

Supply Base Report: AXPO IBERIA S.L.

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Completed in accordance with the Supply Base Report Template Version 1.2

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

Document history

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1 Overview

Producer name: Axpo Iberia S.L.
Producer location: Edificio "Torre Europa", Paseo de la Castellana nº 95, 20ª planta, 28046, Madrid, Spain
Geographic position: See Google Maps
Primary contact: Marco Montalto; Edificio "Torre Europa", Paseo de la Castellana nº 95, 20ª planta, 28046, Madrid, Spain; T +34 91 594 76 17 | M +34 682 35 42 96 | F +34 91 594 71 71; marco.montalto@axpo.com
Company website: <https://www.axpo.com/axpo/es/es/home.html>
Date report finalised: 11/July/2018
Close of last CB audit: Assessment
Name of CB: NEPCon
Translations from English: No
SBP Standard(s) used: SBP-standard-2-verification-of-sbp-compliant-feedstock-v1-0; sbp-standard-4-chain-of-custody-v1-0; sbp-standard-5-collection-and-communication-of-data-v1-0
Weblink to Standard(s) used: <https://sbp-cert.org/documents>
SBP Endorsed Regional Risk Assessment: N/A
Weblink to SBE on Company website: <https://www.axpo.com/axpo/es/es/biomass.html>

Indicate how the current evaluation fits within the cycle of Supply Base Evaluations				
Main (Initial) Evaluation	First Surveillance	Second Surveillance	Third Surveillance	Fourth Surveillance
X	☐	☐	☐	☐

2 Description of the Supply Base

2.1 General description

According to data from the INE (Spanish National Institute of Statistics), Spain has the third highest forest cover in the European Union (18,417,900 hectares) after Sweden and Finland. The total forest area represents 27.7 million hectares, which is equivalent to 54.8% of the Spanish territory.

According to data from Spanish Government 36% of forest cover corresponds to public domain forests that belong to the State, to the Autonomous Communities (AC), to local organisations and to other organisations under public law; and 64% is private forests owned by individuals or legal entities under private law and are either individually or co-owned, which can be further categorised into 1) collectively-owned which represent 7% of the total, and 2) private forests which represent 57%.

Axpo Iberia S.L. defines the Supply Base as the Autonomous Community (AC) of Andalucía, Región de Murcia, Comunidad Valenciana and Castilla La Mancha. The Autonomous Communities have well-entrenched and well-mapped boundaries in terms of both their borders and their forests. Analazing each AACC using statistical data available (IFN3 and 2012-2013 statistical data from Spanish Government).

Andalucía:

- Andalucía has 2,920,000 hectares of forest cover on a total of 4,467,000 hectares of forest area.
- In terms of ownership, private forests represent 73.4% of the total, while public forests represent 26.6%. The public area is divided practically in half, with one part belonging to the Government of Andalucía or the State and the other to local entities.
- In terms of species, *Quercus* oak stands are dominant (35%). Pine trees, genus *Pinus*, account for 19% of the forest, and eucalyptus, genus *Eucalyptus*, 4.6%.

La vegetación forestal andaluza

TERRENOS	ESPECIES	SUPERFICIE (MILES DE HA)	% SOBRE SUPERFICIE FORESTAL
Arbolados	Quercus	1.511,3	34,8
	Coníferas	824,7	19,0
	Eucaliptal	202,1	4,6
	Otras frondosas y mezclas	103,0	2,4
Total terrenos arbolados		2.641,1	60,8
Desarbolados	Matorral mediterráneo noble	242,0	5,6
	Matorrales dispersos	306,2	7,0
	Otras formaciones	1.156,2	26,6
Total terrenos desarbolados		1.704,4	39,2
Total forestal		4.345,5	100,0

