



Preferred by Nature OÜ Evaluation of Granules Combustibles Energex inc Compliance with the SBP Framework: Public Summary Report

Third Surveillance Audit

www.sbp-cert.org



The promise of good biomass



Completed in accordance with the CB Public Summary Report Template Version 1.8

*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

Version 1.1: published 30 January 2018

Version 1.2: published 4 April 2018

Version 1.3: published 10 May 2018

Version 1.4: published 16 August 2018

Version 1.5: published 22 October 2020

Version 1.7: published 12 November 2022

Version 1.8: published 26 April 2023

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1 Overview

Certification Body (CB) Name:	Preferred by Nature OÜ
Primary CB contact for SBP:	Pilar Gorria Serrano
Primary CB contact email:	pgorria@preferredbynature.org
Audit team leader:	Yves Bouthillier
Audit team members:	Yves Bouthillier
Name of the Company:	Granules Combustibles Energex inc
Company legal address:	3891 Président Kennedy, G6B 3B8 Lac-Mégantic (Québec), Canada
Company contact for SBP:	Alain Perreault
Company contact email:	aperreault@lignetics.com
Company website:	https://energex.com
Installation date:	N/A (production of heat, cooling or electricity from biomass has started)
SBP Certificate Code:	SBP-08-39
Date of certificate issue:	25 May 2021
Date of certificate expiry:	24 May 2026
Audit closing meeting date:	14 May 2024
Audit cycle:	Third Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope Item	Check all that apply to the Certificate Scope	Change in scope (N/A for Assessments)
Primary Activity:	Biomass Producer	☐
Approved Standards:	SBP Standard 2: Verification of SBP-compliant Feedstock; SBP Standard 4: Chain of Custody; SBP Standard 5: Collection and Communication of Data Instruction; SBP Standard 1: Feedstock Compliance Standard; Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5; Instruction Document REDII: Bridging requirements of the SBP scheme for meeting REDII. v1.1	☐
Includes Supply Base Evaluation (SBE):	Yes	☐
Includes REDII scheme	Yes	☐
Includes REDII SBE	No	☐
Includes communication of Dynamic Batch Sustainability Data (DBSD)	Yes	☐
Includes Group Scheme	No	☐
Products	Pellets	☐

Feedstock types:	Secondary	☐
Feedstock origin (countries):	Canada, United States	☐
SBP-endorsed Regional Risk Assessments used:	Quebec, Canada	☐
Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/		☐
Chain of custody system implemented:	FSC: NC-COC-007742	☐
	Credit	☐

2.1 Description of the company

Granules combustibles Energex inc. is a pellet producer located in Lac-Mégantic (Québec) , Canada with production capacity of 110 000 t. The organization source secondary feedstock only (in form of wood chips, sawdust and shavings) from one supplier only who further supply this feedstock from many different sub-suppliers located in Eastern Ontario, Quebec, New Brunswick (Canada) and New York, Pennsylvania, Vermont, New Hampshire, Maine, Massachusetts, Connecticut, Rhode Island (United States). The defined supply base contains over 230 million ha of forest. All material is received with FSC claim - FSC Mix Credit or FSC Controlled wood. In the dryer, the BP use the same material as in the pellet production and pellets diverted from the production. The material used is at least FSC controlled wood. The final product is transported to Port of Quebec by trucks.

2.2 Detailed description of the Chain of Custody system

The BP holds valid FSC CoC certificate covering the pellet production <https://search.fsc.org/fr/certificate/a02f300000gIHNxAAO/> The feedstock (wood chips, shavings and sawdust) could be purchased with different claims: FSC Mix Credit or FSC Controlled Wood. Feedstock from non-certified sub-suppliers, controlled under the direct supplier DDS is supplied with FSC CW claim. Non-certified feedstock is not accepted. The BP implements an FSC credit system of claims. All pellets are made from secondary feedstock, the material is weighted at the entrance and the volume is recorded. The credit account is updated against information received from the invoice delivered by the supplier. The conversion factor is calculated using the input - feedstock used in the dryer and output ratio. The credit account is updated monthly and it includes a description of the feedstock (sawdust, wood chips, shavings), the volume of physical input, production results and other relevant information. Purchased feedstock is provided with relevant trade and transport documents.

3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of specified SBP and REDII Standards are implemented across the entire scope of certification.

