Sustainable Biomass Program

NOVALIS

Supply Base Report: Template for Biomass Producers

www.sbp-cert.org

Completed in Accordance With the Supply Base 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

Document history

Version 1.0: published 26 March 2015

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Contents

1 Overview

On the first page include the following information:

Producer name: NOVALIS CONSULTING AND TRADING SL

Producer location: Paseo de las Delicias 1, 40001 Sevilla, Spain

Geographic position: See Google Maps

Primary contact: Jose Antonio Casado; Paseo de las Delicias 1, 40001 Sevilla, Spain; 650 950 024; jcasado@novaliscc.com

Company website: http://novaliscc.com/es/inicio

Date Finalized report: 11/12/2019

Close of last CB audit: Assessment

Name of CB: NEPCon

Translations from Inglés: Do not

SBP Standard (s) used: sbp-standard-1-Feedstock-compliance-standard-V1-0; SBP-standard-2-verification-of-sbp-compliant-V1-0-feedstock; 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/standards-documents/standards

Endorsed SBP Regional Risk Assessment: N / A

Weblink to SBE on Company website: XXXXX

Indicate how the current evaluation cycle of FITS Within the 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 the INE (National Statistics Institute) Spain is the third country in the European Union with more wooded forest area (18,417,900 hectares) behind Sweden and Finland. The total forest area accounts for 27.7 million hectares, equivalent to 54.8% of the Spanish territory. According to the Government of Spain (currently two Ministries: Agriculture, Fisheries and Food, and Transition Ecological) by 36% of wooded áreas are public forests: belonging to the State, the autonomous communities, local authorities and other public bodiesthe remaining ; and 64% are private forests: belonging to natural or legal persons, either individually or in co-ownership,

In fact, according to the Ministry for Ecological Transition, the agricultural area of Spain (SAU) represents more than 23 million hectares, almost half of the Spanish territory, of which almost 17 million hectares are crops . Of the total agricultural area, 76% of this area is dedicated to not irrigated areas and 24% to the cultivation in irrigated lands. Arable crops occupy most of the surface, followed by the olive tree crops.

Novalis Consulting and Trade Ltd. defines the area of supply (Supply Base) as the Autonomous Communities of Andalusia, Murcia, Valencia and Castilla La Mancha (Albacete especially with inputs also Cuenca and Ciudad Real). The autonomous communities have defined diferente political limits wher specific legislation applies. We study each with available statistics (IFN3 and statistical data of the Ministry of the Government of Spain 2012-2013).

Andalusia:

- Andalusia has 2.92 million hectares of forest surface of a total 4,467,000 hectares of forest area. In fact, it has 3,618,348 hectares of farmland.
- In the property regime, clearly dominates the private forestain represented by the 73.4% of the area, while those public forests represent 26.6% of the surface. The public space is divided practically half between belonging to the Andalusian or the State and Local Authorities. Arable land are privately owned mainly.
- Regarding the species, the forests of the genus Quercus are dominant (35%). Pines populate the 19% of the forest área, and eucalyptus species the remaining 4.6%.

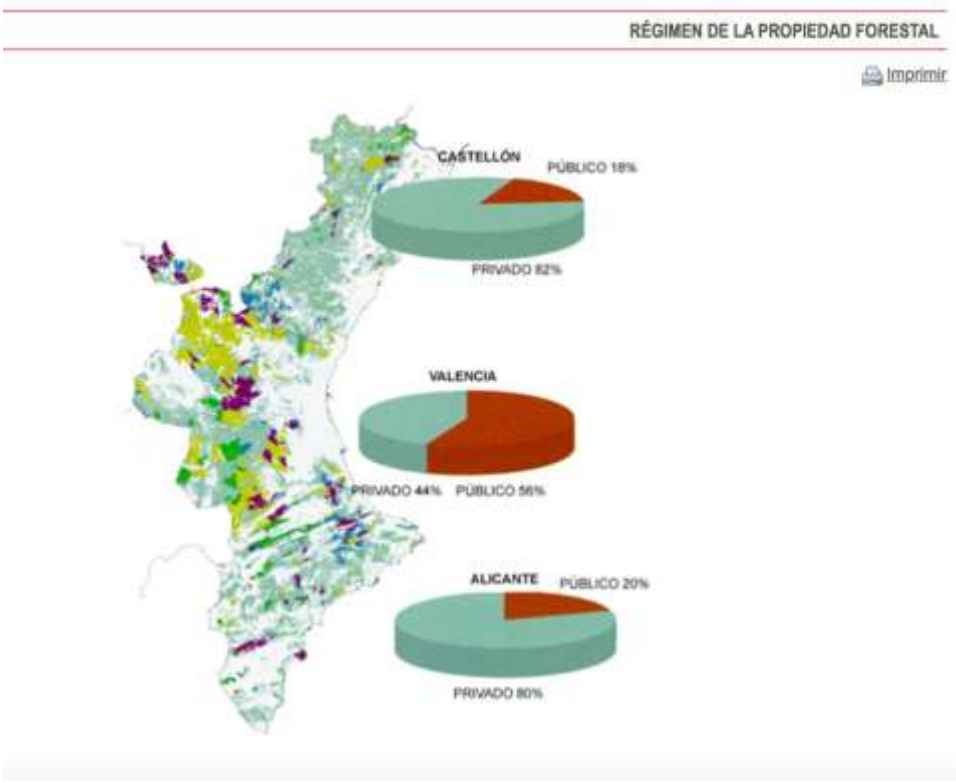
La vegetación forestal andaluza

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 data from the IFN3, average stocks of Andalusians forestains represent 75,000,000 m3 of wood with bark. In 2012, 406.000 m3 of timber were cut with bark in the community.
- Agricultural tree crops represent 1,903,330 hectares (1,270,000 ha rainfed and 633,000 ha irrigated) accounting for 52% of the total area of Andalusian agricultural crops.