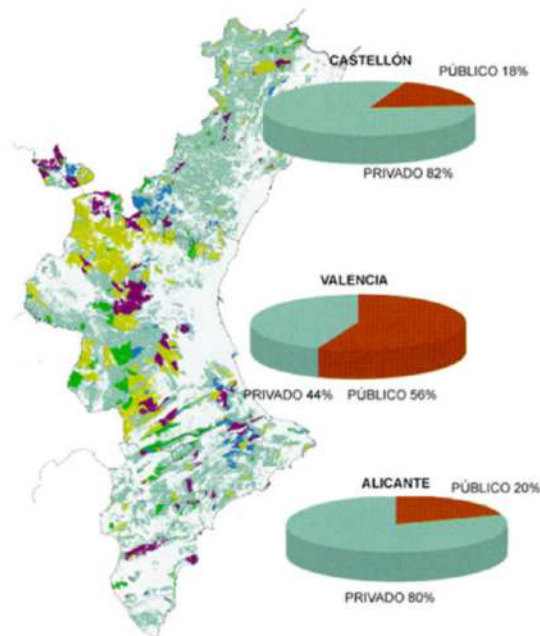
- According to IFN3 data, the stock of Andalusian forests is 75,000,000 m³ of wood. The autonomous community felled a total of 406,000 m³ of wood in 2012.

Comunidad Valenciana:

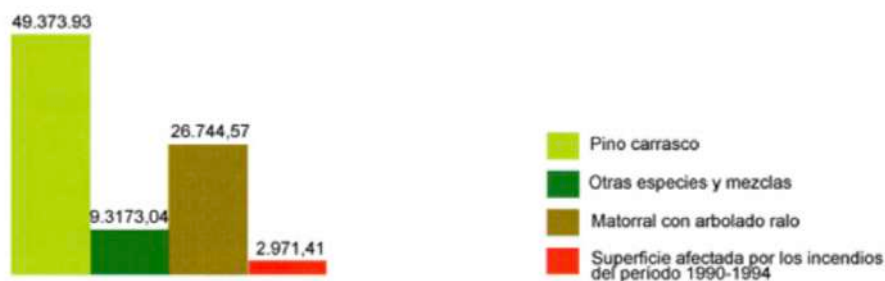
- Comunidad Valenciana has 748,000 hectares of forest cover on a total of 1,267,000 hectares of forest area.
- In terms of the ownership scheme, private forest clearly predominates, except in the province of Valencia:

RÉGIMEN DE LA PROPIEDAD FORESTAL

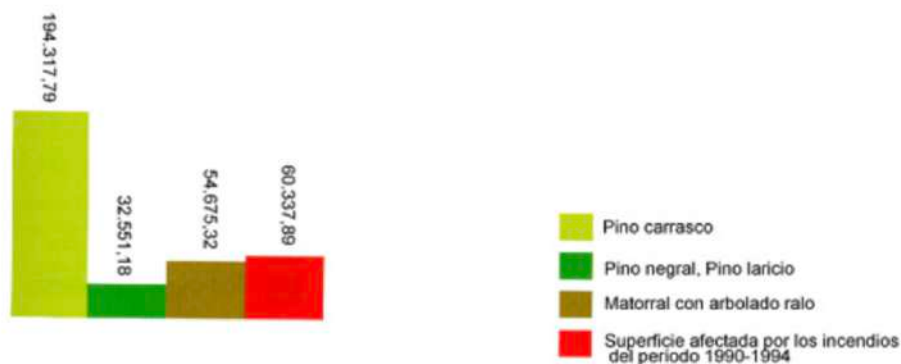
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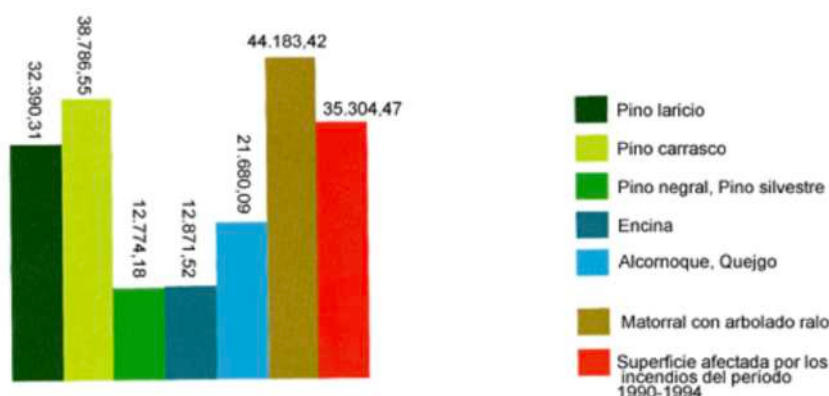
- In terms of species, pines are the dominant species in the Community's wooded area, as can be seen in the following graphs that represent the area each species (Aleppo pine = *Pinus halepensis*, Black pine = *Pinus nigra*, Scots pine = *Pinus sylvestris*) covers in each of the provinces:



El pino Carrasco domina en Alicante



El pino Carrasco domina notablemente en Valencia



Los pinares de pino Laricio y Carrasco predominan en Castellón

- According to IFN3 data, the stock of Valencian forests is 20,000,000 m³ of wood. The autonomous community felled a total of 248,000 m³ of wood in 2012.

Región de Murcia:

- Región de Murcia has 302,000 hectares of forest cover on a total of 487,000 hectares of forest area.
- In terms of the ownership scheme, private forests represent 70% of Murcia's forest area. Of the 30% of public forests, 60% are owned by local entities and 40% to the regional or central administration.
- In terms of species, pines, both in natural and repopulated stands, clearly dominate the community's forests:

Región de Murcia: Características forestales

- Su localización "bio y ecogeográfica" favorece la presencia de **endemismos iberoafricanos**
- Sistemas forestales de los más singulares y significativos del continente europeo
- Diversidad florística con **más de 2.000 especies vegetales**
- Clima típicamente mediterráneo: marcada aridez e irregularidad pluviométrica que favorece las formaciones de matorrales (63% de la superficie forestal).

Entre los **matorrales** se distingue:

- matorral noble (*Pistacia*, *Quercus*, *Rhamnus*, *Chamaerops*, *Maytenus*, *Arbustus*, etc.).
- matorral característico de etapas regresivas (romeral, espartizal, albardinal, tomillar, etc.).

Entre las **formaciones arbóreas** se distinguen:

- especies frugales, especialmente pinos, tanto los naturales como los procedentes de la repoblación.
- sabinas y quercineas xerófilas (encina y coscoja).

En los **montes arbolados** las distribuciones de estas formaciones son:

- 96% coníferas.
- 4% de frondosas.

Región de Murcia
SUPERFICIE FORESTAL ARBOLADA

Especie dominante	Superficie(Ha)
<i>Pinus halapensis</i>	233.401
<i>Pinus nigra</i>	14.095
<i>Pinus pinaster</i>	13.047
Otras coníferas	45.574
Total	305.116
<i>Quercus</i>	11.176
Total	316.292

- According to IFN3 data, the stock in Murcia's forests is 9,116,000 m³ of wood. The autonomous community felled a total of 1,368 m³ of wood in 2012.

Castilla La Mancha:

- According to IFN3 data, Castilla La Mancha has 2.740,000 hectares of forest cover on a total of 3,565,000 hectares of forest area.
- In terms of the ownership scheme, private forests represent 76% of forest area. Of the 24% of public forests, 55% are owned by local entities and 45% to the regional or central administration.
- According to Castilla La Mancha Government data, in terms of vegetation pines represent 37% of forest area. Next one are holm oak formations which represents 19% of forest área:

Principales formaciones forestales	Superficie (ha)
Pinares	1.016.235
Encinares	507.440
Bosques adehesados	266.803
Melojares, quejigares y alcornocales	258.814
Quercíneas con sabinas y enebros	161.749
Bosques mixtos de pinos, quercíneas y sabinas	140.743
Sabinares y enebrales	113.869
Bosques de ribera	39.150
Matorral con arbolado escaso	234.794
Matorral, pastizal y herbazal	825.182
Total forestal	3.564.779

- According to IFN3 data, the stock in Castilla La Mancha's forests is 84,000,000 m³ of wood. The autonomous community felled a total of 258,000 m³ of wood in 2012.

