



Control Union Certifications BV Evaluation of Canfor Energy North Limited Partnership - Chetwynd Compliance with the SBP Framework: Public Summary Report

Third Surveillance Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.5

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

Document history

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1 Overview

Certification Body (CB) Name:	Control Union Certifications BV
Primary CB contact for SBP:	Robin Rosendahl
Primary CB contact email:	rrosendahl@controlunion.com
Audit team leader:	Lennart Holm
Audit team members:	-
Name of the Company:	Canfor Energy North Limited Partnership - Chetwynd
Company legal address:	Chetwynd 4700-50th St Box180 Chetwynd, 4700 Chetwynd, Canada
Company contact for SBP:	Brittany Burnett
Company contact email:	brittany.burnett@canfor.com
Company website:	www.canfor.com
SBP Certificate Code:	SBP-06-25
Date of certificate issue:	27 Feb 2019
Date of certificate expiry:	26 Feb 2024
Audit closing meeting date:	17 Dec 2021
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; Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5	☐
Includes Supply Base Evaluation (SBE):	No	☐
Includes communication of Dynamic Batch Sustainability Data (DBSD)	Yes	☐
Includes Group Scheme	No	☐
Products	Pellets	☐

Feedstock types:	Primary, Secondary	☐
Feedstock origin (countries):	Canada	☐
SBP-endorsed Regional Risk Assessments used: Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/	Not applicable	☐
Chain of custody system implemented:	PEFC: CU-PEFC-849349	☐
	Percentage	☐

2.1 Description of the company

Canfor Energy North Limited Partnership (CENLP) owns two pellets plants Canfor Energy North Limited Partnership Fort Saint John and Canfor Energy North Limited Partnership Chetwynd. Canfor Energy North Limited Partnership – Chetwynd (4701 50th St. NW, Chetwynd, BC V0C 1J0) is a pellet plant, whereas the Canfor Energy North Limited Partnership corporate office activities are located at the pellet plant in Fort St. John. The plant receives Sawdust/shavings and Planer Chips directly from the Canfor Sawmill next door as well as by truck from other sawmills in the area, as well as chips from roundlogs (primary feedstock). The pellet plant has 3 Andritz pellet presses and a pellet production capacity of approximately 125 000 mt/yr. The production started in Dec 28, 2015 and uses pine, spruce, fir. Sawdust and dry wood shavings, chips and planer chips are 100% from soft wood and used to make 6 mm diameter pellets. The belt dryer uses heat from their CHP plant utilizing bark. The electricity of the CHP is used by CENLP-Chetwynd for pellet production and excess electricity is delivered to the Canfor Saw mill next door. The pellets are loaded on trains to be shipped to the external storage facility of Fibreco in the port Vancouver. The logistics of the pellets is handled by Pacific BioEnergy as an cargo agent. The pellets are stored at the Fibreco as part of the comingling agreement between Pacific BioEnergy and Fibreco and at Fibreco the sea going vessels are loaded. Canfor Energy North Limited Partnership only utilizes sawmill residuals and chips. A large portion of the material can be traced back to sustainable Forest management system. Canfor Energy North Limited Partnership has a PEFC credit system to manage their Chain of Custody Certified suppliers provide claims attached to invoices and the credits are transferred to the organization. They have not sold any SBP certified pellets as of yet.

2.2 Detailed description of the Chain of Custody system

The Organisation is holding valid PEFC Chain of Custody certificate system and the person responsible for implementing the PEFC Chain of Custody system and also manages the organizations SBP management system. The organization also verifies PEFC Controlled Sources through a DDS including a risk assessment

covering British Columbia and Alberta. All wood fibre is tracked through the process from the District of Origin through the mill to the final bill of sale. The organization uses a database to gather and control information related to the feedstock such as supplier name, scale tickets, fibre type, certification, and district of origin. The organization has appropriate control mechanisms to calculate output volumes, claims and trademark/logo approval. The Organizations PEFC Chain of Custody system is based on the Volume Credit method, and all inputs to the production site are either received as XX% PEFC certified or sourced as PEFC Controlled Sources under the BP's PEFC Due Diligence System. Incoming feedstock is either secondary and consists of sawdust, shavings, wood chips and possibly hog, and primary being chips from roundlogs that are sawlog rejects from the sawmill next door. The organization has detailed and comprehensive procedures and databases to cover the necessary requirements regarding the SBP-approved Chain of Custody system.

