Compliance with the SBP Framework: Public Summary Report

Preferred by Nature OÜ
Evaluation of Granulco Inc.

Fourth Surveillance Audit

Sustainable Biomass Program
sbp-cert.org

Completed in accordance with the CB Public Summary Report Template Version 2.1 and SBP Bridging Requirements for Meeting the Directive EU/2023/2413 (REDIII)

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

Document history

Version 2.0	**Published 10 August 2023**
Version 2.1	Published 21 May 2025

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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:	Lucas Schnapper
Audit team members:	Lucas Schnapper
Name of the Company:	Granulco Inc.
Company legal address:	648 ch. du Moulin, G0T1Y0 Sacré-Coeur, Canada
Company contact for SBP:	Karl Gauthier
Company contact email:	kgauthier@granulco.com
Company website:	www.granulco.com
Date of installation:	01 Jan 2020
SBP Certificate Code:	SBP-08-72
Date of certificate issue:	27 May 2022
Date of certificate expiry:	26 May 2027
Audit closing meeting date:	02 Apr 2026
Audit cycle:	Fourth Surveillance Audit

2 Audit conclusions

2.1 Certification decision

Based on the auditor's recommendation and the Certification Body's technical review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Christian Jürgensen
Date of decision:	13 Aug 2026
Other comments:	N/A

2.2 Open non-conformities and observations

NC number 9467	NC Grading: Minor
Standard:	SBP Standard 4: Chain of Custody v2.0
Requirement:	4.3 The Organisation shall be responsible for verifying conformance of all feedstock categories with all relevant SBP requirements, including the requirements specific to sourcing. N/A N/A N/A
Description of Non-conformance and Related Evidence:	
The BP has procedures and staff interviewed demonstrated competences and knowledge about these. See Section 4 of 20250319_Granulco_CoC_Procédures_2025.docx and PROCÉDURE POUR RÉCEPTION DE LA MATIÈRE PREMIÈRE.docx in folder Procedures. However, a supplier (DOMTAR) gives a list of SFI certified materials once a year. The transfer of SFI certificates data must be done with transfer of biomass, and the organization has to make sure this information is given in due time by the supplier. Considering all the material transferred are indeed certified and that the organization has asked multiple times for the SFI certificates data of the purchased materials, this NCR is classified as Minor.	
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:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number 9468	NC Grading: Minor
Standard:	SBP Standard 4: Chain of Custody v2.0
Requirement:	4.13 The Organisation shall set up and maintain a separate mass balance account for each product group. N/A N/A

	N/A
Description of Non-conformance and Related Evidence:	
The mass balance was unclearly presented during the audit. Multiple databases overlap and calculations are unclear for the staff in charge. Considering the importance of this document for SBP certification, staff must be able to present consistent data to the audit team during the audit. With regards to the fact that the mass balance data were found consistent after multiple explanations and calculations, this NCR is graded as minor.	
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:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number 9469	NC Grading: Observation
Standard:	Instruction Document EU RED: Bridging Requirements for Meeting the Directive EU/2023/2413 v2.0
Requirement:	1.5.3 "So, where evidence of compliance with one or several harvesting criteria at national or sub-national level is not available (i.e., it is not possible to justify low risk), the Biomass Producer shall demonstrate that those criteria have been complied with through management systems that are in place and implemented at the level of the sourcing area. To that end, Biomass Producers shall provide accurate, up-to-date, and verifiable evidence of the following elements: a) The spatial boundaries of the sourcing area for which compliance needs to be demonstrated, and on which management systems referred to in point (b) apply, including by means of geographical coordinates or parcels. b) N/A N/A N/A
Description of Non-conformance and Related Evidence:	
In Risk assessment for primary feedstock harvesting, the organization shall make sure they have verifiable proof that they are not harvesting in no-go zones such as old growth forests or identified Woodland Caribou protected areas.	
Timeline for Conformance:	N/A
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

2.2 Closed non-conformities

NC number 8581 copied from 5132	NC Grading: Observation
Standard:	SBP Standard 2: Feedstock Verification v2.0
Requirement:	1.1.5 If any sub-scopes are defined these shall be described, mapped, and justified. N/A N/A
Description of Non-conformance and Related Evidence:	
The BP has mapped its Supply Base in its SBR. However the maps are misleading and could lead to confusion from stakeholders and future auditors. BP should ensure that maps display relevant titles and informations pertaining to its SBP certification.	
Timeline for Conformance:	N/A
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Closed