The scope of the evaluation covered:

- Review of the BP's management procedures for SBP and REDII;
- Review of the production processes, production site visit;
- Review of the mass balance requirements;
- Review of PEFC system control points,
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- GHG data collection analysis and assessment of compliance with ID 5E;

4 Evaluation process

4.1 Timing of evaluation activities

Audit Level of Effort (LoE)		
Activity	Auditors	Auditor hours
1. Preparation	YB	8.0
2. On-site (excl. travel time)	YB	8.0
3. Report writing	YB	12.0
4. Other	YB	4.0

Audit Schedule			
Activity	Location	Auditor name	Date/time
<i>Opening meeting</i>	On-site	Yves Bouthillier	14 May 2024/8:30
<i>Review of procedures, systems, non-conformances, on-site tour of facilities, interviews with staff and workers</i>	On-site	Yves Bouthillier	14 May 2024/9:00
<i>Closing meeting</i>	On-site	Yves Bouthillier	14 May 2024/15:30

Auditor qualification		
Auditor name	Role	Qualification
Yves Bouthillier	Lead auditor	Yves is a biologist with a specialization in conservation and environment and a master's degree in Earth Sciences. He has been working in the field of environmental certifications since 2014. Yves is qualified to audit the following standards: - FSC FM, CoC, CW - SBP - CoC for PEFC, SFI and RA SC

4.2 Description of evaluation activities

The BP's SBP REDII management system works in parallel with its FSC CoC system. Audit started with an opening meeting attended by the person in charge of the SBP certificate for the BP, management and relevant staff. During the opening meeting the audit team leader introduced himself, discussed the audit schedule, methodology, use of triangulation for evidence review, auditor qualification, confidentiality issues, and assessment methodology and clarified certification scope. The audit team leader explained CB's accreditation related issues.

After that auditor went through all applicable requirements of the SBP Standards 1,2, 4, 5, Instruction Document 5e and REDII covering input classification, existing chain of custody system, COC Critical Control Points (feedstock entrance, inputs identification and claims, control system, conversion factors and sales) management system, record keeping/mass balance requirements, emission and energy data and categorization of input and verification of SBP-compliant biomass. During the process, overall responsible person for SBP system and other staff were interviewed. Supply Base Report (SBR) and the SBP Audit Report (SAR) documentation energy consumption and moisture levels were reviewed.

At the end of the audit, a closing meeting was held when findings were summarized, and preliminary audit conclusions were communicated to the person in charge of the SBP certificate for the BP, management and relevant staff.

4.3 Sampling methodology

The BP only sources secondary feedstock (chips, sawdust and shavings). Total of 57 sub-suppliers (42 primary processors and the rest secondary processors). Square root of 42 = 7, square root of 15 = 4. Total 11 sub-suppliers were audited remotely.

4.4 CB stakeholder engagement

N/A, the BP only sources secondary feedstock (sawdust and shavings). Stakeholder consultation for the SBE was performed in the previous years.

4.5 Stakeholder feedback

See 4.4

5 Results

5.1 Main strengths and weaknesses

Strengths:

Small number of the management staff and clearly designated responsibilities within the staff members.

Weaknesses:

See NCR section

5.2 Rigour of Supply Base Evaluation

The BP supply base covers Quebec, New Brunswick, and US states in northeast US. The BP can receive feedstock as FSC Mix or FSC CW. All feedstock received as FSC controlled wood are not added to the SBP credit account.

For the province of Québec, Canada, the BP has conducted a supply base evaluation (SBE) in 2022 per SBP Standard 1 using the regional risk assessment for Quebec. The BP implements mitigation measures for the following specified risk indicators: 1.6.1, 2.1.1, 2.1.2, 2.2.1, 2.2.2, 2.2.4, 2.2.5 and 2.2.6. The only feedstock that is sold as SBP-compliant from Quebec using the SBE and RRA is only after the mitigation measures in SBE are applied.

The BP is in regular contact with their unique supplier to verify the supply base and the sub-suppliers validity and location.

5.3 Collection and communication of data

The following energy sources are used by the BP:

- Electricity for pellet production;
- Diesel for feedstock handling;
- Diesel for biomass transportation to customer;
- Propane for burner for drying;
- Biomass fuels for burner and boiler.

