

Certification Surveillance Report

Roundtable on Sustainable Biomaterials

UPM Kymmene Corporation

SCS Certificate Code- SCS-RSB/PC-0030

18 de Julio 818

60.000, Paysandú, Uruguay

Gonzalo Costa

Client Website: www.upmbiofuels.com

CERTIFIED	EXPIRATION
3 January 2018	2 January 2023

DATE(S) OF Surveillance Audit
08-09 October, 2019
DATE(S) OF 2019 Scope Expansion Audit
05 December, 2019
DATE(S) OF 2020 Scope Expansion
06 April, 2020
DATE OF LAST UPDATE
08 May, 2020

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FOREWORD

SCS Global Services (SCS) is a certification body accredited by the Roundtable on Sustainable Biomaterials (RSB) to conduct evaluations of biofuel operators. Under the RSB/SCS certification system, participating operators meeting international standards of biofuel production can be certified as “sustainable,” thereby permitting the Operator’s use of the RSB endorsement and logo in the marketplace subject to regular RSB/SCS oversight.

SCS deploys interdisciplinary teams of natural resource specialists and other experts all over the world to conduct evaluations of biofuel operations. SCS evaluation teams collect and analyze written materials, conduct interviews with Participating Operator’s staff and key stakeholders, and complete field and office audits of the operation(s) identified in the certification scope. Upon completion of the fact-finding phase of all evaluations, SCS teams determine compliance to the RSB Principles and Criteria.

Please Note: An RSB certificate itself does not constitute evidence that a particular product supplied by the certificate holder is certified to RSB standards. Products offered, shipped or sold by the certificate holder can only be considered covered by the scope of this certificate when the required RSB claim is clearly stated on-product. For more information about the RSB, visit their website at www.rsb.org.

Organization of the Report

This report of the results of our evaluation is divided into two sections. Section A provides the public summary and background information that is required by the Roundtable on Sustainable Biomaterials. This section is made available to the general public and is intended to provide an overview of the evaluation process, the management programs, and policies applied to the Participating Operator, and the results of the evaluation. Section A will be posted on the RSB Participating Operators Database (<http://rsb.org/certification/participating-operators/>). Section B contains more detailed results and information for use by the Participating Operator.

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SECTION A – PUBLIC SUMMARY

1.0 GENERAL INFORMATION

1.1 Operator Information

1.1.1 Name and Contact Information

Organization name	UPM Kymmene Corporation		
Operator Number	APP - 002098		
Contact person	Gonzalo Costa Salamo		
Address	18 de Julio 818	Telephone	Tel. +598 4722 4644
	60.000, Paysandú, Uruguay	Fax	
		e-mail	gonzalo.costa@upm.com
		Website	http://www.upm.com

1.1.2 Parties in Scope

Facility	Type	Street Address	City, State/Province
UPM-Kymmene Seven Seas Oy	Trader of grain in Europe	Alvar Aallon Katu 1	Helsinki, Finland
UPM Biofuels S.A.	Legal Entity in Uruguay	18 de Julio 818	Paysandú, Uruguay

*Information of warehouses part of scope is confidential and therefore listed in the Appendix of full report.

1.1.3 Additional Parties Involved

Claims on material exiting facilities that are not RSB certified but are certified to an EU scheme, such as ISCC, are limited to 'EU-RED compliant.' UPM intends to sell EU-RED compliant Canola/rapeseed oil. Confidential information regarding facilities is in Appendix 6.

1.2 Scope of Certificate

Please select one:	<input checked="" type="checkbox"/> RSB EU RED	<input type="checkbox"/> RSB Global
Please select boxes that apply:	<input type="checkbox"/> Pre-assessment	<input type="checkbox"/> 1st Annual Surveillance
	<input type="checkbox"/> Initial Assessment	<input checked="" type="checkbox"/> 2nd Annual Surveillance
	<input type="checkbox"/> Re-certification	<input type="checkbox"/> 3rd Annual Surveillance
	<input type="checkbox"/> Follow-Up to NCs	<input type="checkbox"/> 4th Annual Surveillance

The scope assessment agrees with the scope under which the operator applied	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If no, please explain:		
<i>Note: If the scope is different, please contact SCS.</i>		
Total workers covered by scope of certification:	470	
Number of women workers	Not available	