NC number 8582 copied from 5251	NC Grading: Minor
Standard:	SBP Standard 4: Chain of Custody v2.0
Requirement:	1.24 The Organisation shall maintain an up-to-date self-assessment covering the implementation of 1.21, 1.22 and 1.23. N/A N/A
Description of Non-conformance and Related Evidence:	
The BP has completed an assessment during its latest internal audit of its compliance to applicable laws and regulations. However, it does not comply to SBP's Guidance for this requirement (see Guidance for Standard 4).	
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:	- Internal audit report from 18th february 2026 - Revised SBP procedures and documentation - Interview with internal auditor
Findings for Evaluation of Evidence:	The process for internal auditing has been modified by the organization. It now complies with Guidance for Standard 4 for this requirement. The root cause analisis was appropriately done and results were taken into account in the realization of the 2026 internal audit.
NC Status:	Closed

2.3 Actions taken by Organisation Prior to Report Finalisation

Actions taken to close NCR 8582 - The process for internal auditing has been modified by the organization. It now complies with Guidance for Standard 4 for this requirement. The root cause analisis was appropriately done and results were taken into account in the realization of the 2026 internal audit.

2.4 Notes for the next Audit

Please see NCRs

3 Scope of the audit and SBP certificate

Scope item	Check all that apply to the Certificate scope
Primary activity	Biomass Producer
Secondary activity	
Approved Standards	Instruction Document EU RED: Bridging Requirements for Meeting the Directive EU/2023/2413 v2.0; Instruction Document 5E: Collection and Communication of Energy and Carbon data. v2.1; SBP Standard 1: Feedstock Compliance v2.0; SBP Standard 2: Feedstock Verification v2.0; SBP Standard 4: Chain of Custody v2.0; SBP Standard 5: Collection and Communication of Data v2.0
Product Group IDs	☒ Forest feedstock (1A) ☐ Trees outside forest (TOF) - Urban and landscape feedstock (2A) ☐ Trees outside forest (TOF) - Agricultural land feedstock (3A) ☒ Processing residues feedstock (4A) ☐ Post-consumer feedstock (5A) ☐ Other (please specify)
SBP Feedstock types	☒ SBP Compliant; ☐ SBP Controlled
Includes Supply Base Evaluation (SBE)	Yes
Includes EU RED Scheme	Yes
Includes EU RED Supply Base Evaluation (SBE)	Yes
Products	WB 1.1 Wood pellets
Feedstock origin (countries):	Canada
SBP-endorsed Regional Risk Assessments used: **Public link:** **https://sbp-cert.org/documents/standards-documents/risk-assessments/**	SBP-RRA-CA-QC-FOR_v2.0 RRA for Quebec FOR_Interim
Chain of custody system	☐ Physical separation ☒ Mass balance
Outsourcing	No
Changes in the scope	Added SBE with new Québec RRA Transition to version 2 of SBP standards

3.1 Description of the company

Guidance: Please describe the type, structure and operations of the company including its role in the supply chain, its inputs and outputs as they related to SBP Standards.

Granulco is located in Sacré-Coeur, Quebec and produces granules from secondary feedstock (pin chips, sawdust and shavings). The Organization is part of the industrial complex of Boisaco, sister company that holds an SFI certificate. The certified pellets are currently sold to another SBP BP based in Québec, Canada, who ships it overseas from Port de Québec. The Organization also manufactures bags of pellets, but these are not sold as SBP.

3.2 Site details

Legal entity name	Address	Site Activity	Visited during the audit
Granulco	648 chemin du Moulin, Sacré-Cœur QC G0T1Y0	Pellet mill, Office	☒

3.3 Detailed description of the Chain of Custody system and Product Groups

Guidance: Please describe the operation of the CoC system including details of the mass balance management and a list of established Product Groups.

The Organization currently holds a valid PEFC Chain of Custody certification. The organization uses the credit system to control declarations. PEFC certificate details: https://pefc.org/find-certified/details?cbResetParam=1&CID=C-NB8Q39&LID=&EID=E-T2PQCR Otherwise, the BP has developed its own management system for its SBP certification. BP sources only from public forests in the Côte-Nord and Saguenay Lac-St-Jean region. Most of its sourcing is secondary feedstock from sawmills located in the same region. Starting in 2025, the BP will start sourcing white birch for which there are not purchases and have it chipped by its sister company Bersaco. This sourcing will be covered by the SBE.

4 Specific objective of the audit

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

The scope of the evaluation covered:

- Review of the Organization’s management procedures
- Review of chain of custody critical control points;
- Interviews with responsible staff;
- Review of the records and calculations;
- Supply Base Evaluation analysis;
- REDII system implementation;
- Interviews with supplier;
- Site visits of the BP's facilities.