Valencian Community:

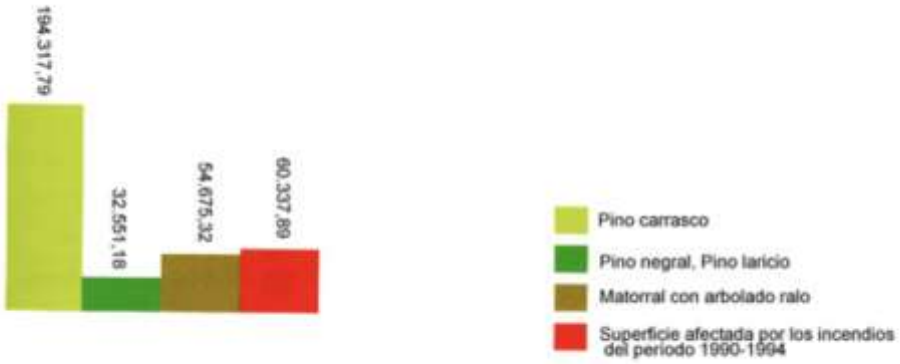
- Valencia has 748,000 hectares of forest surface, out of a total of 1,267,000 hectares of forest area. In fact, it has 658,443 hectares of farmland.
- Regarding the ownership, it clearly dominates the private forestains excepts in the province of Valencia where the public forests dominate:



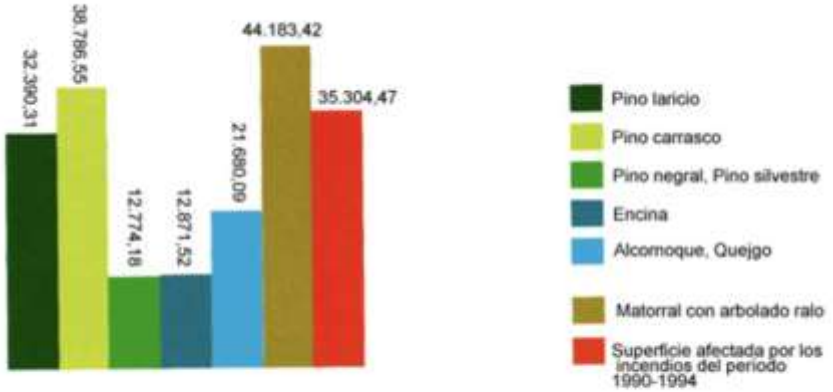
The forest land of Valencia is characterized by being dominated by a private smallholding (more than a half of private surface is formed by properties until 1 ha) which also is strongly linked and interconnected with agricultural use: Arable land is privately owned.

- Regarding species, pines are the dominating forest community space, as seen in the following graphs depicting the Surface occupied by species (Pino Carrasco = Pinus halepensis; Pino laricio = Pinus nigra; Scots pine = Pinus sylvestris) 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 the data from the IFN3, the average stock of the Valencian forestains are 20,000,000 m3 of wood with bark. In 2012, 248.000 m3 of timber with bark were cut in the community.
- Agricultural woody crops represent 472,075 hectares (230,000 ha rainfed and 242,000 ha irrigation) assuming 72% of the total area of Valencia agrarian cultivations.

Murcia region:

- Murcia has 302,000 hectares of forest surface of a total 487,000 hectares of forest area. In fact, it has 401,336 hectares of farmland.
- Regarding the ownership, it clearly dominates the private forestains, that represents 70% of the forest area: 30% of public forest, 60% owned by local entities and 40% to the regional or central administration. Arable land are privately owned mainly.
- Regarding pine species, both natural forests and reforestation are the dominant forest:

- According to data from the IFN3 the average stock of the Murcian forestains are 9,116,000 m3 of wood with bark. In 2012, 1.368 m3 of wood with bark were cut in the community.
- Agricultural tree crops represent 189,229 ha (99,000 ha rainfed and 90,000 ha irrigated) accounting for 47% of the total area of agricultural crops in Murcia Region.

Castilla la Mancha:

- According to IFN3, Castilla La Mancha has 2,740,000 hectares of forest surface of a total of 3,565,000 hectares of forest area. In fact, it has 3,773,029 hectares of farmland.
- Regarding the ownership, it clearly dominates the private forestain which represents 76% of the forest area. Of 24% of public forest, the 55% is owned by local entities and a 45% by the regional or central administration. Arable land are privately owned.
- According to the government of Castilla La Mancha, regarding vegetation, pine forests account for the 37% of the forest area of the Community. The mediterranean oak formation accounts for a 19% of surface:

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 the data from the IF3, the standing wood average stocks in Castilian-La Mancha forests are 84,000,000 m3 of wood with bark. In 2012, 258.000 m3 of timber with bark were cut in the community.
- Agricultural woody crops represent 922,933 hectares (745,000 ha rainfed and 177,000 ha) accounting for a 24% of the total area of Castilian-La Mancha agricultural crops.

This area includes the raw material (primary feedstock) from forest use, pruning, clearing, clearing and short cuts (in the case of eucalyptus masses, always with shifts below 40 years); o works in agricultural areas of woody cultivation: pruning or replacement of species, of the following species:

COMMON NAME	**SCIENTIFIC NAME**	**ORIGIN**
ACACIAS	*Acacia* spp.	FOREST
Poplars	*Populus* spp.	FOREST
CITRUS	*Citrus* spp.	AGRARIAN
ENCINA Y ROBLES	*Quercus* spp.	FOREST

EUCALIPTO WHITE	*Eucalyptus globulus*	FOREST
EUCALIPTO WHITE	*Eucalyptus maidenii*	FOREST
EUCALIPTO WHITE	*Eucalyptus nitens*	FOREST
RED EUCALIPTO	*Eucalyptus camaldulensis*	FOREST
BONE AND ALMOND FRUIT	*Prunus* spp.	AGRARIAN
WALNUT	*Juglans regia*	AGRARIAN
OLIVE	*Olea europaea*	AGRARIAN
OLMOS	*Ulmus* spp.	FOREST
PINO CARRASCO	*Pinus halepensis*	FOREST
MONTERREY PINE	*Pinus radiata*	FOREST
laricio Pine	*Pinus nigra*	FOREST
Maritime Pine	*Pinus pinaster*	FOREST
STONE PINE	*Pinus pinea*	FOREST
PINO SILVESTRE	*Pinus sylvestris*	FOREST
Taraje	*Tamarix* spp.	FOREST

Regarding the forest origin of biomass, the largest volume of wood is provided by various species of the genus Pinus, which appear in the 4 Autonomous Communities, and various species of the genus Eucalyptus, which appears significantly in Andalusia. More sporadically, we find species of the genus Quercus (remnants of holm oak and cork oak mostly), poplar, acacias, Tamarix (coming from cleanings of channels made by the Junta de Andalucía), and other forest species ... Regarding the

agricultural origin of biomass, biomass comes from pruning or substitution of species (olive, stone fruit and citrus).

The transport of the material from origin to the port facilities is included in the scope. Normally, the material is splintered at source (90% of the material), either mount or in agricultural areas; and in some cases it is transported in the form of logs to the port warehouse as a safety stock for splintering in cases of need (10% of the material). Novalis includes in the scope the warehouses of the ports (Huelva, Seville, Cádiz, Almería, Cartagena, Alicante and Castellón), and an intermediate warehouse in Huelva (Mycsa).

