                                       | Office   | PGS     | 12/07/2018<br>9.30 – 10:00 |
| Documents and procedures review of PEFC                                                                | Office   | PGS     | 10.00 – 12.00              |
| Traceability and material control system (SBP + PEFC)                                                  | Office   | PGS     | 12.00 – 14.00              |
| Lunch break                                                                                            |          |         | 14:00 – 15:00              |
| Purchase revision (Supply Base Report, Quality Management, training, internal audits, complains, etc.) | Office   | PGS     | 15:00 – 18:00              |
| Day 2                                                                                                  |          |         |                            |
| Origin of material verification - suppliers                                                            | Office   | PGS     | 13/07/2018<br>9:00 – 11:00 |
| Sustainability revision calculation – SAR                                                              | Office   | PGS     | 11:00 – 13:30              |
| Interview with purchasing department representative + records                                          | Office   | PGS     | 13:30 – 14:00              |
| Lunch break                                                                                            |          | PGS     | 14:00 – 15:00              |
| Profiling information –sales                                                                           | Office   | PGS     | 15:00 – 16:00              |
| Internal team meeting                                                                                  | Office   | PGS     | 16:00 – 16:30              |
| Closing meeting                                                                                        | Office   | PGS     | 16:30 – 17:00              |
| Estimated end of evaluation                                                                            | Office   | PGS     | 17:00                      |

*CVA audit was conducted on December 14<sup>th</sup> (desk audit) through phone interview with the responsible staff and review of records and evidences provided by the BP to evaluate the preconditions issued during the main assessment.*

### 6.2 Description of evaluation activities

The audit started with an opening meeting on Thursday July 12 at 9:30 with attendance from the Head of Biomass Department, the main responsible for SBP and PEFC CoC procedures and the external consultant.

The BP doesn't take physical possession and has not production facilities, chipping takes place on the forest and the material goes directly from the forest to the harbour. The audit consisted of review of procedures,

control system, feedstock reception and feedstock storage (at the harbour). Interviews were conducted with all staff relevant to the critical control points and key responsibilities in relation to the reception, storage and sales of the certified products.

The audit also included extensive documents review and check of calculations in regard to the GHG emission data reported by the BP.

The audit was concluded with a closing meeting with attendance by the external consultant and with the Head of Biomass Department by phone. During the closing meeting the auditor presented the conclusions of the audit, including the NCRs and Observations and a few points for follow-up.

*CVA audit was conducted on December 14<sup>th</sup> through phone interview with the responsible staff and review of records and evidences provided by the BP to evaluate the preconditions issued during the main assessment. Final documentation was received by the auditor January 17<sup>th</sup> 2019 and evaluated at the same day. The supporting documents provided sufficient evidence to close all the preconditions identified during the initial audit.*

## 6.3 Process for consultation with stakeholders

The stakeholder consultation was carried out on 31<sup>st</sup> of May, 2018 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 to this report. The stakeholder consultation was send quite some time in advance of the initial audit due to the fact that the audit was postponed several times.

No comments were received.

## 7 Results

### 7.1 Main strengths and weaknesses

The main strength of the BP lies within relatively simple production and its use of primary material which is all received as PEFC Certified and therefore can be sourced without the need for a Supply Base Evaluation. The BP only works with one supplier (this number can be increased in the future, but the BP doesn't expect to work with a big number of suppliers) and the chain of custody downstream is short, thus access to necessary information regarding the forest management unit of origin can be easily confirmed.

For weaknesses, please see the NCRs in Section 10 of this report

### 7.2 Rigour of Supply Base Evaluation

Not applicable

### 7.3 Collection and Communication of Data

All energy and fuel use documentation for chipping and transport has been provided by the supplier or outsourcing companies in the harbours

### 7.4 Competency of involved personnel

The BP does not implement an SBE. The Head of Biomass Department, Marco Montalto has been appointed overall responsible for the SBP and PEFC CoC systems, and was found to have the necessary competences to implement SBP procedures. He is supported by the external consultant Pablo Gómez-Reino Perez, who showed very good understanding of both the overall objectives and specific requirements of the SBP system and standards.