5.4 Competency of involved personnel

Overall, BP staff showed general understanding of applicable SBP requirements. A very few staff members are involved in SBP certification. As of summer 2024, Linda Breton, Administrative Assistant took temporary responsibility for FSC and SBP certification. From now, Alain Perreault will take responsibility. The BP is heavily supported by INCOS Stratégies (Nicolas Blanchette, external consultant).

6 Review of company's risk assessments

6.1 Overview of company's risk assessments and mitigation measures

Used the Regional Risk Assessment for Québec V1-0.

6.2 Specified risk indicators and mitigation measures

Country:
Canada

Indicator:

1.6.1 The BP has implemented appropriate control systems and procedures to ensure that feedstock is not sourced from areas where there are violations of traditional or civil rights.

Specific risk description:

Even though some Nations have signed consultation and accommodation agreements, the assessment is not able to conclude that there is a low risk that forest activities violate the rights of First Nations in private forests.

Mitigation measure:

Exclude the mass/volume of deliveries from sub suppliers equivalent to the determined proportion of feedstock they source from private woodlots located in the province of Quebec. This is a government report with volume percentages from private land versus crown land. The regional risk assessment for Quebec is low risk for crown land.

Country:
Canada

Indicator:

2.1.1 The BP has implemented appropriate control systems and procedures for verifying that forests and other areas with high conservation value in the Supply Base are identified and mapped.

Specific risk description:

Forest activities may be carried out without assistance programs, such as those for private woodlot development and property tax refunds. As a result, these activities are not subject to the same requirements of sound forestry practices and the same frequency of professional monitoring. Even though these activities must comply with development plans, municipal by-laws and other laws and regulations associated with logging in private woodlots, it is difficult to ascertain whether HCVs are identified and mapped on these properties.

Mitigation measure:

Exclude the mass/volume of deliveries from sub suppliers equivalent to the determined proportion of feedstock they source from private woodlots located in the province of Quebec. This is a government report with volume percentages from private land versus crown land. The regional risk assessment for Quebec is low risk for crown land.

Sub suppliers are required to sign a wood supply declaration form confirming the forest origins of their wood supply and the proportion of their feedstock sourced from public and private land tenure in the

province of Quebec. Declarations are updated annually. They also commit to provide notification if their supply base changes at any given time.

To renew their processing permit, each mill is required by law to complete an annual survey confirming the origins of their wood supply in terms of tenure, provinces and states. In agreement with the biomass producer, government representatives created groupings of sub suppliers to define their average proportion of feedstock sourced from public forests. These proportions are then used to determine the amount of each delivery that can be considered sourced from public forests and SBP Compliant Biomass.

Feedstock received from outside of the Quebec region is FSC Controlled wood and not used for credits in the SBP system. The mass balance approach is also used for this material.

Country:
Canada

Indicator:

2.1.2 The BP 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.

Specific risk description:

According to the information analyzed on harvesting operations in uncertified private forests without an assistance program, there is a specified risk that the potential threats of forest development activities to HCVs are not adequately taken into account by current procedures and control systems

Mitigation measure:

Exclude the mass/volume of deliveries from sub suppliers equivalent to the determined proportion of feedstock they source from private woodlots located in the province of Quebec. This is a government report with volume percentages from private land versus crown land. The regional risk assessment for Quebec is low risk for crown land.

Sub suppliers are required to sign a wood supply declaration form confirming the forest origins of their wood supply and the proportion of their feedstock sourced from public and private land tenure in the province of Quebec. Declarations are updated annually. They also commit to provide notification if their supply base changes at any given time.

To renew their processing permit, each mill is required by law to complete an annual survey confirming the origins of their wood supply in terms of tenure, provinces and states. In agreement with the biomass producer, government representatives created groupings of sub suppliers to define their average proportion of feedstock sourced from public forests. These proportions are then used to determine the amount of each delivery that can be considered sourced from public forests and SBP Compliant Biomass.

Feedstock received from outside of the Quebec region is FSC Controlled wood and not used for credits in the SBP system. The mass balance approach is also used for this material.

Country:
Canada

Indicator:

2.2.1 The BP has implemented appropriate control systems and procedures to verify that feedstock is sourced from forests where there is appropriate assessment of impacts, and planning, implementation and monitoring to minimise them.

Specific risk description:

A specified risk in private forests to the extent that monitoring mechanisms need to be identified and, in the case of work not carried out under a program, the identification of potential impacts and the appropriate planning are uncertain.