Regarding the works that originate the raw material, Novalis can:

1. Directly carry out logging / forestry work with own or subcontracted equipment, but under your responsibility, or

2. Buy the material from companies that have done the work

In both cases, the works may come from:

o Public awards, in which case the areas of exploitation are always identified and mapped in the specifications that define the award of the works,

o Contracts in private forests, in which case there is a Management Plan that identifies the work areas or the cadastral reference of the affected parcel / s will be accessed, together with the private contract for the realization of the jobs.

o The corresponding authorizations by the Autonomous Communities must always be available (it is an essential requirement to start the work), in which the permitted work areas will be specified.

o In both public and private forests, forestry work is subject to the guidelines set by the Public Administration, as well as the supervision of Public Administration personnel.

In Spain, there is cadastral information of urban and rural real estate nationwide. All the properties have a unique cadastral reference to identify them and locate them. "*The cadastral reference is the official and obligatory identifier of real estate. It consists of an alphanumeric code, consisting of twenty characters, which is assigned by the Land Registry so that all property must have a unique cadastral reference. Cadastral reference allows the location of the property in the cadastral cartography. "*

There is a study by COSE (Spanish Confederation of Forestry Organizations) and published by MAPA, 2013, in which it is concluded that the degree of control by the forestry authority is high or

very high in all autonomous regions except in Galicia, where the level is considered medium control. It states in that there is no risk that the extraction of undeclared timber has a significant size.

The Spanish Constitution distributes powers between the different administrations, leaving the forest management in the hands of the CCAA. Forestry Law (Law 43/2003 of 21 November, Forestry, Law 10/2006 of 28 April, Law 21/2015, of 20 July, amending Law 43/2003 - Consolidation Act) is a basic law in its Chapter IV- Aprovechamientos Forest states that:

- Where a management plan, or equivalent or the forest, is included within the scope of a PORF (Management Plans Forest Resources), the holder must only notify the competent body of the Autonomous Community before harvest.
- In other cases (where there is no management plan or similar) administrative approval is required before harvesting.
-

In the case of forets managed by public administration (public property), it must exist internal approval of the Forest Service of the each CCAA.

Each CCAA develops its own legislation and case models for both public tenders and permits and authorizations for harventing in the forests. There are three relevant documents to verify the legality of the use and compliance with the requirements of the EUTR:

- Job Notification / harvesting (in private forests for works included in planning approved PG where permitted by the CCAA).
- Work permit / harvesting (in private forests without management plan or other circumstances according to legislation of the CCAA).
- Awarding jobs (public forests).

1005/5000

The rights of ownership and use of the land are covered by Spanish legislation and the authorities have implemented tools to register and monitor these rights. Since ancient times, they have had a lot of social and economic relevance, so they are widely developed and recognized. Spain has a value higher than 50 in the corruption perception index of Trasparency International, value of 58 in 2018, and although the value has declined since 2012 (value of 65), there are no reports that significantly link corruption with the sector forest. The level of governance can be classified as robust. There is no record of conflicts of significant magnitude related to the ownership of forest land or the legitimacy for its use. There is, in turn, legislation that protects the use of the land. Forest lands are classified as rustic, within the Urban Plans, and there is legislation that protects them from the change in use.

Agricultural land are private and are cataloged in rustic. In them, before accepting the material, it is verified that the source farm residual agricultural biomass is ground effectively classified as agricultural, rejecting source material agricultural residual farms where cataloging the ground is different from the land.

This preliminary check is done by its location and consultation in the land (https://www.sedecatastro.gob.es/) And / or GIS PAC (http://sigpac.mapa.es/fega/visor/). In both Web services it can be checked very easily the crops, and most importantly, it's about websites officers are updated routinely, and determine rights, (eg precepción aid PAC) so they are reliable.

There are two types of fees payable by the timber harvesting:

1. Fees imposed by the Autonomous Communities in the licenses required for work / exploitation in private forests. Each Autonomous Community regulates this aspect independently. In public awards, there are payments associated with the award that must be made once the work has been awarded before its final formalization. In all cases, the availability of authorizations or awards issued by public administrations implies having paid the corresponding fees. In agricultural land no fees are paid for exploitation.

2. VAT linked to transactions and subsequently, income tax or / and corporate tax. The VAT is paid to the Treasury quarterly and the income tax or / and companies annually.

Novalis has two CoC certificates: PEFC (PEFC / 14-31-00135-NP, NC-PEFC / COC-031273) and FSC (NC-COC / CW-031 273) active since 2016. Work characteristics by Novalis: work and forestry, chipping and selling splinter or sliver purchase for sale, the supply chain is non-existent or very short (one provider who performs the work and sells the chip to Novalis).

In the audited period, the splinter percentages handled have been 58% purchased from suppliers, and 42% generated by Novalis. In turn, Novalis has worked with 18 approved suppliers, of which 4 have PEFC certificate in Chain of Custody. The amounts of PEFC certified biomass they have worked with have been:

- 17,782 tn, 100% PEFC CERTIFIED.
- 83,795 tn, uncertified PEFC.

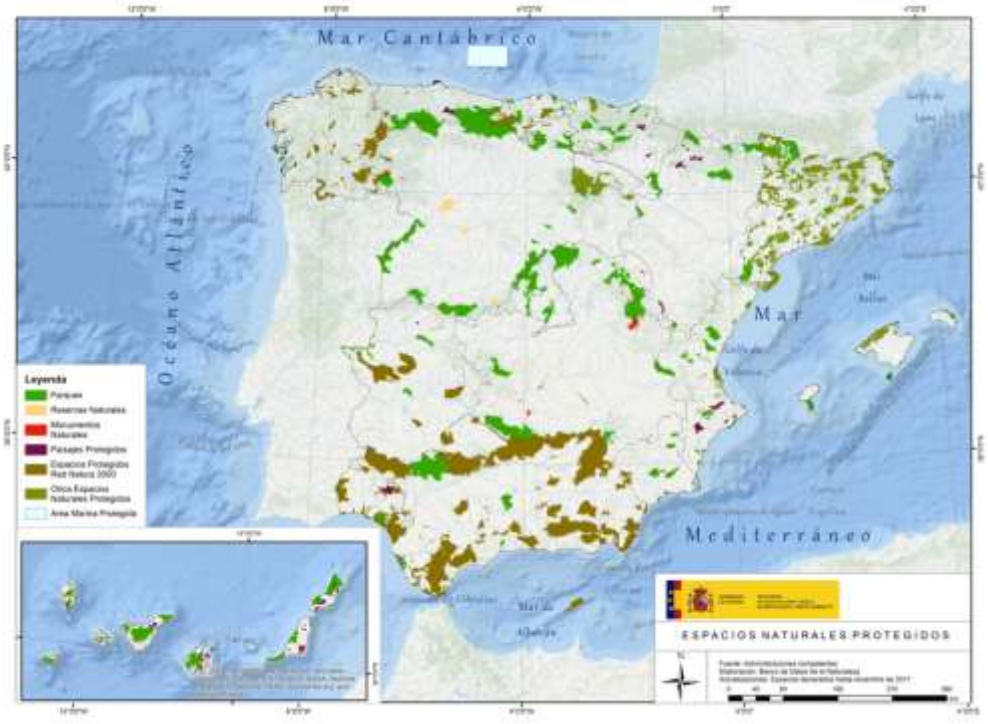
In Spain there is a systematic legal framework for the protection of natural areas and areas with high conservation values: "According to the Law 42/2007 of Natural Heritage and Biodiversity, it is considered Natural Protected areas, those areas of the country, including inland waters and marine

waters under national sovereignty or jurisdiction, including the exclusive economic zone and the continental shelf, which meet at the least one of the following requirements and are declared as such:

- Containing systems or representative natural elements, unique, fragile, threatened or of special ecological, scientific, scenic, geological or educational.
- They are especially dedicated to the protection and maintenance of biological diversity, geo-diversity and natural and associated cultural resources.

There is not, within the list of CITES species, any vegetable forest species produced or cultivated in Spain. Neither the pine and eucalyptus are within CITES species Appendices I, II or III.

There are many figures and denominations since most of the Autonomous Community have legislated on this issue: National Parks, Nature Parks, Nature Reserves, 2000 Natura network areas, Biosphere Reserves. The protected area in Spain accounts for 13% for natural spaces and reaches 28% including the Natura 2000 network, Spain is the largest contributor to 2000 Natura network areas, the main instrument of European conservation policy. Protected areas cover both public and private forests.



According to Databank nature of the Miteco:

- Andalusia has declared June 2018, 341 protected areas, both terrestrial and marine, with the land area under protection of 2,614,899.84 hectares, almost 30% of its land area.
- Valencia has declared June 2018, 292 protected areas, both terrestrial and marine, with the land area under protection of 255,281.90 hectares, almost 11% of its land area.

- Murcia has declared June 2018, 14 protected areas, both terrestrial and marine, land area being subject to protection de62.104,27 hectares, 5.49% of its land area.
- Castilla La Mancha has declared June 2018, 111 protected sites being the land area under protection of 582,929.30 hectares, 7.34% of its surface.

In fact, high conservation values are linked to cultural goods and prehistoric finds. The Iberian Peninsula is an area with lots of archaeological and prehistoric remains. There is both state law and the CCAA that protect and list the assets of historical and cultural interest.

The ports of origin act as collection sites for splinters, which are subsequently loaded onto ships and exported. Novalis currently has the following chip collection sites, the majority being ports.

Valencian Community:

- CASTELLON and
- ALICANTE

Murcia region:

- CARTAGENA

Andalusia:

- HUELVA (via park MYCSA)
- SEVILLE
- CADIZ
- ALMERIA

Chips go directly from forest sources to the gathering places in ports. One or another port is selected depending on the distance to monetize transportation. As the cost of transporting is a major relevant aspect in profitability, the chances of entering materials outside the Supply Base are reduced. In cases where this type of material arrives, the Chain of Custody procedure will be applied so that the “SBP compliant” material, and the “non SBP compliant” material, are separated into different clearly identified piles.

In the period from May 16, 2018 to May 15, 2019, 7% of this volume corresponds to final clear cuttings, all of them in eucalyptus plantations, and therefore, with turns of harvesting below 40 years.

2.2 Actions taken to Promote certification amongst feedstock supplier

As we have already mentioned, Novalis has two Chain of Custody certificates: PEFC (PEFC / 14-31-00135-NP; NC-PEFC / COC-031273) and FSC (NC-COC / CW-031273), active since 2016 In addition, due to the characteristics of the work carried out by Novalis, the supply chain is non-existent or very short (1 supplier that performs the work and sells the splinter to Novalis).

Of the 27 forests of forest biomass origin, 15 of them have worked with forest certification: in 7 of them the material has been listed as Controlled for the Novalis FSC CW system, in another 4 the material has been purchased As FSC CW, in 1 of them it has been classified as 100% FSC and in the other 3 as 100% PEFC:

• TOTAL FORESTS: 62

• FSC CW FORESTS: 4

• PEFC CONTROLLED SOURCES FOREST: 7

• 100% PEFC FORESTS: 2

• FSC FOREST 100%: 1

• FORESTS WITHOUT CERTIFICATION: 48

Novalis staff maintains direct and constant contact with suppliers taking advantage of opportunities that arise to promote certification among them.

2.3 Final harvest Sampling Program

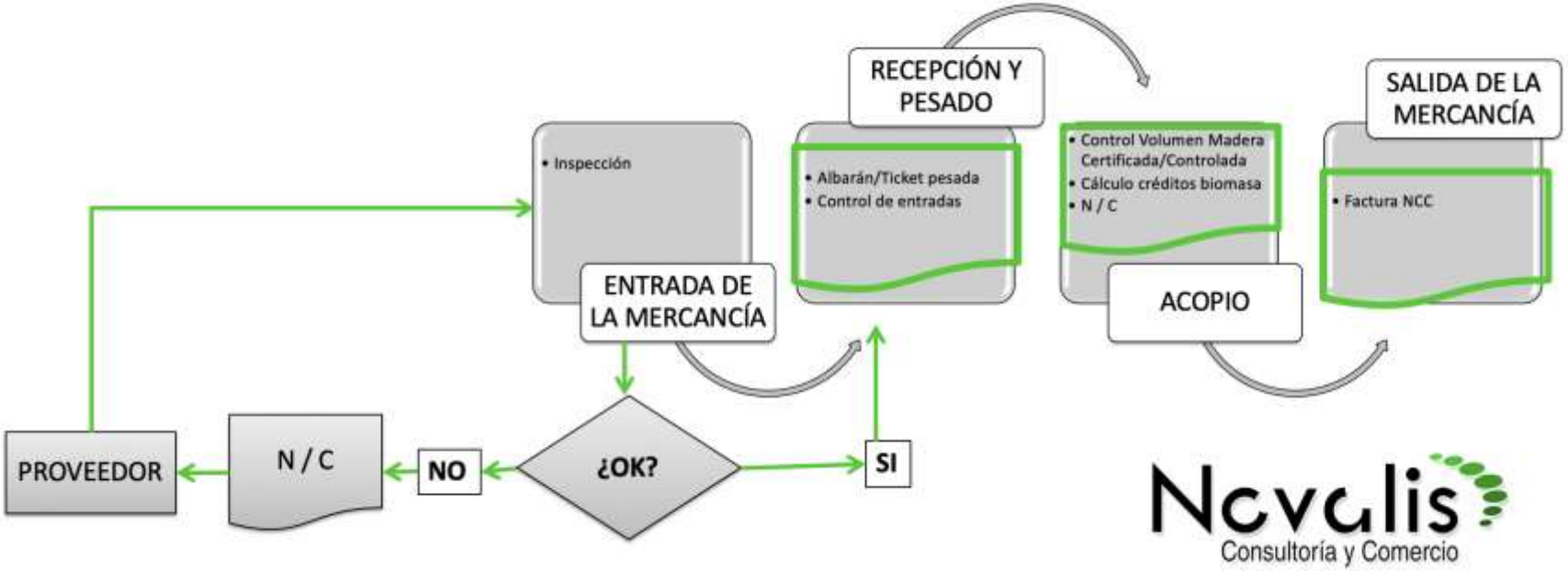
It has been gathered information, from the technical team of Novalis, to determine if there is any material that comes up from clearcuttings in forests with superior shifts to 40 years (pine).