5 Evaluation process

5.1 Timing and duration of evaluation activities

Audit Level of Effort (LoE)		
Activity	**Auditors**	**Auditor hours**
1. Preparation	Lucas Schnapper	4.0
2. On-site (excl. travel time)	Lucas Schnapper	16.0
3. Report writing	Lucas Schnapper	8.0

5.2 Auditor team qualification

Auditor qualification		
Auditor name	**Role**	**Qualification**
Lucas Schnapper	Team Leader	Forest engineer, Lucas has experience in sustainable forest management and planning since 2015. He has participated in the preparation for the certification of forest companies in Africa, has worked as a forest manager for private forests, and has experience in the French state forest administration. As lead auditor, Lucas conducts audits for SBP, FSC™ (Forest Stewardship Council), and PEFC (Programme for the Endorsement of Forest Certification) certification schemes, starting from the forest and extending through the supply chain to the final product. He has been engaged in SBP and SURE Biomass and Carbon certification recently.
Jordan Thibault	Auditor in training	Jordan is a registered forestry engineer in Quebec and previously worked in the private forestry sector. He joined Preferred by Nature in January 2025 as a forestry coordinator. Since then, he has become a qualified FSC junior auditor in Chain of Custody and Forest Management. He has led over 20 audits as a lead auditor and is currently training to become an SBP auditor. He is bilingual in French and English.
Sahana CA	ANAB Assessor	ANAB assessor

5.3 Description of evaluation activities

The audit started on site on April 1st, 2026. The audit continued on April 2nd, 2026. The audit focused on the evaluation of the management system and its implementation: a division of the responsibilities, health and safety, record keeping, input material classification (reception and registration), energy and carbon data collection and communication, SBE risks and mitigation measures. RED sustainability criteria evaluation.
During the opening meeting, the audit team was introduced, the certification scope was clarified, information about the audit plan, methodology, auditor qualification, confidentiality issues, assessment methodology, and other applicable Preferred by Nature policies and procedures was provided. During the opening meeting the

company´s responsible persons were introduced as well as core data from the company was presented. On the same date, interviews and documentation review for the applicable requirements of the SBP standards were conducted. During the process, the overall responsible person for the SBP system and other staff were interviewed, including the BP's certification consultant. In the course of the audit, critical control points at the stage of biomass acceptance, dumping and storing were evaluated. Traceability and energy documentation was reviewed, following a sampling by the auditor.

On April 2nd, 2026, the auditor visited the plant's facilities and its critical control points. The auditor also verified implementation of OHAS best practices and respect of applicable laws and regulations.

At the closing meeting on the same date, findings were summarized, and preliminary audit conclusions were provided to the Organization's management and SBP responsible person. Following the audit, the auditor completed review of procedures and records that were requested during the audit to formalize conclusions. A good performance was found, and a positive certification decision was concluded at the closing meeting.

5.4 List of forest management units and feedstock suppliers visited

☒ N/A – No forest sites or suppliers visited during this evaluation

SBE using Québec RRA mitigation measures and sourcing SFI certified secondary feedstock.

5.5 Describe audit sampling methodology used

A sampling has been implemented, based on the following criteria: - Review of procedures; - Review of training records; - Review of information related to suppliers; - Review of delivery documentation and cross-check with DTS; - Interviews with staff to evaluate theoretical and practical experience of intended approaches implementation. The focus was on key responsible staff. For the SBE, sampling was done through interviews with the Ministry of Natural Resources and Forests, responsible for issuing permits on public forests. Interviews confirmed that the BP has permits for sourcing white birch that has no other takers. The BP will start sourcing white birch with its SBE in the coming months. The auditor was also presented upcoming planning maps, confirming the location of the cuts where white birch will be sourced. Auditor confirmed that all sourcing of white birch from public forests. Sampling for RED suppliers of secondary feedstock was done with a desk review for the 3 suppliers. 2 suppliers are owned by the same organization and sampling covered all suppliers. Sampling was completed remotely because the BP, at the time of the audit, is only sourcing pin chips, shavings and sawdust. Pin chips are a residue from primary and secondary processings and cannot be produced through primary production.

5.6 CB stakeholder engagement

☒ N/A – Certification Body stakeholder consultation not applicable for this evaluation

Guidance: Please specify the number and types of stakeholders engaged, method of engagement and its outcomes.

5.7 Stakeholder feedback and response

☒ N/A – Certification Body stakeholder consultation not applicable for this evaluation

5.8 Main strengths and weaknesses of the management system and operations

BP is a small organization backed by its parent organization, Boisaco and its management staff and qualified personel. This gives the BP agility and short reaction time to adapt. For weaknesses please see the NCR section.