### 7.5 Stakeholder feedback

Not received

### 7.6 Preconditions

See major NCRs in section 10. All the preconditions were addressed by the organization and this was confirmed by CVA audit.

## 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.*

**Not applicable**

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

| Indicator | Risk rating<br>(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<br>(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 |

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

| Indicator | Risk rating<br>(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<br>(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

Not applicable

## 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.

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| <b>NC number</b> 01/18                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>NC Grading:</b> Major                                                                                                                                   |
| <b>Standard &amp; Requirement:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | SBP Standard #2: requirement 6.1. and 6.3.                                                                                                                 |
| <b>Description of Non-conformance and Related Evidence:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                            |
| SBP procedures includes that FMU are identified using harvesting licences. Documents are provided by the supplier prior to start forest activity and the responsible staff in the BP validate the feedstock origin. During the assessment a sample of these documents were requested by the auditor to verify origin and validate the purchases procedure during the reporting period. The records were not available during the audit in the BP office in Madrid and auditor couldn't evaluate it. Only 50% of the records were received after the audit and prior to close this report. |                                                                                                                                                            |
| <b>Timeline for Conformance:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Prior to (re)certification                                                                                                                                 |
| <b>Evidence Provided by Company to close NC:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Harvesting permit and delivery document. Exh 10                                                                                                            |
| <b>Findings for Evaluation of Evidence:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Harvesting permits and delivery documents requested by the auditor were provided by BP. Place of harvesting is recorded and identified. The NCR is closed. |
| <b>NC Status:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                            |

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| <b>NC number</b> 02/18                                                                                                                                                                                                                                     | <b>NC Grading:</b> Major                                           |
| <b>Standard &amp; Requirement:</b>                                                                                                                                                                                                                         | SBP Standard #2: requirement 7.1.                                  |
| <b>Description of Non-conformance and Related Evidence:</b>                                                                                                                                                                                                |                                                                    |
| The BP was aware of the requirement of posting their SBR on their website but had not yet done this at the time of the main assessment. Since this is a formal requirement of the SBP system, and a precondition to certification, a Major NCR was raised. |                                                                    |
| <b>Timeline for Conformance:</b>                                                                                                                                                                                                                           | Prior to (re)certification                                         |
| <b>Evidence Provided by Company to close NC:</b>                                                                                                                                                                                                           | The BP has uploaded the SBR in the website in English and Spanish. |

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| Findings for Evaluation of Evidence: | The auditor has evaluated the organization website and SBRs were uploaded in both languages.<br><a href="https://www.axpo.com/content/dam/axpo2/Documents/Spain/Axpo%20Iberia_Supply-Base-Report%20FINAL%20ENG.pdf">https://www.axpo.com/content/dam/axpo2/Documents/Spain/Axpo%20Iberia_Supply-Base-Report%20FINAL%20ENG.pdf</a><br><a href="https://www.axpo.com/content/dam/axpo2/Documents/Spain/Axpo%20Iberia_Supply-Base-Report%20FINAL%20ENG.pdf">https://www.axpo.com/content/dam/axpo2/Documents/Spain/Axpo%20Iberia_Supply-Base-Report%20FINAL%20ENG.pdf</a> |
| NC Status:                           | Closed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