AGRICULTURAL SITES OR FEEDSTOCK PRODUCTION SITES	
Site Type	<input checked="" type="checkbox"/> Agriculture <input type="checkbox"/> Forestry <input type="checkbox"/> Biomass Production <input type="checkbox"/> Other:
Feedstock Produced:	Brassica Carinata and Rapeseed/Canola
Current Land Use	Prior Land Use
<input type="checkbox"/> Biomass Production	<input type="checkbox"/> Biomass Production
<input checked="" type="checkbox"/> Agriculture	<input checked="" type="checkbox"/> Agriculture
<input type="checkbox"/> Other:	<input type="checkbox"/> Other:
Current Employment on Site	Prior Employment on Site
<input type="checkbox"/> Negligible	<input type="checkbox"/> Negligible
<input checked="" type="checkbox"/> Local Average	<input checked="" type="checkbox"/> Local Average
<input type="checkbox"/> Above Local Average	<input type="checkbox"/> Above Local Average
<input type="checkbox"/> Full	<input type="checkbox"/> Full
Owned/Controlled By:	UPM Biofuels S.A.
Location/City:	Uruguay / Paysandu, Durazno, Soriano, Flores, Colonia, San Jose, Río Negro, Florida
Total farms included in certification scope	43 legal entities (one legal entity could have more than 1 farm).
NEW Please request shapefiles of all farms	
Were shapefiles of farms requested?	Yes
Did Operator provide shapefiles of farms included in scope of certification?	Yes
Total Area (ha)	7,948.16
Total Planted Area (ha)	7,948.16
Total area set aside for conservation purposes (ha)	0
Annual Feedstock Production Volume (please specify unit of measurement)	14.893,620 tons (from 2018)
Amount sold as RSB certified in last calendar year (tons)	14.893,620 tons (from 2018)

1.3 GHG Intensity

This information is considered confidential but will be made available to all customers upon request.

1.4 Standards Used

1.4.1 Applicable RSB-Accredited Standards

Title
RSB Principles & Criteria (RSB-STD-01-001 V3.0)
RSB Standard for EU Market Access (RSB-STD-11-001 V3.2)
RSB Standard for Participating Operators (RSB-STD-11-001-30-001 V3.2)
RSB Chain of Custody (RSB-STD-11-001-20-001 V3.6)
RSB Procedure on Communication and Claims (RSB-PRO-11-001-50-001 V3.3)
RSB Risk Management (RSB-STD-11-001-60-001 V3.2)
All standards employed are available on the websites of the Roundtable on Sustainable Biomaterials (http://rsb.org/sustainability/rsb-sustainability-standards/). Standards are also available, upon request, from SCS Global Services (http://www.scsglobalservices.com/).

2.0 EVALUATION PLANNING & PROCESS

2.1 Documentation Submitted by Operator

RSB –ROUNDTABLE ON SUSTAINABLE BIOMATERIALS RSB Screening Tool
RSPO,ISCC_FARMLIST_esp
2019-09-05 RSB Certification Self Risk Assessment Form _ UPM
RSB_CHK_Remote_Farm_Audit_080719 UPM
2019 Environmental and Social Management plan for Carinata Operations v.1.1
Guía de Manejo Brassica carinata, V2/2019
2019 Grievance Mechanism
Farms 2019 Land Selection History
Avance N. 1 Campaña Invernal a Campos de Brassica carinata 2019 en IBA's de Uruguay
2019 Conservation Management Plan
USDA weed risk assessment for Brassica carinata
2019 UPM Biofuels Development Sustainability management system for carinata operations v2_1

2.2 Audit Type and Determination

The following table summarizes the audit types for RSB Audits:

	Low risk class	Medium risk class	High risk class
Certificate validity	5 years	3 years	2 year
Main audit	Every 5 years	Every 3 years	Every 2 year
Surveillance audit	Annual	Annual	Annual

2.3 Audit Team

2.3.1 Determination of Audit Team

- Desk audits shall always be conducted by at minimum one (1) international lead auditor. The lead auditor appointed may include additional auditors and/or technical experts in the audit team if this is required by the extent of the audit.
- Field audits shall always be led by one (1) international lead auditor.
- The lead auditor appointed shall include at minimum one (1) local auditor in the audit team. The lead auditor appointed may include additional auditors and/or technical experts in the audit team if this is required by the extent of the audit.
- For field audits of participating operators in High Risk class shall always the lead auditor appointed shall appoint at minimum
 - one (1) local auditor and
 - one (1) technical expert on social issues to evaluate compliance with social requirements and the risk of non-compliance due to social issues and
 - one (1) technical expert on environmental issues to evaluate compliance with environmental requirements and the risk of non-compliance due to environmental issues.
 - The lead auditor appointed may include additional auditors and/or technical experts in the audit team if this is required by the extent of the audit.