The collected information extracted shows that this situation does not occur, not applying this point, since the material only comes from final fellings in the eucalyptus species plantations, with shifts under.

Novalis visits all the places where biomass production works are going to be carried out that ends at its facilities, so it has a clear control of the type of work that is carried out.

In the 4 Autonomous Communities, forest management is of low intensity, with a deficit of management in many pine forests, which requires significant improvement work that may include short-cut mature feet, without implying that it is final clear-cutting.

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



2.5 Quantification of the Supply Base

Supply Base

Data from IFN3 (3rd National Forest Inventory) and the Governments of the Autonomous Communities, except for the FSC and PEFC certification data, which come from the entities themselves.

a. Total area of the supply base (ha): 6,779,427.33 ha of forested forest area; 9,697,936.84 ha of forest area.

b. Type of property (ha): 2,537,643.55 ha of forest area public property; 7,160,293.64 hade forest area privately owned

C. Type of forest (ha): 6,779,427.33 ha of temperate wooded forest area; 9,697,936.84 ha of temperate forest area

d. Type of management (ha): 202,100 ha of forested area of plantation (eucalyptus Andalusia) / 6,577,327.33 ha of forested forest area natural management and.

e. Area certified by certification scheme (ha):

- PEFC Spain: 2,222,593 ha (Andalusia 286,720 ha; Valencian Community 1,212 ha; Murcia 0 ha; Castilla La Mancha 51,444 ha)
- FSC Spain 301,000 ha (Andalusia 145,412 ha; Valencian Community 0 ha; Murcia 0 ha; Castilla La Mancha 0 ha)

feedstock

a. Total volume of raw material (feedstock): 0 - 200,000 tons (exact data are taught in audit but are not public for confidentiality and competition).
b. Volume of primary raw material (primary feedstock): 0 - 200,000 tons (exact data are taught in audit but are not public for confidentiality and competition).
c. Percentage primary feedstock (primary feedstock) according schemes approved by SBP forest management certification:
   - 0% -19% Certified by a scheme approved by SBP forest management certification.
   - 80% -100% Not certified by a scheme approved by SBP forest management certification.
d. List of all species of the primary feedstock (primary feedstock), including its scientific name:

COMMON NAME	SCIENTIFIC NAME	ORIGIN
ACACIAS	*Acacia* spp.	FOREST
Poplars	*Populus* spp.	FOREST
CITRUS	*Citrus* spp.	AGRARIAN

ENCINA Y ROBLES	*Quercus* spp.	FOREST
EUCALIPTO WHITE	*Eucalyptus globulus*	FOREST
EUCALIPTO WHITE	*Eucalyptus maidenii*	FOREST
EUCALIPTO WHITE	*Eucalyptus nitens*	FOREST
RED EUCALIPTO	*Eucalyptus camaldulensis*	FOREST
BONE AND ALMOND FRUIT	*Prunus* spp.	AGRARIAN
WALNUT	*Juglans regia*	AGRARIAN
OLIVE	*Olea europaea*	AGRARIAN
OLMOS	*Ulmus* spp.	FOREST
PINO CARRASCO	*Pinus halepensis*	FOREST
MONTERREY PINE	*Pinus radiata*	FOREST
laricio Pine	*Pinus nigra*	FOREST
Maritime Pine	*Pinus pinaster*	FOREST
STONE PINE	*Pinus pinea*	FOREST
PINO SILVESTRE	*Pinus sylvestris*	FOREST
Taraje	*Tamarix* spp.	FOREST

e. Volume primary feedstock (primary feedstock) from primary forests: None
f. Percentage primary feedstock (primary feedstock) from primary forests according schemes approved by SBP forest management certification:
    - No primary feedstock (primary feedstock) from primary forests certified by a scheme approved by SBP forest management certification.
    - No primary feedstock (primary feedstock) from primary forests not certified by a scheme approved by SBP forest management certification.
g. Volume of secondary raw material (secondary feedstock): None.
h. Tertiary volume of raw material (feedstock tertiary): None.

* Compelling justification would be specific evidence That, for example, disclosure of the exact figure would reveal commercially sensitive information be used That Could by competitors to gain competitive advantage. State the Reasons Why the information is commercially sensitive, for example, what would be able to competitors do or determine With the knowledge of information.

  Bands for (f) and (g) are:

  1. 0 to 200.000 m3 or tonnes

  2. 200.000 to 400.000 m3 or tonnes

  3. 400.000 to 600.000 tonnes or m3

  4. 600.000 to 800.000 m3 or tonnes

  5. 800.000 to 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 Calculated values to be rounded up as integers.

3 Requirement for a Supply Base Evaluation

SBE completed	SBE not completed
X	☐

Provide a concise summary of why SBE was Determined to be required or not required.

4 Supply Base Evaluation

4.1 Scope

Novalis Consultoría y Comercio S.L. defines as its supply area (Supply Base) the Autonomous Communities of Andalusia, Region of Murcia, Valencian Community and Castilla La Mancha (especially province of Albacete, with inputs also from Cuenca and Ciudad Real).

Within this area, the raw material (primary feedstock) from forest exploitation / work is included in the scope: pruning, clearing, clearing and / or short cuts (in the case of eucalyptus masses, always with shifts below 40 years); o works in agricultural areas of woody cultivation: pruning or replacement of species, of the following species classified according to their origin:

COMMON NAME	**SCIENTIFIC NAME**	**ORIGIN**
ACACIAS	*Acacia* spp.	FOREST
Poplars	*Populus* spp.	FOREST
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WALNUT	*Juglans regia*	AGRARIAN

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MONTERREY PINE	*Pinus radiata*	FOREST
laricio Pine	*Pinus nigra*	FOREST
Maritime Pine	*Pinus pinaster*	FOREST
STONE PINE	*Pinus pinea*	FOREST
PINO SILVESTRE	*Pinus sylvestris*	FOREST
Taraje	*Tamarix* spp.	FOREST

Regarding the forest origin, the largest volume of biomass is contributed by various species of the genus Pinus, which appear in the four Autonomous Communities, and various species of the genus Eucalyptus, which appears significantly in Andalusia. More sporadically, we find species of the genus Quercus (remnants of holm oak and cork oak mostly), poplar, acacias, Tamarix (coming from cleanings of channels made by the Junta de Andalucía), and other forest species. Regarding the agricultural origin, the biomass comes from pruning or the substitution of species in woody crops (olive trees, stone fruit trees and citrus fruits).