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| NC number 03/18                                                                                                                                                                                                                                      | NC Grading: Major                                                                   |
| Standard & Requirement:                                                                                                                                                                                                                              | SBP Standard #2C: requirement 2.1.                                                  |
| Description of Non-conformance and Related Evidence:                                                                                                                                                                                                 |                                                                                     |
| The BP was aware of the requirement of translate the SBR to English but had not yet done this at the time of the main assessment. Since this is a formal requirement of the SBP system, and a precondition to certification, a Major NCR was raised. |                                                                                     |
| Timeline for Conformance:                                                                                                                                                                                                                            | Prior to (re)certification                                                          |
| Evidence Provided by Company to close NC:                                                                                                                                                                                                            | SBR in English                                                                      |
| Findings for Evaluation of Evidence:                                                                                                                                                                                                                 | Prior to close this report the BP has sent the SBR translated to English. See Exh 4 |
| NC Status:                                                                                                                                                                                                                                           | Closed                                                                              |

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| NC number 04/18                                                                                                                                                                                                                                                     | NC Grading: Major                                                                                                                                                                                                                                                                              |
| Standard & Requirement:                                                                                                                                                                                                                                             | SBP Standard #2: requirement 19.1                                                                                                                                                                                                                                                              |
| Description of Non-conformance and Related Evidence:                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                |
| The BP plans upload the SBR to the webpage and include a note inviting the public to read and send comments a contact email. This is included in the SBP procedures (pg. 4, exhibit 1) but at the moment of this assessment this measure was still not implemented. |                                                                                                                                                                                                                                                                                                |
| Timeline for Conformance:                                                                                                                                                                                                                                           | Prior to (re)certification                                                                                                                                                                                                                                                                     |
| Evidence Provided by Company to close NC:                                                                                                                                                                                                                           | The BP has uploaded the SBR in the company website and invite any stakeholder to comment with the sentence "If you wish to make any comments on the Supply Base Report (SBR), please send an email to the following email address and we will consider your comments marco.montalto@axpo.com". |
| Findings for Evaluation of Evidence:                                                                                                                                                                                                                                | Company website <a href="https://www.axpo.com/axpo/es/en/biomass.html">https://www.axpo.com/axpo/es/en/biomass.html</a>                                                                                                                                                                        |
| NC Status:                                                                                                                                                                                                                                                          | Closed                                                                                                                                                                                                                                                                                         |

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| NC number 05/18 | NC Grading: Major |
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| Standard & Requirement:                                                                                                                                                                                                      | SBP Standard #2: requirement 19.2                                                                    |
| Description of Non-conformance and Related Evidence:                                                                                                                                                                         |                                                                                                      |
| The staff is aware of the requirement that SBR shall be signed off by the senior manager, but at the moment of the assessment some translation issues were pending, and the senior management didn't sign the final version. |                                                                                                      |
| Timeline for Conformance:                                                                                                                                                                                                    | Prior to (re)certification                                                                           |
| Evidence Provided by Company to close NC:                                                                                                                                                                                    | Supply Base Report. Exh 9                                                                            |
| Findings for Evaluation of Evidence:                                                                                                                                                                                         | The BP has provided the SBR fully translated to English and signed by the senior manager. See Exhibi |
| NC Status:                                                                                                                                                                                                                   | Closed                                                                                               |

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| NC number 06/18                                                                                                                                                                                                                                                                     | NC Grading: Minor                                                                         |
| Standard & Requirement:                                                                                                                                                                                                                                                             | SBP Standard #4: requirement 6.3.3                                                        |
| Description of Non-conformance and Related Evidence:                                                                                                                                                                                                                                |                                                                                           |
| The company has a commitment to comply with all applicable laws to its activity. During the audit, records to be in compliance with Tax Office and Social Security was requested by the auditor. At the moment of closing this report, the Tax Office certificate was still pending |                                                                                           |
| 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:                                                                                                                                                                                                                                           | Pending                                                                                   |
| Findings for Evaluation of Evidence:                                                                                                                                                                                                                                                | Pending                                                                                   |
| NC Status:                                                                                                                                                                                                                                                                          | Open                                                                                      |