2.3.2 Audit Team

Auditor Name:	Eddie Gomez	Auditor role:	Auditor
Qualifications: Eddie is an agronomist with emphasis on sustainable agriculture and renewable energy sources. Since 2016 has been involved with certification of agricultural operations against sustainability standards in Latin America. Eddie is currently a lead auditor of the Bonsucro Certification System, International Sustainability and Carbon Certification (ISCC) and the Alliance for Water Stewardship (AWS).			

2.4 Evaluation Schedule and Extent of Audit

2.4.1 Determination of Extent of Audit

Total number of subsidiaries, branch offices, affiliated entities, external third parties contracted or otherwise engaged, operational structures, sites, facilities, processing and production units, and supply chain structures	Scope includes: <ul style="list-style-type: none"> ● 3 companies belonging to UPM (the office in Finland, the trader and the UPM office in Uruguay) ● 43 Producers contracted by UPM for planting <i>Brassica carinata</i> or Rapeseed/Canola to cultivate seeds
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	towards extracting oil for biofuel production. <ul style="list-style-type: none"> • Six warehouses
Participating Operator Risk Class	LOW RISK (score = 8)
Disputes or prior Non-compliances	None
Changes in scope since last evaluation	None
Total number of compliance claims	None

2.4.2 Evaluation Itinerary and Activities

Time	Element/Activity	Personnel Involved
October 8, 2019	UPM Kymmene Corporation	
8:30	Opening Meeting <ul style="list-style-type: none"> - Introduction to certification program and assessment process to on-site staff. - Review of scheduled activities. - Confirmation of scope of products to be certified and any product groupings. And clarification of all suppliers; farms, blending, transportation, storage. - Client to outline production process and overall process flow. - Update from client and any changes to the operation. 	Management Auditor
9:00	Follow up on implementation of any corrective action plans from desk audit or previous initial field audit.	
10:00	Document Review - cultivation RSB Standard for Risk Management (RSB-STD-60-001 V 3.2)	Management Auditor
10:30	Document Review - cultivation RSB Standard for Participating Operators (RSB-STD-11-001-30-001 V3.2) <ul style="list-style-type: none"> • General Data • Stakeholder Consultation 	
12:00	Lunch Break	
13:00	Document Review - cultivation RSB Standard for Participating Operators (RSB-STD-11-001-30-001 V3.2) <ul style="list-style-type: none"> • P.O. Checklist 	Management Auditor
17:00	End of day 1	

October 9, 2019	UPM Kymmene Corporation	
8:30	Document Review - cultivation RSB Standard for Participating Operators (RSB-STD-11-001-30-001 V3.2) <ul style="list-style-type: none"> • P&C Indicators 	Management Auditor
12:00	Lunch Break	
13:00	Document Review – storage (2 warehouses) RSB Standard for Participating Operators (RSB-STD-11-001-30-001 V3.2)	Management Auditor
16:00	Revision (audit team) <ul style="list-style-type: none"> – Pending information – Audit notes 	Auditor
16:30	Closing Meeting <ul style="list-style-type: none"> – Presentation of general audit finding – Presentation of all non-compliances and opportunities for improvement – Fix timetables for corrective actions – Reiterate SCS appeal policy – Ask for questions. 	Management Auditor

Scope Expansion 1:

Time	Element/Activity	Personnel
Dec 5, 2020	Remote	
9:00 a.m.	Opening Meeting and General Requirements <ul style="list-style-type: none"> – Introduction to certification program and assessment process to on-site staff – Review of scheduled activities 	Management
9:30 a.m.	Review of RSB Procedures <ul style="list-style-type: none"> – Confirm roles, responsibilities and processes (PO 5.1 -5.4) – Confirmation of scope of products to be certified (including other Certifications) (PO 6.3) – Client to outline process flow – Review site map(s); virtual tour, if possible 	Management
10:00 a.m.	Document Review: Participating Operator/ Standards Checklist <ul style="list-style-type: none"> – Review of contract (PO 1.9) – Review of training procedures and records (PO 2.1.2) 	Management