3 Specific objective

The specific objective of this evaluation was to confirm that the company's 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 BP's management procedures, including requirements designated in applicable SBP Standards and Instruction Documents;
- Review of the production processes;
- Review of the Supply Base Report;
- Review of SBP system control points, analysis of the existing PEFC CoC system;
- Review of the records, calculations and conversion factors;
- GHG data collection analysis
- Interviews with responsible staff

4 Evaluation process

4.1 Timing of evaluation activities

<i>Audit Level of Effort (LoE)</i>		
Activity	Auditors	Auditor hours
1. Preparation	Lennart Holm	4,0
2. On-site (excl. travel time)	Lennart Holm	20,0
3. Report writing	Lennart Holm	6,0
4. Other	-	0,0

<i>Audit Schedule</i>			
Activity	Location	Auditor name	Date/time
<i>Opening Meeting</i>	Canfor Energy North - Chetwynd	Lennart Holm	14 Dec 2021/9.00
<i>Management system overview</i>	Canfor Energy North - Chetwynd	Lennart Holm	14 Dec 2021/9.15
<i>Chain of Custody registrations</i>	Canfor Energy North - Chetwynd	Lennart Holm	14 Dec 2021/9.45
<i>Output claims</i>	Canfor Energy North - Chetwynd	Lennart Holm	14 Dec 2021/10.15

<i>Logo/Trademark use</i>	Canfor Energy North - Chetwynd	Lennart Holm	14 Dec 2021/11.45
<i>Complaints procedures</i>	Canfor Energy North - Chetwynd	Lennart Holm	14 Dec 2021/12.00
<i>Business integrity, social, health and safety requirements</i>	Canfor Energy North - Chetwynd	Lennart Holm	14 Dec 2021/13.15
<i>Suppliers and suppliers certificates</i>	Canfor Energy North - Chetwynd	Lennart Holm	14 Dec 2021/15.00
<i>Incoming material claims</i>	Canfor Energy North - Chetwynd	Lennart Holm	14 Dec 2021/15.30
<i>Incoming raw material registration</i>	Canfor Energy North - Chetwynd	Lennart Holm	14 Dec 2021/15.45
<i>Final discussion / days closing meeting</i>	Canfor Energy North - Chetwynd	Lennart Holm	14 Dec 2021/17.45
<i>Introduction into Supply Base</i>	Canfor Energy North - Chetwynd	Lennart Holm	16 Dec 2021/9.00
<i>Supply Base report</i>	Canfor Energy North - Chetwynd	Lennart Holm	16 Dec 2021/10.00
<i>Remote visit of Port of North Vancouver</i>	Fibreco via MS Teams	Lennart Holm	16 Dec 2021/16.30
<i>Day's Opening meeting</i>	Canfor Energy North - Chetwynd	Lennart Holm	17 Dec 2021/9.00
<i>GHG data audit Verification of missing items</i>	Canfor Energy North - Chetwynd	Lennart Holm	17 Dec 2021/9.15
<i>Tour of the facility:</i> -	Canfor Energy North - Chetwynd	Lennart Holm	17 Dec 2021/15.30

<i>Receiving of materials - Wood Yard - Equipment used</i>			
<i>Closing Meeting</i>	Canfor Energy North - Chetwynd	Lennart Holm	17 Dec 2021/17.00

Auditor qualification		
Auditor name	Role	Qualification
Lennart Holm	Lead Auditor	Lead SBP, GGL, SDE+ and FSC and PEFC FM/COC auditor and successfully passed the SBP auditor training programme

4.2 Description of evaluation activities

The SBP annual surveillance audit was carried out on December 14-17, 2021. The evaluation was conducted by means of on-site visits of the pellet production and office in Chetwynd, BC, Canada, as well as a remote visit to Fibreco at the port of North Vancouver, BC, Canada.

This report is the result of the findings of a certification evaluation carried out by an independent lead auditor representing Control Union Certifications. The purpose of the assessment was to evaluate the compliance of the client with respect to the standards used within the scope of the certificate.

Names and affiliations of people consulted.