Mitigation measure:

Exclude the mass/volume of deliveries from sub suppliers equivalent to the determined proportion of feedstock they source from private woodlots located in the province of Quebec. This is a government report with volume percentages from private land versus crown land. The regional risk assessment for Quebec is low risk for crown land.

Sub suppliers are required to sign a wood supply declaration form confirming the forest origins of their wood supply and the proportion of their feedstock sourced from public and private land tenure in the province of Quebec. Declarations are updated annually. They also commit to provide notification if their supply base changes at any given time.

To renew their processing permit, each mill is required by law to complete an annual survey confirming the origins of their wood supply in terms of tenure, provinces and states. In agreement with the biomass producer, government representatives created groupings of sub suppliers to define their average proportion of feedstock sourced from public forests. These proportions are then used to determine the amount of each delivery that can be considered sourced from public forests and SBP Compliant Biomass.

Feedstock received from outside of the Quebec region is FSC Controlled wood and not used for credits in the SBP system. The mass balance approach is also used for this material.

Country:
Canada

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

Specific risk description:
Specified risk in private forests to the extent that monitoring mechanisms need to be identified and, in the case of work not carried out under the program, the identification of possible impacts and the requisite planning are uncertain.

Mitigation measure:
Exclude the mass/volume of deliveries from sub suppliers equivalent to the determined proportion of feedstock they source from private woodlots located in the province of Quebec. This is a government report with volume percentages from private land versus crown land. The regional risk assessment for Quebec is low risk for crown land.

Sub suppliers are required to sign a wood supply declaration form confirming the forest origins of their wood supply and the proportion of their feedstock sourced from public and private land tenure in the province of Quebec. Declarations are updated annually. They also commit to provide notification if their supply base changes at any given time.

To renew their processing permit, each mill is required by law to complete an annual survey confirming the origins of their wood supply in terms of tenure, provinces and states. In agreement with the biomass producer, government representatives created groupings of sub suppliers to define their average proportion of feedstock sourced from public forests. These proportions are then used to determine the amount of each delivery that can be considered sourced from public forests and SBP Compliant Biomass.

Feedstock received from outside of the Quebec region is FSC Controlled wood and not used for credits in the SBP system. The mass balance approach is also used for this material.

Country:
Canada

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

Specific risk description:

According to information analyzed on harvesting in uncertified private forests that do not benefit from an assistance program, there is a specified risk that these forest practices will not ensure protection and maintenance of biodiversity. Municipalities or RCMs may have by-laws governing such practices, but such by-laws are specific to each as are the resources deployed to check compliance by forest owners.

Mitigation measure:

Exclude the mass/volume of deliveries from sub suppliers equivalent to the determined proportion of feedstock they source from private woodlots located in the province of Quebec. This is a government report with volume percentages from private land versus crown land. The regional risk assessment for Quebec is low risk for crown land.

Sub suppliers are required to sign a wood supply declaration form confirming the forest origins of their wood supply and the proportion of their feedstock sourced from public and private land tenure in the province of Quebec. Declarations are updated annually. They also commit to provide notification if their supply base changes at any given time.

To renew their processing permit, each mill is required by law to complete an annual survey confirming the origins of their wood supply in terms of tenure, provinces and states. In agreement with the biomass producer, government representatives created groupings of sub suppliers to define their average proportion of feedstock sourced from public forests. These proportions are then used to determine the amount of each delivery that can be considered sourced from public forests and SBP Compliant Biomass.

Feedstock received from outside of the Quebec region is FSC Controlled wood and not used for credits in the SBP system. The mass balance approach is also used for this material.

Country:

Canada

Indicator:

2.2.5 The BP has implemented appropriate control systems and procedures for verifying that the process of residue removal minimises harm to ecosystems.

Specific risk description:

Private forests without development assistance: Forest activities may be carried out without assistance programs, such as the programs for the private forest management program and the property tax refund program. As a result, these activities are not subject to the same requirements of sound forest practices and the same frequency of professional monitoring. Even though these activities must comply with development plans, by-laws and other laws and regulations associated with logging in private forests, it is difficult to verify whether the harvesting of forest biomass in private forests without development assistance minimizes impacts on the forest environment.

Mitigation measure:

Exclude the mass/volume of deliveries from sub suppliers equivalent to the determined proportion of feedstock they source from private woodlots located in the province of Quebec. This is a government report with volume percentages from private land versus crown land. The regional risk assessment for Quebec is low risk for crown land.