	<ul style="list-style-type: none"> - Review of traceability method and implementation (including acquiring, handling, and forwarding sustainable material (PO 6.2.3, 6.5, 6.6) - Analysis of templates for material balances (PO 6.4) - Analysis of templates/procedures for transfer of sustainability information (PO 6.4.1, 6.4.2) - GHG: transport data is provided and included in UPM's GHGs (PO 9.4.2, 9.2.9- 9.2.11) 	
11:00 a.m.	Report Writing <ul style="list-style-type: none"> - Auditor(s) take time to consolidate notes and confirm audit findings 	
11:30 a.m.	Closing Meeting <ul style="list-style-type: none"> - Presentation of General audit finding - Presentation of all non-compliances and opportunities for improvement - Fix timetables for corrective actions - Reiterate SCS appeal policy - Questions 	Management

Scope Expansion 2:

Time	Element/Activity	Personnel
April 6, 2020	Remote	
9:00 a.m.	Opening Meeting and General Requirements <ul style="list-style-type: none"> - Introduction to certification program and assessment process to on-site staff - Review of scheduled activities 	Management
9:30 a.m.	Review of RSB Procedures <ul style="list-style-type: none"> - Confirm roles, responsibilities and processes (PO 5.1 -5.4) - Confirmation of scope of products to be certified (including other Certifications) (PO 6.3) - Client to outline process flow - Review site map(s); virtual tour, if possible 	Management
10:00 a.m.	Document Review: Participating Operator/ Standards Checklist <ul style="list-style-type: none"> - Review of contract (PO 1.9) - Review of training procedures and records (PO 2.1.2) - Review of traceability method and implementation (including acquiring, handling, and forwarding sustainable material (PO 6.2.3, 6.5, 6.6) - Analysis of templates for material balances (PO 6.4) - Analysis of templates/procedures for transfer of sustainability information (PO 6.4.1, 6.4.2) 	Management

	<ul style="list-style-type: none"> - GHG: transport data is provided and included in UPM’s GHGs (PO 9.4.2, 9.2.9- 9.2.11) 	
11:00 a.m.	<p>Report Writing</p> <ul style="list-style-type: none"> - Auditor(s) take time to consolidate notes and confirm audit findings 	
11:30 a.m.	<p>Closing Meeting</p> <ul style="list-style-type: none"> - Presentation of General audit finding - Presentation of all non-compliances and opportunities for improvement - Fix timetables for corrective actions - Reiterate SCS appeal policy - Questions 	Management

2.5 Evaluation of Management System

2.5.1 Methodology and Strategies Employed

SCS deploys interdisciplinary teams with expertise in agriculture, ecology, forestry, social sciences, natural resource economics, and other relevant fields to assess an Operator’s compliance to RSB standards and policies. Evaluation methods include document and record review, implementing sampling strategies to visit a broad number of site and facility types, observation of implementation of management plans and policies, and stakeholder analysis. When there is more than one team member, team members may review parts of the standards based on their background and expertise. On the final day of an evaluation, team members convene to deliberate the findings of the assessment jointly. This involves an analysis of all relevant site observations, stakeholder comments, and reviewed documents and records. Where consensus between team members cannot be achieved due to lack of evidence, conflicting evidence or differences of interpretation of the standards, the team is instructed to report these in the certification decision section.

2.5.2 Capacity of the participating operator to implement its management systems

UPM Biofuels Development sustainability management system aims to fulfill the requirements set by the RED directive as well as requirements set by Roundtable on Sustainable Biomaterials (RSB) voluntary certification scheme. The management system will be updated if new requirements are set or new sustainability schemes introduced.

This sustainability management system is separate to ‘UPM Biofuels Sustainability management system’ which covers the operations related to UPM Lappeenranta Biorefinery.

The sustainability management system covers the field operations for cultivation (Carinata), storage and supply of the material to customer (third party or UPM internal operations). Currently the system does not cover processing of the grains.

2.5.3 Evaluation of RSB compliance claims and use of RSB trademarks

The RSB short claim, as defined in RSB-PRO-50-001	Correctly stated on Sustainability Declaration
Any other claims used as per RSB-PRO-50-001	N/A
Does Operator use RSB trademarks on off-product or on-product claims?	N/A

2.6 Stakeholder Consultation Process (for Main audits)

In accordance with SCS and RSB protocols, consultation with key stakeholders is an integral component of the evaluation process. Stakeholder consultation takes place prior to, concurrent with, and following field evaluations. The primary purpose of such consultation is to solicit input from affected parties as to the strengths and weaknesses of the Participating Operator’s management system and operations, relative to the standard, and the nature of the interaction between the company and the surrounding communities.