Name:

Brandon Tang

Brittany Burnett

Mark Thom

Affiliation:

Logistics Manager, Fibreco Export Inc.,

CENLP Accountant,

Mark Thom

Ffion Ellis	Divisional Accountant
Brad Eddy	Plant Manager, Chetwynd
Willow Zanbrano	Human Resources, Chetwynd
Amber Desjarlais	Purchaser, Chetwynd
Mike Hynd	Supervisor - Chief Engineer, Chetwynd
Ryley McGregor	Inventory, Chetwynd
Sara Eddy	Control Room Operator, Chetwynd
Glenn Warkentin	Divisional Accountant, Chetwynd
Sheldon Wheeler	Superintendent, Fort St. John/Chetwynd

Critical control points, summary

<i>Identified CCP</i>	<i>Evaluation CCP</i>
Sourcing and input check	Check prior to sending the material by supplier and check upon request
Volume control	PEFC Colume Credit Method, with x% PEFC certified input material
Reception and storage	Reception and storage of material based on PEFC Volume Credit Method.
Labelling	No use of trademarks, however the company has not signed the addendum of the agreement. Risk of unauthorized trademark use.
Invoicing and shipping	All output materials are SBP Compliant

4.3 Sampling methodology

During the preparation of the audit, a sample plan was developed based on the following criteria: - A review of documentation related to energy and carbon data for the chosen reporting period of the SAR. - An evaluation of DTS, inputs and outputs, invoices and transport documentation. - Inspection of the pellet plant and interviews with staff. 1 port was visited remotely, the port of North Vancouver. Canfor has to date not sold any SBP certified pellets. A sample of invoices and DTS registrations were inspected.

4.4 CB stakeholder engagement

N/A, third surveillance audit

4.5 Stakeholder feedback

N/A

5 Results

5.1 Main strengths and weaknesses

The audit of Canfor demonstrated a good level of compliance with the required criteria of Standard 2, 4 and 5. There was reasonable evidence provided to support compliance where a Non-Conformity was not detected. The Non-Conformities presented in this report identify actions that must be taken in order to comply with the SBP system and its standards. The existence of a PEFC Chain of Custody system is considered a main strength with respect to the company's overall conformity with the relevant SBP standards. The company is also GGL certified.

Weaknesses are the NCs identified in this report.

5.2 Rigour of Supply Base Evaluation

N/A

5.3 Collection and communication of data

The organization has in depth procedures for this in depth procedures for this. The auditor confirmed the Greenhouse Gas (GHG) sources for feedstock input from the forest, production at the facility, transportation to the port and storage and handling at the port and reviewed how the input data was measured. Findings were substantiated by on-site staff interviews with operations personnel on the overview of the operations at the facility, historical operations, changes to operations, procedures and processes used to maintain the facility, and procedures and processes used to ensure data quality. The company demonstrated full competency to analyse and report the required data on Greenhouse Gas emissions.

5.4 Competency of involved personnel

The company has one person who has the main responsibility related to the SBP system. All personnel that are involved with SBP have received appropriate training whereby all relevant procedures and requirements have been covered. All training and instructions are based on the procedures as identified in company manuals, and training is provided by internal resources and recorded accordingly. Key personnel showed good knowledge of SBP requirements

6 Review of company's risk assessments

6.1 Overview of company's risk assessments and mitigation measures

N/A

6.2 Specified risk indicators and mitigation measures

Country/Area	Indicator	Specified risk description	Mitigation measure
N/A	N/A	N/A	N/A

7 Non-conformities and observations

NC number NC-000923 (2021-01)	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	IN2C; 4.1 The report shall be concise, covering the most important features, and shall be completed using the latest version of the SBR template for Biomass Producers downloaded from the SBP website.
Description of Non-conformance and Related Evidence:	
The report is concise, covering the most important features, and is completed using the audit portal. However, during the review of the SBR various mistakes and errors were noted. * does not have a description of the profile of adjacent lands. * does not describe the forest composition * does not describe the socio-economic conditions * does not describe the forest management practices * does not indicate presence of IUCN species * does not describe the share of harvested timber in the region that is used in the bioenergy sector * does not describe the maximum clear felling * does not describe the legislation for regenerating stands after harvest	
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 NC-000924 (2021-02)	NC Grading: Minor
Standard:	SBP Standard 4: Chain of Custody
Requirement:	IN 4B; 1.2 In order to use the SBP trademarks, the organisation shall have signed the SBP trademark licence agreement.
Description of Non-conformance and Related Evidence:	
No use of trademarks, however the company has not signed the addendum of the trademark licence agreement. Risk of unauthorized trademark use.	
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

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):	Andries Polinder
Date of decision:	25 Jan 2022
Other comments:	N/A