The transport of the material from origin to the port facilities is included in the scope. Normally, the material is splintered at source (90% of the material), either mount or agricultural areas; and in some cases it is transported in the form of logs to the port warehouse as a safety stock, to splinter them if necessary (10% of the material).

The ports of origin act as collection sites for splinters, which are subsequently loaded onto ships and exported. Currently, Novalis has the following warehouses active, the majority being ports: CASTELLÓN, ALICANTE in the Valencian Community; CARTAGENA in the Region of Murcia; and ALMERÍA, CÁDIZ, SEVILLA, HUELVA and an intermediate park in Huelva (MYCSA) in Andalusia.

The transfer of the ownership of the biomass can take place at the port of origin in Spain, or at the port of destination, in which case Novalis takes over the maritime transport of the material sold.

4.2 Justification

The risk analysis has been approached from the positive perspective that with the combination of the type of jobs and genres with which one works, with the work system implemented by Novalis, with the level of forest management in Spain and with the level of control of the Public Administrations, a Risk Analysis could be carried out under the indicators defined by SBP in the four Autonomous Communities chosen, applying the necessary risk mitigation measures in the cases in which they are designated.

Mostly, mitigation measures are based on systems already implemented by Novalis within its certifications and quality system.

4.3 Results of Risk Assessment

Once all the indicators defined by SBP have been analyzed, the following indicators have been designated as specified risk requiring risk mitigation measures:

- 2.1.2. The Biomass Producer has Implemented Appropriate systems and procedures to check identification identify and address potential Threats to forests and other areas With high conservation values from forest management activities.
- 2.2.2. The Biomass Producer has Implemented Appropriate systems and procedures for verifying That is sourced from forests feedstock management Where Maintains or Improves soil quality (CPET S5b) control.
- 2.2.4. The Biomass Producer has Implemented Appropriate systems and procedures Control to Ensure That biodiversity is protected (CPET S5b).
- 2.2.6. The Biomass Producer has Implemented and Control Systems Appropriate procedures to verify That negative impacts on ground water, surface water and water downstream from forest management are minimised (CPET S5b).
- 2.4.2. The Biomass Producer has Implemented Appropriate systems and procedures for monitoring verifying That Processes natural, Such as fires, pests and diseases are managed Appropriately (CPET S7b).
- 2.8.1. The BP has Implemented Appropriate systems and procedures for monitoring verifying That Appropriate Safeguards are put in place to protect the health and safety of forest workers (CPET S12).

The other indicators are considered low risk.

4.4 Results of Supplier Verification Program

Does not apply. All indicators defined low risk or risk specified.

4.5 Conclusion

The work done in the risk analysis is considered adequate, with solid and robust conclusions. And properly focused, so that Novalis processes ensure compliance with the biomass that is traded as “primary feedstock SBP Compliant Biomass”, meets all the requirements established by SBP.

5 Supply Base Evaluation Process

Novalis has had, for the risk analysis and the implementation process of the SBP certification, the technician Pablo Gómez-Reino Pérez, in addition to the company's own technical team, especially Jose Antonio Casado Alcaide, Technical Director of Novalis

Pablo Gómez-Reino Pérez is a Forestry Engineer, with extensive experience (19 years) in planning, forest management and certification. He has been working since 2000 in forestry planning and management, and since 2009 in processes related to forest certification in the Iberian Peninsula. He is an FSC forest management and FSC and PEFC Chain of Custody auditor. He has performed more than 70 FSC / PEFC Certification audits in Chain of Custody as a leading auditor in companies in Spain and Portugal, covering all the possibilities of the chain of custody and with all types of companies, from small merchants or printers to large corporations that they cover the entire transformation chain, from the forest to the final product. And more than 20 FSC Forest Management Audits and Assessments as a leading auditor in Spain and Portugal leading in FSC forest management assessments multidisciplinary teams. In January 2015 he received an auditor training at SBP in Tallinn (Estonia). He has participated in the process of preparing the risk analysis of SBP in Portugal. It also supports companies in the processes of preparation for certification.

In the consultation process, 22 interested parties have been contacted, in the fields of the university, public administrations, Novalis suppliers and certification entities since February 2019 by email. They have received a single response with light contributions and a more complete one. All of them have been taken into account to improve the risk analysis.

Novalis, for the characteristics of his work and the material he sells (splinters), makes a visit to all places of origin of the materials. In addition, within its certifications, Novalis keeps track of much of the information required by the various indicators.

6 stakeholder Consultation

In the consultation process, 22 interested parties have been contacted, in the fields of the university, public administrations, Novalis suppliers and certification entities since February 2019 by email. A response has been received with light contributions, and a review of the document by the certification body. All of them have been taken into account to improve the risk analysis.

6.1 Response to stakeholder comments

Specific comments made by interested parties are included here:

Comment 1: All forest statistics are produced by the Ministry of Agriculture, Fisheries and Food.

The report states that (p. 7): The Forest law (Law 43/2003, of November 21, of Montes, Law 10/2006, of April 28, and Law 21/2015, of July 20 , which modifies Law 43/2003 - Consolidation Law) gives the Autonomous Communities the powers of forest management and its control. This statement is wrong. The Forest law does not give the CCAA the powers, it is the Spanish Constitution that distributes the powers between administrations (territorial organization). The Statutes of Autonomy are collected and developed in Royal Transfer Decrees. The Forest law is a basic law, as marked by the Spanish Constitution in its article 149.

Answer 1: The risk analysis has been improved based on the comment received.

On the other hand, and as already mentioned, a review has been received from NEPCon that has been used to improve the document in general. A general review has been carried out and certain aspects have been discussed, reflecting the most relevant conclusions within the final version of the risk analysis.

There has been no modification of the designation of risk proposed in the indicators as a result of the consultation process.