Within this area, Axpo Iberia defines its scope of primary feedstock, woodchips 100% PEFC certified, from forestry works/harvesting: pruning, thinning, clearing and/or final felling of *Pinus* and *Eucalyptus* species in forest management units PEFC certified. Included within this scope is the transportation of woodchips from the forest to the port facilities and, if necessary, the transportation of the woodchips to the international final port.

Regarding the defined Supply Base, various species of the genus *Pinus* are found in four Autonomous Communities, while various species of genus *Eucalyptus* are only found significantly in Andalucía.

Woodchip is bought by Axpo Iberia to one supplier, Maderas Soler, with a contract signed for this supply. Both Axpo Iberia and Maderas Soler holds an active and valid CoC PEFC certificate (Maderas Soler: PEFC/ 14-31-00154-BVC). Maderas Soler made forestry works and chipping directly in the forest. It is included within the scope of Axpo certificate as SBP Biomass producer both forestry works/chipping by Maderas Soler and trading of woodchips by Axpo Iberia.

The works from where the feedstock is obtained can be made both in public and private forests, with their characteristics each one with respect to contracts, adjudications and necessary licenses, but in any case, they have to fulfill the requirement of holding valid certificate in PEFC Forest Management.

In Spain, cadastral information on urban and rural properties throughout the country is available. All properties have a unique cadastral reference that allows them to be identified and located. *"The cadastral reference is the official and obligatory identifier of properties. It is an alphanumeric code, consisting of twenty characters, which is assigned by the Cadastral Registry to ensure that every property has a single cadastral reference. The cadastral reference makes it possible to locate the property on a cadastral map"*.

A study conducted by COSE (Spanish Confederation of Forest Organisations) and published by MAPAMA in 2013 concluded that the degree of management by the forest authority is high or very high in all Autonomous Communities except Galicia, where the management level is considered medium. It is therefore determined that there is no risk of large-scale illegally sourced wood.

The Forestry Law (Law 43/2003 of 21 November on Forests, Law 10/2006 of April 28, and Law 21/2015 of July 20, which modifies Law 43/2003, the Law of Consolidation) gives the Autonomous Communities the powers to manage and control the forests.

Chapter IV - Forest Harvesting establishes that:

- When there is a Management Plan or equivalent in place, or the forest is included within the scope of a PORF (Forest Resources Management Plans), the owner must notify the competent body of the Autonomous Community before harvesting timber.
- In other cases, (where there is no Management Plan or similar in place), administrative authorisation is required before logging.

In the case of public forests managed by the administration (public property), internal approval of the Autonomous Community's Forest Service is required.

Each AC develops its own legislation and models for both public tenders and permits and authorisations for forestry work and harvesting. There are three relevant documents required to verify the legality of the harvesting and compliance with the requirements of the EUTR:

- Notification of work/harvesting (in private forests for works included in the planification of approved Management Plans where the legislation of AC allows)
- Authorisation of work/harvesting (in private forests with no management plan or other extenuating circumstances, according to the legislation of the AC)
- Adjudication of works (in public forests)