Stakeholder consultation activities are organized according to the requirements of the RSB. The table below summarizes the major comments received from stakeholders and the assessment team’s response. Where a stakeholder comment has triggered a subsequent investigation during the evaluation, the corresponding follow-up action and conclusions from SCS are noted below.

3.0 RISK ASSESSMENT RESULTS

Based on the most recent self-risk assessment (no older than 3 months from the audit date) the PO’s risk assessment results are:	Corresponding risk class (low, medium, high):
2019-09-05 RSB Certification Self Risk Assessment Form _ UPM	Low risk (score = 8)

4.0 RESULTS OF THE EVALUATION

4.1 Process of Determining Compliance

4.1.1 Structure of Standard and Degrees of Non-Compliance

RSB-accredited biofuel standards consist of a three-level hierarchy: the principle, the criteria that correspond to that principle, and then the performance indicators that elaborate upon each criterion. Consistent with SCS Sustainable Biofuels Program evaluation protocols, the team collectively determines whether or not the subject operation is in compliance with every applicable indicator of the relevant sustainable biofuel standard. Each non-compliance must be evaluated to determine whether it constitutes a major or minor non-compliance at the level of the associated criterion or sub-criterion. Not all indicators are equally important, and there is no simple numerical formula to determine whether

an operation is in non-compliance. The team therefore must use their collective judgment to assess each criterion and determine if the Operator is in compliance. If the Operator is determined to be in non-compliance at the criterion level, then at least one of the applicable indicators must be in major non-compliance.

4.1.2 Interpretations of Major and Minor Non-compliances

Major Non-compliances, either alone or in combination with non-compliances of other applicable indicators, result (or are likely to result) in a fundamental failure to achieve the objectives of the relevant RSB Criterion. These non-compliances must be resolved or closed out before a certificate can be awarded. If Major NCs arise after an operation is certified, the timeframe for correcting these non-compliances is typically no more than three months. Certification is contingent on the operator’s response to the NCs within the stipulated time frame.

Minor Non-compliances are typically limited in scale or can be characterized as an unusual lapse in the system. Most minor NCs are the result of a non-conformance at the indicator-level. Non-compliances must be closed out within a specified time period of award of the certificate.

4.1.3 Major Non-compliances

<input checked="" type="checkbox"/>	No major NCs were issued to the Operator during the evaluation. Any minor CARs from previous surveillance audits have been reviewed and closed prior to the issuance of a certificate.
<input type="checkbox"/>	Major NCs were issued to the Operator during the evaluation, which have all been closed to the satisfaction of the audit team and meet the requirements of the standards. Any minor CARs from previous surveillance audits have been reviewed and closed prior to the issuance of a certificate.
<input type="checkbox"/>	Major NCs were issued to the Operator during the evaluation and the Operator has not yet satisfactorily closed all major NCs.

4.1.4 Non-compliances and Current Status

No non-conformities issued

5.0 CERTIFICATION DECISION

Certification Recommendation		
For Initial and Re-certifications: Operator to be awarded RSB certification subject to the minor non-compliances stated in Section 4.2.5.	Yes <input type="checkbox"/> No <input type="checkbox"/>	
For Surveillance Audits: Operator is to continue as an RSB certified Participating Operator subject to the minor non-compliances stated in Section 4.2.5.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
The SCS evaluation team makes the above recommendation for certification based on the full and proper execution of the SCS Responsible Biofuels Program evaluation protocols. If certification is recommended, the Operator has satisfactorily demonstrated the following without exception:		
Operator has addressed any Major NC(s) assigned during the evaluation.	Yes <input type="checkbox"/> No <input type="checkbox"/> No Major NCs issued <input checked="" type="checkbox"/>	
Operator has demonstrated that their system of management is capable of ensuring that all of the requirements of the applicable standards are met over the sites and facilities covered by the scope of the evaluation.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Operator has demonstrated that the described system of management is being implemented consistently over the sites and facilities covered by the scope of the certificate.	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Comments and/or details of any issue which was difficult and/or impossible to evaluate:		
To be completed by Certification Decision-Making Entity	Technical Review by: If different to decision-maker	Inna Kitaychik
	Certification decision:	Continued certification against the RSB standards listed in section 1.3
	Certification decision by:	Inna Kitaychik
	Date of decision: For initial or continued certification	3 March 2020
	Surveillance schedule:	3 rd Surveillance Audit in October 2020
	Notes:	

Sub Certificate Codes (if applicable)

Legal Entity/Operational Site	Sub-Certificate Code