7 Overview of Initial Assessment of Risk

Table 1. Overview of results from the risk assessment of all Indicators (prior to SVP)

Indicator	Initial Risk Rating		
	Specified	low	Unspecified
1.1.1		X	
1.1.2		X	
1.1.3		X	
1.2.1		X	
1.3.1		X	
1.4.1		X	
1.5.1		X	
1.6.1		X	
2.1.1		X	
2.1.2	X		
2.1.3		X	
2.2.1		X	
2.2.2	X		
2.2.3		X	
2.2.4	X		
2.2.5		X	
2.2.6	X		
2.2.7		X	
2.2.8		X	
2.2.9		X	

Indicator	Initial Risk Rating		
	Specified	low	Unspecified
2.3.1		X	
2.3.2		X	
2.3.3		X	
2.4.1		X	
2.4.2	X		
2.4.3		X	
2.5.1		X	
2.5.2		X	
2.6.1		X	
2.7.1		X	
2.7.2		X	
2.7.3		X	
2.7.4		X	
2.7.5		X	
2.8.1	X		
2.9.1		X	
2.9.2		X	
2.10.1		X	

8 Supplier Verification Program

Does not apply. All indicators defined low risk or risk specified.

9 Mitigation Measures

9.1 Mitigation Measures

Mitigation measures have been designed to minimize designated risks, and thus be able to include all material within the scope and of the Supply Base as "SBP Compliant Biomass".

These are the mitigation measures designed in designated specified risk indicators:

2.1.2. The Biomass Producer has implemented appropriate control systems and procedures to identify and address potential threats to forests and other areas with high conservation values from forest management activities

The relative risk on this indicator is classified as:

1. Low for forest work / exploitation on public forests and private farms that require prior authorization

2. Specified in forest work / exploitation on private farms with Management Plan (one notification is sufficient)

3. Specified in jobs not executed under the responsibility of Novalis.

4. Specified for material from agricultural woody crops (agricultural pruning waste and species change).

Mitigation Measures:

In each of the cases in which specified risk is defined, Novalis:

1. For work on private farms with a Management Plan approved by the competent authority, in which a notification is sufficient, Novalis will ensure that the work carried out complies with what is specified in the Management Plan, in order to protect the High Values of possible threats when executing the work.

2. For works not executed under the responsibility of Novalis (where Novalis buys the splinter), the system implemented by Novalis allows to know the origin of the raw material and, in addition, in the agreements with the supplier, the right of access to relevant job information; contract, cutting permit, authorizations ... In turn, Novalis transmits clear instructions to its suppliers in case of identifying possible threats to high conservation values, and thus avoiding possible threats to the environment or to especially sensitive areas.

3. For materials from agricultural areas, Novalis will verify in the available SIG information displays, if the plot (s) in which they are going to work overlap with some high conservation value (cross the plot with the information layers on Natura 2000 Network, Protected Natural Areas, Goods of Cultural Interest).

If positive:

- ✓ The attribute that characterizes the high conservation value is identified,
- ✓ It is noted in the record of the work,
- ✓ It is investigated its appearance or not in the working área.
- ✓ In case of appearance, it is verified that has not been damaged before accepting the material.

2.2.2. The Biomass Producer has implemented appropriate control systems and procedures for verifying that feedstock is sourced from forests where management maintains or improves soil quality (CPET S5b)

The risk relative to this indicator is classified as:

1. Low, in works in pine forests and eucalyptus plantations with slopes below 30%
2. Specified, in harvestings in eucalyptus plantations with slopes greater than 30%
3. Specified for biomass of agricultural origin

Mitigation Measures:

In the eucalyptus harvestings in Andalusia, the Junta de Andalucía usually limits the license to cut to avoid the risk of damaging the quality and structure of the soil. Specifically, one of the measures that are usually established in areas of slope, it is the impossibility of removing the stumps, in order to avoid soil erosion. In any case, in biomass from cuttings made from eucalyptus plantations with more than 30% slope, Novalis will ensure that all the specifications / limitations established in the cutting license have been followed and that the soil has not been damaged.

On the other hand, for the biomass of agricultural origin coming from by-products of the annual management (pruning) or punctual (change of species), Novalis will not accept biomass coming from lands with slopes greater than 15%. Additionally, it adopts the criterion of rejecting the agricultural biomass of any farm that, in the previous visit, shows obvious symptoms of erosion in gullies or in streams.

2.2.4. The Biomass Producer has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b)

The risk related to this indicator is classified as:

1. Low for forest work / exploitation, with the exception of the one indicated in the following point

2. Specified for forest harvestings on private properties in Andalusia, by means of clear-cuttings made on eucalyptus plantations with a continuous surface area of more than 100 hectares.

3. Specified for biomass from agricultural areas

Mitigation Measure:

Eucalyptus biomass, with which Novalis works, comes from Andalusia. Usually, the Junta de Andalucía limits, in the cutting license, the work allowed to avoid the existence of risks against biodiversity. Specifically, one of the measures established is the respect of the banks and water courses, as well as any protected species, or of certain dimensions, that appear in the area of work.

In any case, for biomass from cuts made from eucalyptus trees with more than 100 hectares of continuous cutting surface, Novalis will ensure that all the specifications / limitations established in the cutting license have been followed, and that it has been protected Biodiversity correctly.

To do this, and based on a system already implemented by Novalis, the following steps are established:

1. Study of the cutting license to determine the limitations established regarding the elements of biodiversity

2. Identify the elements of biodiversity to be protected, if any, in the previous field visit. Biodiversity elements can be: riverbanks, microhabitat, habitat meso, unique species in the environment, protected species, ecotones ...

3. In case of positive identification, work is limited by establishing the necessary measures to protect the elements present

4. In the final visit to the works, corroborate the respect for the elements to be protected, which will be conveniently documented in the work file.

In turn, Novalis has mechanisms to transmit this work methodology to its suppliers, in the case of work carried out by themselves.

For biomass from agricultural areas, Novalis will verify in the available SIG information displays, if the plot / s in which it is going to work overlaps with some high conservation value (cross the plot with the layers of information about Red Natura 2000, Protected Natural Areas, Goods of Cultural Interest).

In positive case:

 the attribute that characterizes the high conservation value is identified,

 is recorded in the work file,

 investigates about its appearance or not in the work area. In case of appearance, it is verified that it has not been damaged before accepting the material.

2.2.6. The Biomass Producer has implemented appropriate control systems and procedures to verify that negative impacts on ground water, surface water and water downstream from forest management are minimised (CPET S5b).

The relative risk this indicator is classified as:

1. Low for biomass of forest origin, with the exception of the following point.

2. Specified for biomass of forest origin from continuous eucalyptus cuts of more than 100 hectares.

3. Specified for biomass of agricultural origin.

Mitigation Measure:

In the case of eucalyptus in Andalusia, usually, the Junta de Andalucía limits the harvesting license to avoid negative impacts. Specifically, one of the measures established is the respect of the riverbanks and water courses, as well as the impossibility of remove the stumps on them, in order to ensure the grip of the land and possible effects on water.