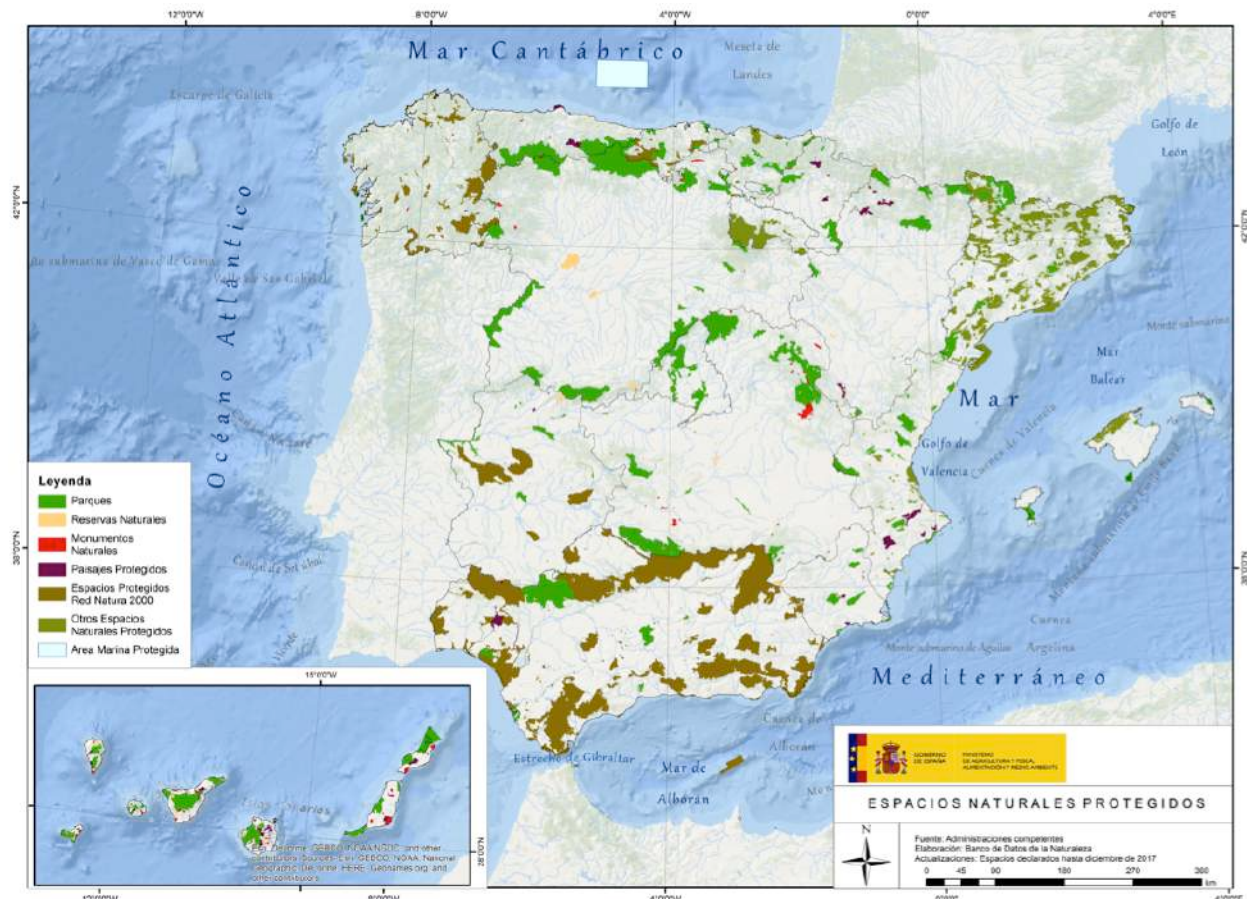
Land tenure and land use rights are covered by Spanish legislation and the authorities have implemented tools to register and monitor these rights. These rights have had significant social and economic relevance for centuries, and as a result are widely developed and recognised. Spain scores higher than 50 in Transparency International's corruption perception index, with a score of 57 in 2017, and although the value has fallen since 2012 (value of 65), there are no reports that significantly link corruption with the forestry sector. The level of governance can be categorised as robust. There are no reports of significant conflicts related to the ownership of the forest lands or the legitimacy of their use. In turn, there is legislation that protects land use. Forest lands are classified as rural within the Urban Plans and there is legislation that protects them from different uses.

In Spain there is a systematic legal framework for the protection of natural areas and areas with high conservation values: "According to Law 42/2007 on Natural Heritage and Biodiversity, those spaces in the national territory, including protected areas, including inland and marine waters under sovereign 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 natural systems or elements that are representative, fragile, threatened or of special ecological, scientific, scenic, geological or educational interest.
- Be devoted specifically to the protection and maintenance of biological diversity, geodiversity and the associated natural and cultural resources".

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

There are several figures and denominations, since the majority of the Autonomous Communities have implemented legislation 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% when including the Natura 2000 Network, with Spain being the country that contributes most to the Natura 2000 Network, the main instrument of Europe's conservation policy. The protected areas cover both public and private forests.