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| NC number 07/18                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | NC Grading: Major                   |
| Standard & Requirement:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | SBP Standard #5B: requirement 3.1.1 |
| Description of Non-conformance and Related Evidence:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                     |
| SAR document has been validated by the auditor, the following mistakes have been identified: Some sections are written in Spanish. The BP has included in the scope 5 harbours in Spain, each harbour is classified as one Endpoint for GHG calculation purposes. Until the assessment, the BP has only work with 2 ports and the required information in SAR has been provided for these 2 ports (Sagunto & Cartagena). In case of the other 3 ports (Sevilla, Puerto de Alicante y Puerto de Huelva), Section C "Energy use for transport of biomass" is missing. |                                     |
| Timeline for Conformance:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Prior to (re)certification          |
| Evidence Provided by Company to close NC:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Exh 3                               |

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| Findings for Evaluation of Evidence: | Prior to close this report a new version of SAR was received where the weaknesses described in the NCR have been addressed and the SAR can be approved. |
| NC Status:                           | Closed                                                                                                                                                  |

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| NC number 01/19                                                                                                                                                                                                                                                                                             | NC Grading: Minor                                                                         |
| Standard & Requirement:                                                                                                                                                                                                                                                                                     | SBP Standard 2C: requirement 4.1                                                          |
| Description of Non-conformance and Related Evidence:                                                                                                                                                                                                                                                        |                                                                                           |
| The SBR is concise and correct when compared to the sourcing of feedstock and activities of the BP. It includes most of the elements required by the standard, but the justification of bands used when referring to the total feedstock used instead of the exact numbers is not detailed in the document. |                                                                                           |
| 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:                                                                                                                                                                                                                                                                        |                                                                                           |
| NC Status:                                                                                                                                                                                                                                                                                                  | Open                                                                                      |

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| OBS number 01/18                                                                                                                                                                                                                                                                                                                                                                                 | NC Grading: Observation           |
| Standard & Requirement:                                                                                                                                                                                                                                                                                                                                                                          | SBP Standard #2, requirement 15.2 |
| Description of Non-conformance and Related Evidence:                                                                                                                                                                                                                                                                                                                                             |                                   |
| The BP has developed a simplified management system to implement SBP requirements (due to the range and volume of work performed by the BP). The auditor considers this as appropriate to its scale. In case, the amount of work or the complexity of the operation will change in the future, the BP should consider review and adaptation of the management system to the newest circumstances |                                   |
| Timeline for Conformance:                                                                                                                                                                                                                                                                                                                                                                        | Other                             |
| Evidence Provided by Company to close NC:                                                                                                                                                                                                                                                                                                                                                        | Pending                           |
| Findings for Evaluation of Evidence:                                                                                                                                                                                                                                                                                                                                                             | Pending                           |
| NC Status:                                                                                                                                                                                                                                                                                                                                                                                       | Open                              |

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|------------------------------------------------------|--------------------------------------|
| OBS number 02/18                                     | NC Grading: Observation              |
| Standard & Requirement:                              | SBP Standard #5A, requirement 2.1.3. |
| Description of Non-conformance and Related Evidence: |                                      |

The BP has provided all necessary records and documentation needed for the calculation and communication of GHG data. The auditor concludes that the BP will also be able to provide this information for future audits. However, the documented procedures in the management system are only summary for the requirements to prepare SAR document annually with the STD 5 instruction documents. It is recommended that the procedures for collection and communication of energy and fuel use data are strengthened, to facilitate evaluation of this data during future audits

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|-------------------------------------------|---------|
| Timeline for Conformance:                 | Other   |
| Evidence Provided by Company to close NC: | Pending |
| Findings for Evaluation of Evidence:      | Pending |
| 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:**

|                                                        |                        |
|--------------------------------------------------------|------------------------|
| <b>Certification decision:</b>                         | Certification approved |
| <b>Certification decision by (name of the person):</b> | Ondrej Tarabus         |
| <b>Date of decision:</b>                               | 28/Jan/2019            |
| <b>Other comments:</b>                                 |                        |