Sub suppliers are required to sign a wood supply declaration form confirming the forest origins of their wood supply and the proportion of their feedstock sourced from public and private land tenure in the province of Quebec. Declarations are updated annually. They also commit to provide notification if their supply base changes at any given time.

To renew their processing permit, each mill is required by law to complete an annual survey confirming the origins of their wood supply in terms of tenure, provinces and states. In agreement with the biomass producer, government representatives created groupings of sub suppliers to define their average proportion of feedstock sourced from public forests. These proportions are then used to determine the amount of each delivery that can be considered sourced from public forests and SBP Compliant Biomass.

Feedstock received from outside of the Quebec region is FSC Controlled wood and not used for credits in the SBP system. The mass balance approach is also used for this material.

Country:
Canada

Indicator:
2.2.6 The BP 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).

Specific risk description:
Private forests without development assistance: Forest activities may be carried out without assistance programs, such as the managing private forests assistance program and the property tax refund program. Such activities must comply with development plans, municipal by- laws and other laws and regulations associated with logging in private forests. As a result of uneven monitoring of forest operations in private forests without development assistance, it is not possible to verify whether negative impacts on the water system are minimized in such forests.

Mitigation measure:
Exclude the mass/volume of deliveries from sub suppliers equivalent to the determined proportion of feedstock they source from private woodlots located in the province of Quebec. This is a government report with volume percentages from private land versus crown land. The regional risk assessment for Quebec is low risk for crown land.
Sub suppliers are required to sign a wood supply declaration form confirming the forest origins of their wood supply and the proportion of their feedstock sourced from public and private land tenure in the province of Quebec. Declarations are updated annually. They also commit to provide notification if their supply base changes at any given time.
To renew their processing permit, each mill is required by law to complete an annual survey confirming the origins of their wood supply in terms of tenure, provinces and states. In agreement with the biomass producer, government representatives created groupings of sub suppliers to define their average proportion of feedstock sourced from public forests. These proportions are then used to determine the amount of each delivery that can be considered sourced from public forests and SBP Compliant Biomass.

Feedstock received from outside of the Quebec region is FSC Controlled wood and not used for credits in the SBP system. The mass balance approach is also used for this material.

7 Non-conformities and observations

NC number NC-004629 (90988) NC Grading: Minor	
Standard:	SBP Framework Instruction Document REDII: Bridging requirements of the SBP scheme for meeting REDII v1.0
Requirement:	7.1.2 Verification shall include the following elements: a) For each supplier, the BP shall define the necessary evidence, actions and record keeping procedures to show that feedstock received complies with the SBP definitions of secondary and tertiary. These records shall specify: i. Name and address of the supplier ii. Type of Supplier (e.g. purchaser/ collector from point of reclamation, trader) iii. Categories of feedstock supplied iv. Level of control required (e.g. visual inspection upon receipt, supplier audits – see 7.2 and 7.3). v. Self-declaration that the feedstock qualifies as processing residue or waste according to the REDII b) The BP shall monitor the compliance of its suppliers with SBP definitions and purchase specifications and shall have a contingency plan to cater for non-compliant feedstock or documentation. For example, the BP might classify feedstock as non-eligible input for SBP products, request correction of purchase documents, or invalidate suppliers temporarily or permanently. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
The BP has records (self-declarations, trip tickets, agreements) for each sub-supplier which allows to confirm information for 7.1.2 a) i to v.. However the current self-declarations used for each sub-supplier are not in conformance vi. Self-declaration that the feedstock qualifies as processing residue or waste according to the REDII.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Updated self-declarations Interviews with staff and consultant
Findings for Evaluation of Evidence:	The BP obtained self-declarations that include clause vi. from each sub-supplier. The root cause for this NC is that the BP didn't have the time before last year's audit to obtain updated self-declarations from each supplier.
NC Status:	Closed

NC number NC-004618 (90989) NC Grading: Minor	
Standard:	SBP Framework Instruction Document REDII: Bridging requirements of the SBP scheme for meeting REDII v1.0