In turn, there are high conservation values linked to cultural property and prehistoric discoveries. The Iberian Peninsula is an area with a large amount of archaeological and prehistoric remains. There is both State and Autonomous Community legislation that protects and catalogues property of historical and cultural value.

The ports of origin act as collection points for woodchips that are later loaded onto ships and exported. Currently, Axpo Iberia S.L. has the following storage sites:

- SAGUNTO (Comunidad Valenciana),
- ALICANTE (Comunidad Valenciana)
- CARTAGENA (Región de Murcia)
- HUELVA (Andalucía)
- SEVILLA (Andalucía)

Woodchips are taken directly from the Supply Base to the storage sites in the ports. The port is chosen depending on the distance between the forest and the port in order to optimise transport. As SBP scope is based on 100% PEFC Certified material segregation measures are available under CoC procedures both in Maderas Soler and Axpo Iberia. Therefore, in the event that different types of materials are stored in a port, the 100% PEFC certified material (which may be sold by Axpo Iberia as "SBP Compliant Biomass") must be adequately segregated from the rest.

2.2 Actions taken to promote certification amongst feedstock supplier

In this certification process both companies related: Axpo Iberia and Maderas Soler, are CoC PEFC certified as scope is defined based on PEFC certified material. Also, as related, Maderas Soler is in process of obtaining PEFC Forest Management Certification on forests managed by them.