5.9 Summary of evaluation activities for robustness of the Supply Base Evaluation

☐ N/A – Standard 1 not in the scope of the evaluation

SBE has been qualified rigorous by the auditor, since it was created by the same consultant who created the SBP approved Québec RRA. Supply Base is for primary feedstock from white birch and secondary feedstock from sawmills located in the same region.

5.10 Summary of evaluation activities for Processing residues and/or Post-consumer feedstock requirements per Standard 2 and EU RED

Traceability procedures and records were reviewed, following a sampling by the auditor of purchases and sales documentation. Site observations and interviews were also completed to confirm the veracity of the information.

5.11 Summary of evaluation activities for chain of custody system per Standard 4

Traceability procedures and records were reviewed, following a sampling by the auditor of purchases and sales documentation. Site observations and interviews were also completed to confirm the veracity of the information.

5.12 Summary of evaluation activities for collection and communication of data per Standard 5

The following energy sources are used by the BP:

- Electricity for pellet production;
- Diesel for feedstock handling
- Biofuel for burners for drying.

All records for the consumption and payments is available upon request. The auditor reviewed sampling of these records and confirmed the adequacy of the data reported in the SAR.

5.13 Summary of audit findings for competency of involved personnel

BP staff showed understanding of applicable SBP requirements. The BP's staff includes forest engineers and is from the parent company, Boisaco, a sawmill that has been operating since 1985. See NCs issued. The BP is supported by an external consultant, INCOS Stratégies (Nicolas Blanchette) who created the SBP Québec RRA.

5.14 Summary of audit findings for GHG methodology per Standard 6 (if applicable)

☒ N/A – Standard 6 not in the scope

6 Detailed evaluation of BP's Supply Base Evaluation (if applicable)

☐ N/A – Supply Base Evaluation not in the scope of the evaluation

6.1 Overview of BP's risk assessments and mitigation measures including EU RED scope

The review of the SBE by the auditor concluded it is rigorous.

The BP is only sourcing from the province of Québec, Canada. Per SBP-RRA-CA-QC-FOR v2.0 Interim RRA (Feb. 2025), specified risks are mostly for private forests outside the program and only one specified risk for public forest for 2.1.3 (biodiversity). The BP is sourcing primary feedstock only from public forests white birch that is chipped by another mill and secondary feedstock as certified (SFI) from sawmills in surrounding regions, who source primarily from public forests. The SBE was developed by Nicolas Blanchette from INCOS Stratégies, who also developed the latest SBP RRA for the Province of Québec. The mitigation measures are in line with was proposed by the SBP RRA. See comments about these in next section.

6.2 CB evaluation of specified risk indicators and mitigation measures

Country
Canada
Area/Sub-Scope
Québec
Indicator
2.1.3 Key species, habitats, ecosystems, and areas of high conservation value (HCV) pertaining to biodiversity in the Supply Base shall be maintained or enhanced.
Specified risk description
Woodland caribou: species population have been decreasing due to disturbance to forest habitat, mainly because of fragmentation created by harvest blocks and roads and younger forests. A specified risk is defined given the absence of management criteria and strategies in line with the Government of Canada's Modified Woodland Caribou Recovery Strategy Intact Forest Landscapes (IFLs): these undisturbed forest areas of more than 50,000 ha are at risk of disappearing because of disturbance, mainly caused by human activities such as forestry. There is a Specified risk that IFLs will not be maintained at the landscape scale, not being considered during forest management planning (harvesting and road planning).
Detailed description of a mitigation measure
Woodland caribou: To minimize the risk of disturbing woodland caribou habitat, Granulco Inc. will source birch chips from areas where disturbance rates are stable or decreasing. IFL: To minimize the risks associated with IFLs, Granulco inc. will source birch chips from forest stands located outside of recognized IFL.
Detailed description of CB evaluation of mitigation measure and its conclusions

The BP will start implementing these mitigation measures once the SBE is added to its scope. The auditor confirmed that the white birch sourced is mostly located in the southern area of the public forests, where woodland caribou habitat is almost non-existent and where IFLs are absent. Interviews with the planning foresters confirmed that they have good oversight on the risks and where the material is being sourced. Risks have been deemed minimal and mitigation measures sufficient, since they will allow to show in future audits where the BP has been sourcing its white birch Also, the annual implication of stakeholders in reviewing the implementation of these measures will ensure that eyes on the ground have a say about these.

In the event of an increase in the rate of disturbance of woodland caribou habitat in the areas from which the white birch is sourced, define and consult with the TLGIRTs about the new suggested operational measures to maintain or reduce the rate of disturbance in the area. Stop deliveries of these chips until it is determined that future deliveries will be free of IFL white birch chips.