Requirement:	8.1.1 The organisation shall establish and document its commitment to implement and maintain the mass balance requirements. The commitment of the organisation shall be made available to its personnel, suppliers, clients and other stakeholders. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
The BP provided a documented commitment (EXH 12), but it was not signed at the time of the audit and the website was not updated to mention its availability. https://energex.com/products/heating-wood-pellets/softwood-pellets/	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	EXH 07 EnergexREDII_EnglishSigned.pdf EXH 08 RapportAuditInterne-Energex2024.docx Interviews with staff and consultant
Findings for Evaluation of Evidence:	The BP signed its commitment to REDII requirements and made it available on its website ("For more information and/or copies of our policies, complete the contact us form below."). The root cause for this NC is that the BP wasn't aware of this requirement. Corrective measures implemented and interviews with staff demonstrate understanding of this requirement.
NC Status:	Closed

NC number NC-004626 (90990) NC Grading: Minor	
Standard:	SBP Framework Instruction Document REDII: Bridging requirements of the SBP scheme for meeting REDII v1.0
Requirement:	8.1.5 The organisation shall have a training plan covering mass balance requirements, which is subject to on-going or at least annual review. Appropriate training shall be provided by the organisation for personnel carrying out the tasks critical to the effective implementation of the mass balance requirements. Training shall be specific and relevant to the task(s) performed. Records of participants and content shall be maintained. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
The BP had a training and internal in 2023 to cover the new REDII requirements for the relevant staff. However, the BP doesn't have an annual training plan covering the mass balance requirements.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	EXH 05 Energex-registre de formationFSC20240307.docx EXH 01 Procedure Energex CDT20240513.docx Interviews with staff and consultant
Findings for Evaluation of Evidence:	The BP updated its procedures (EXH 01 Section 16) to instruct an annual training to REDII mass balance requirements. The 2024 training was performed on March 7, 2024. The root cause for this NC is that the BP wasn't aware of this requirement. Corrective measures implemented and interviews with staff demonstrate understanding of this requirement and the mass balance requirements.
NC Status:	Closed

NC number NC-004624 (92248) NC Grading: Minor	
Standard:	SBP Framework Instruction Document REDII: Bridging requirements of the SBP scheme for meeting REDII v1.0
Requirement:	7.3.1 The legal owner shall perform annual or more frequent on-site audit of the suppliers as part of the supplier audit for secondary and tertiary feedstock (including overseas suppliers) based on a justified sampling approach. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
Minor NC is issued since not all sub-suppliers have been audited against the REDII requirements. This is a Minor NC since this is a transition year and it is expected all sub-suppliers will have been audited to	

these requirements during the 2024 annual surveillance audit.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	EXH 01 Procedure Energex CDT20240513.docx EXH 06 SBRAprovisionnementFournisseurs EXH 10/Justification-VisitesUsinesREDII.docx EXH 10/Visites sous-fournisseurs Interviews with staff and consultant
Findings for Evaluation of Evidence:	The BP has defined that sub-suppliers from which it's sourcing chips present the highest risk. From its 35 sub-suppliers of chips, $\sqrt{35} \times 0.6 = 4$ sub-suppliers were visited to confirm that material provided is secondary feedstock. The root cause for this NC is that the BP didn't have the time before last year's audit to complete these audits.
NC Status:	Closed

NC number NC-004631 (106250)	NC Grading: Major
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	16.1 Where an indicator is rated as specified risk, mitigation measures shall be taken to reduce the risk level to low risk. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
For 2023, the BP has not implemented the mitigation measure to address risks identified in the Québec SBP RRA for private lands: it has not updated the ratios of wood supply from private lands from the different regions (ex. Bas-Saint-Laurent region), resulting in not deducting enough credits from the private lands from the mass balances as directed in its SBE. This did not lead to a negative balance, considering the share of material sourced is FSC certified/controlled or from public lands.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	Updated credit account (EXH 10) Communications with client
Findings for Evaluation of Evidence:	Before report finalization, the BP updated its credit account to adjust the ratios of wood supply from private lands from the different regions to deduct ineligible credits for SBP-compliant claims. The root cause for this NC is that the person in charge of updating the ratios left the BP and the new staff in charge wasn't aware these ratios had to be updated annually. Communications with the staff confirmed understanding of this requirement.
NC Status:	Closed

NC number NC-004690 (107523)	NC Grading: Major
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	IN2C; 1.1 The BP shall prepare a SBR which is publicly available and includes a summary of any SBE N/A N/A N/A
Description of Non-conformance and Related Evidence:	
The SBR provided is mostly in French.	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

8 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Mikhail Rai
Date of decision:	30 Jul 2024
Other comments:	N/A