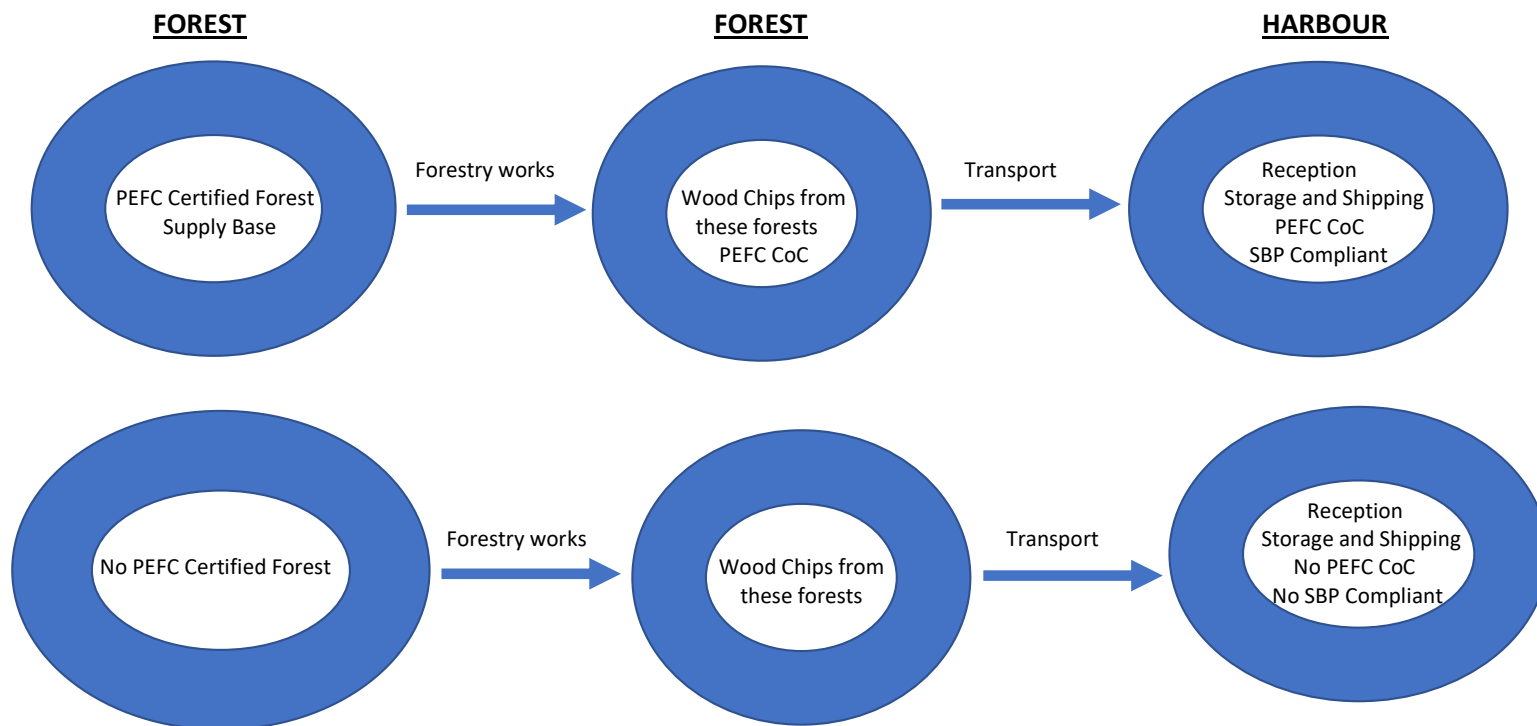
2.3 Final harvest sampling programme

On audit period Axpo Iberia has just charter 2 boats with 6,000 Tn of pine woodchips, which approximately represents 8,000 m³ of roundwood. Taking into account that according to the data shown above, in 2012 were cut 813,368 m³ of roundwood in the Supply base, we conclude that the volume handled by Axpo Iberia represents 1% of total cuts in the Supply Base.

Two aspects need to be taken into account:

1. Available forest statistics (IFN3) show a significant increase in timber stocks in Spain from inventory to inventory as a consequence of both the continued increase in forest area in recent decades and the improvement of forest stands. Also, according to Forest Service reports wood annual growth of Spanish forests (45 million m³) is of the order of three times higher than the amount that is actually cut and harvested (15 million m³ per year). This balance, with an extraction rate of 35%, is maintained with the current data.
 2. Material used for chipping comes normally from silvicultural works (improvement of forest stands), so the percentage of wood coming from final cuttings is very low
- 4 Autonomous Communities on the Supply Base have a low intensity forest management with many pine stands with management deficits that require important silvicultural works.

2.4 Flow diagram of feedstock inputs showing feedstock type [optional]



2.5 Quantification of the Supply Base

Supply Base

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

- a. Total Supply Base area (ha): 6.710.000 ha wooded forested area; 9.786.000 ha forested area
- b. Tenure by type (ha): 7.207.016 ha forested area privately owned / 2.578.984 ha forested area public owned
- c. Forest by type (ha): 6.710.000 ha wooded forested area temperate; 9.786.000 ha forested area temperate
- d. Forest by management type (ha): 202.100 ha plantation forested area (Eucalyptus Andalucía) / 6.507.900 ha managed natural or natural forested area
- e. 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)

Feedstock

- f. Total volume of Feedstock: 0 – 200,000 tonnes (Datos exactos se enseñan en auditoría, pero no se hacen públicos por cuestiones de confidencialidad y competencia)
- g. Volume of primary feedstock: 0 – 200,000 tonnes (Datos exactos se enseñan en auditoría, pero no se hacen públicos por cuestiones de confidencialidad y competencia)
- h. List percentage of primary feedstock (g), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - 80%-100% Certified to an SBP-approved Forest Management Scheme
- i. List all species in primary feedstock, including scientific name:

Feedstock categorized at genus level: Pine/*Pinus*, Eucalyptus/*Eucalyptus*. Several species from *Pinus* and *Eucalyptus* genus. The main species from which feedstock could come are:

- *Pinus halepensis*
- *Pinus pinea*
- *Pinus pinaster*
- *Pinus nigra*
- *Pinus silvestris*
- *Eucalyptus globulus*
- *Eucalyptus nitens*
- *Eucalyptus camaldulensis*
- j. Volume of primary feedstock from primary forest: None
- k. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - None Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme
 - None Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme

- l. Volume of secondary feedstock: None.
- m. Volume of tertiary feedstock: None.

- * Compelling justification would be specific evidence that, for example, disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage. State the reasons why the information is commercially sensitive, for example, what competitors would be able to do or determine with knowledge of the information.