In any case, in the biomass coming from cuttings made on eucalyptus plantations with more than 100 hectares, Novalis will ensure that all the specifications / limitations established in the cutting license have been followed, and that the water courses.

To do this, and based on a system already implemented, the following steps are established:

1. Study of the cutting license to determine the limitations established regarding the impact on water.

2. Identify the elements to be protected, if any, in the previous field visit.

3. In case of positive identification, work is limited by establishing the necessary measures to protect the elements present.

4. In the final visit to the works, corroborate the respect for the elements to be protected, which will be conveniently documented in the work file.

In turn, Novalis has mechanisms to transmit this work methodology to its suppliers, in the case of work carried out by themselves.

In the plots of origin of agricultural biomass, Novalis will corroborate that the land has an agricultural cataloging and, specifically, in the case of agricultural waste that comes from irrigation, it will be required to accept that the plot is effectively classified as a irrigated plot in any of the cadastre websites (https://www.sedecatastro.gob.es/) and / or SIG PAC (http://sigpac.mapa.es/fega/visor/), which will be verified with the property before of making the acquisition the material.

Novalis has developed an Excel file of SBP Agricultural Biomass in which all the check information of the plots of origin of agricultural biomass is poured.

2.4.2. The Biomass Producer has implemented appropriate control systems and procedures for verifying that natural processes, such as fires, pests and diseases are managed appropriately (CPET S7b).

The relative risk on this indicator is classified as:

1. Low for pest and disease management.

2. Low for forest fire management in publicly managed forests.

3. Specified for forest fire management in privately managed forests.

Mitigation Measure:

It is necessary to consider that the works carried out by Novalis: silvicultural, clearing and clearing treatments normally have a positive impact on the prevention of forest fires, since they reduce density and biomass in the forest masses.

In addition, Novalis has implemented a Manual of good practices, known to all its workers, which indicates the measures to be taken to avoid forest fires derived from their work.

In order to mitigate the defined risk, the need is established that, in private property works, Novalis:

1. Verify that the property complies with its obligations regarding fire prevention and defense: Prevention Plans.

2. In the positive case, the work is carried on, ensuring at the same time that the company that executes the works fulfills its obligations, such as what is established in a resolution of the General Directorate of the Natural Environment and Protected Areas of June 21, 2018 of the Junta de Andalucía.

3. If not:

 the material within the SBP risk analysis will be rejected, or the law (Prevention Plan) is complied with, before executing the work. In this case, making sure that the company that executes the works fulfills its obligations, such as what is established in the resolution of the General Directorate of the Natural Environment and Protected Areas of June 21, 2018 of the Junta de Andalucía.

2.8.1. The BP has implemented appropriate control systems and procedures for verifying that appropriate safeguards are put in place to protect the health and safety of forest workers (CPET S12).

The relative risk this on indicator is classified as:

1. low, in works in public mountains, and

2. Specified, in relation to occupational accidents in forest improvement / exploitation works, carried out in private forests

3. Specified, in relation to occupational accidents in work on farms of origin of agricultural biomass.

Mitigation Measure:

Novalis has an implemented system that covers the aspects to be taken into account to ensure compliance with legislation on Occupational Health and Safety. It has a third-party prevention service (Preving Group), and has both a risk assessment per job, as well as all the safety documentation, which includes:

 Manual of good practices in GFS, recommended behaviors for own workers and workers of subcontracted companies,

 Forest Works Sheets, complete document used in field work with a description by type of work: attachment, loading and unloading, clearing, taking out, processing ...

 Forest Machinery Management Sheets, complete document used in field work.

 EPI delivery sheet

In turn, it has a system to collect from its subcontractors and suppliers all the necessary information to ensure compliance with current legislation on Occupational Health and Safety: Certificates of

medical aptitude, training certificates and information regarding PRL, certificate of delivery of PPE, etc.

In the case of suppliers and sub-suppliers (when necessary to arrive at the foot pruning / attachment operation), proceed as follows:

1. The document procedure already implemented in the evaluation CdC (NCC-PG-03 SUPPLIER ASSESSMENT of the CdC) is applied to the suppliers, which ensures that a minimum threshold required is covered: self-declaration, certificates available, have prevention service, be up to date on payments ... (Company screening).

2. SUPPLIERS WITH OSHAS are considered adequate.

3. For the rest of the suppliers, information on accidents at work (accident report) will be requested and will proceed as follows:

- Take action in the event of serious accidents.
- Follow up on minor accidents to take action in case of unjustified recurrences.

When Novalis buys chips from other suppliers, and therefore the work in the forest / farm is not under their responsibility, the right of access to all relevant information in this regard is included in the agreements with their suppliers.

The system developed is considered complete and sufficient to ensure the use of safety measures and equipment during the work to be carried out, and thus mitigate the risks related to occupational accidents.

9.2 Monitoring and outcomes

10 As already indicated, the measures established are based on measures that Novalis personnel already know, or can easily implement, since the Organization has a certification system implemented in which the work it performs is verified. Likewise, Novalis collects the necessary documentation, both of its own work, and of its suppliers. To this system the risk mitigation measures developed have been added.

11 This process is continuous, and will be evaluated semiannually (once in the middle of the audit period and again at the end, before the annual audit), in order to ensure that the risk mitigation measures being taken are effective in its purpose, or on the contrary it is necessary to make improvements and adaptations to reality.

12 Detailed Findings for Indicators

Detailed findings for each Indicator are Given in annex 1.

13 Review of Report

13.1 peer review

Made by Jose Antonio Casado Alcaide, Production Director of Novalis, and reviewed by Pablo Gómez-Reino Pérez, Forestry Engineer and external consultant who collaborates with Novalis in the implementation of the SBP certification.

13.2 Public or additional reviews

As already stated, a stakeholder consultation has been conducted to provide their contributions to it. In this regard, the external review by NEPCon has been the one that has provided the most contributions. In any case, this SBR will remain on the Novalis website (XXXX) so that comments can be received at any time.

14 Approval of Report

Approval of Supply Base Report by senior management			
Report Prepared by:	***Jose Antonio Casado Alcaide***	***Production of Novalis***	***05/27/2019***
	Yam	**title**	**Date**
The undersigned persons confirm That I / we are members of the organization's senior management and do hereby affirm That the Contents of this evaluation report duly Acknowledged Were by senior management as being accurate prior to approval and finalization of the report.			
Report approved by:	***XXX***	***Novalis manager***	***05/27/2019***
	Yam	**title**	**Date**
Report approved by:			
	Yam	**title**	**Date**
Report approved by:			
	Yam	**title**	**Date**

15 Updates

N / A evaluation.