Bands for (f) and (g) are:

1. 0 – 200,000 tonnes or m³
2. 200,000 – 400,000 tonnes or m³
3. 400,000 – 600,000 tonnes or m³
4. 600,000 – 800,000 tonnes or m³
5. 800,000 – 1,000,000 tonnes or m³
6. >1,000, 000 tonnes or m³

Bands for (h), (l) and (m) are:

1. 0%-19%
2. 20%-39%
3. 40%-59%
4. 60%-79%
5. 80%-100%

NB: Percentage values to be calculated as rounded-up integers.

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
☐	X

Supply Base Evaluation not required as scope is defined only for 100% PEFC certified material sourced from PEFC FM Certified forests over a PEFC CoC certified chain. This kind of material applied for “SBP compliant” material without the requirement of an SBE.

4 Supply Base Evaluation

4.1 Scope

Not Applicable

4.2 Justification

Not Applicable

4.3 Results of Risk Assessment

Not Applicable.

4.4 Results of Supplier Verification Programme

Not Applicable.

4.5 Conclusion

Not Applicable

5 Supply Base Evaluation Process

Not Applicable

6 Stakeholder Consultation

Not Applicable

6.1 Response to stakeholder comments

Not Applicable

7 Overview of Initial Assessment of Risk

Not Applicable

8 Supplier Verification Programme

8.1 Description of the Supplier Verification Programme

Not Applicable

8.2 Site visits

Not Applicable

8.3 Conclusions from the Supplier Verification Programme

Not Applicable

9 Mitigation Measures

9.1 Mitigation measures

Not Applicable

9.2 Monitoring and outcomes

Not Applicable

10 Detailed Findings for Indicators

Not Applicable

11 Review of Report

11.1 Peer review

Not send to peer review as actual scope on SBP certification based on PEFC certification and very simple.

11.2 Public or additional reviews

In order to ensure the credibility of the SBR and the SBP certification, Axpo Iberia will include on its website (<https://www.axpo.com/axpo/es/es/biomass.html>) a message with an email in order to facilitate comments on report.

No public or additional reviews to SBR as actual scope on SBP certification based on PEFC certification and very simple.

12 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	<i>Pablo Gómez-Reino Pérez</i>	<i>External consultant</i>	<i>11/07/2018</i>
	Name	Title	Date
The undersigned persons confirm that I/we are members of the organisation's senior management and do hereby affirm that the contents of this evaluation report were duly acknowledged by senior management as being accurate prior to approval and finalisation of the report.			
Report approved by:	<i>Marco Montalto</i> 	<i>Head of Biomass Department, Axpo Iberia S.L.</i>	<i>11/07/2018</i>
	Name	Title	Date
Report approved by:			
	Name	Title	Date

13 Updates

13.1 Significant changes in the Supply Base

Not Applicable

13.2 Effectiveness of previous mitigation measures

Not Applicable

13.3 New risk ratings and mitigation measures

Not Applicable

13.4 Actual figures for feedstock over the previous 12 months

*Using the categories in Section 2.5 'Quantification of the Supply Base' (above), give an update on the actual figures for the previous 12 month period. Volume may be shown in a banding between XXX,000 to YYY,000 tonnes or m³ if a compelling justification is provided**

13.5 Projected figures for feedstock over the next 12 months

*Using the categories in Section 2.5 'Quantification of the Supply Base' (above), give an updated projection for the coming 12 month period. Volume may be shown in a banding between XXX,000 to YYY,000 tonnes or m³ if a compelling justification is provided**

- * Compelling justification would be specific evidence that, for example, disclosure of the exact figure would reveal commercially sensitive information that could be used by competitors to gain competitive advantage. State the reasons why the information is commercially sensitive, for example, what competitors would be able to do or determine with knowledge of the information.

Bands are:

1. 0 – 200,000 tonnes or m³
2. 200,000 – 400,000 tonnes or m³
3. 400,000 – 600,000 tonnes or m³
4. 600,000 – 800,000 tonnes or m³
5. 800,000 – 1,000,000 tonnes or m³
6. >1,000, 000 tonnes or m³