



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

First Surveillance Audit

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The promise of good biomass



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

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

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1 Overview

Certification Body (CB) Name:	Preferred by Nature OÜ
Primary CB contact for SBP:	Ondrej Tarabus
Primary CB contact email:	otarabus@preferredbynature.org
Audit team leader:	Ciara McCarthy
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:	Gilbert Lucie
Company contact email:	lgilbert@lignetics.com
Company website:	https://energex.com
SBP Certificate Code:	SBP-08-39
Date of certificate issue:	25 May 2021
Date of certificate expiry:	24 May 2026
Audit closing meeting date:	21 Jun 2022
Audit cycle:	First 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	☐
Includes Supply Base Evaluation (SBE):	Yes	☐
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: Public link: https://sbp-cert.org/documents/standards-documents/risk-assessments/	Quebec, Canada	☐
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 material 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. The organization produce mostly domestic wood pellets. 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://info.fsc.org/details.php?id=a02f300000gIHNxAAO&type=certificate>. 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 form 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

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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 Standards are implemented across the entire scope of certification.

The scope of the evaluation covered:

- Review of the BP's management procedures;
- Review of the production processes, production site visit;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Assessment of Supply base evaluation, and mitigation measures in accordance with regional risk assessment for Quebec;
- 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

<i>Audit Level of Effort (LoE)</i>		
Activity	Auditors	Auditor hours
1. Preparation	CM	8,0
2. On-site (excl. travel time)	CM & YB	16,0
3. Report writing	CM	8,0
4. Other	N/A	N/A

Audit Schedule			
Activity	Location	Auditor name	Date/time
<i>Stakeholder consultation</i>	Remote	Ciara McCarthy & Yves Bouthillier	24 May 2022/10:00
<i>Documentation review</i>	Remote	Ciara McCarthy	24 May 2022/8:00
<i>Opening Meeting</i>	Remote	Ciara McCarthy	24 May 2022/08:30
<i>Controlled suppliers, SB verification, SBR</i>	Remote	Ciara McCarthy	24 May 2022/09:00

<i>Site tour</i>	On site	Yves Bouthillier	25 May 2022/11:00
<i>GHG Data verification</i>	Remote	Ciara McCarthy	24 May 2022/13:00
<i>SAR, GHG Data, evidence to close major NCRs</i>	Remote	Ciara McCarthy	24 May 2022/10:00
<i>Closing meeting</i>	Remote	Ciara McCarthy	21 Jun 2022/12:00

Auditor qualification		
Auditor name	Role	Qualification
Ciara McCarthy	Lead auditor	Ciara is a Lead auditor for SBP, FSC, PEFC and SFI Chain of Custody and Lead auditor for FSC Forest Management. She has several years of experience in environmental management systems, and has led audits in Europe, North America, Asia and Australia.
Yves Bouthillier	Trainee auditor for SBP	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, having worked for the Rainforest Alliance and now for Preferred by Nature (NEPCon) as a lead auditor for the Forest Stewardship Council (FSC) and Rainforest Alliance (agricultural products) certifications, while managing tens of clients across Canada and training auditors. Having completed more than 100 FSC audits for forest management, chain of custody and controlled wood, he assessed complex issues related to species at risk, High Conservation Values (HCVs) and community and workers' rights and interests. He also worked on conservation and restoration projects of important natural habitats for species at risk using science-based

		planning. Member of the Association des biologistes du Québec (ABQ) and bilingual (French and English).
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4.2 Description of evaluation activities

The assessment took place partially remotely with one auditor on-site to verify site activities and conduct the FSC Certification portion of the audit.

The evaluation was focused on management system evaluation: division of the responsibilities, document and system, input material classification (reception and registration), analysis of the existing FSC system and FSC system control points as well as GHG data availability.

Description of the audit evaluation:

All SBP related documentation connected to the SBP as well as FSC CoC system of the Organisation, including SBP Procedure, SAR and GHG data calculations, Supply Base Report and FSC system description was provided by the company at the beginning of the audit and during it, which started with an opening meeting attended by the SBP responsible.

During the opening meeting the audit team leader introduced himself, provided information about audit plan, methodology, 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 nr.1, 2, 4, 5 and instruction document 5e covering input clarification, existing chain of custody system, COC Critical Control Points (feedstock entrance, inputs identification and claims, control system, conversion factors and sales) management system, recordkeeping/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. The audit continued with further evaluation for data reported in SAR. At the end of the audit, findings were summarized, and preliminary audit conclusions based on use of 3 angle evaluation method were provided to the management and SBP responsible person.

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4.3 Sampling methodology

When preparing for the assessment and during audit itself a sampling has been implemented, based on the following criteria:

- A review of documentation related to energy and carbon data is implemented for the chosen periods to compare summary data per month, collected for SAR, and correctness of its calculation based on data per each day or per each shift.
- For evaluation of DTS, input and output trade and transport documentation, and the correctness of claims a sampling of different kinds of documents for the reporting period is implemented (e.g. waybills, invoices, bills of landing, etc.).
- Sampling is based on a risk approach, taking into account the following:
 - o Changes in a management system;
 - o Standards requirements update;
 - o Staff changes;
 - o Market development;
 - o Most and less productive periods; etc.
- In

case when data is collected once per month (e.g. invoices from external supplier of services), higher sampling of documents is implemented. • Production facilities inspection, as well as interviews with staff, are mandatorily conducted during every audit. The focus is a key staff responsible for the management of processes at a particular department or site. Nevertheless, interviews with staff intimately conducting a certain activity are conducted, since credibility and relevance of the collected data or physical segregation (if applicable) depends on their knowledge.

4.4 CB stakeholder engagement

The stakeholder consultation was conducted on May 18th 2022 by sending email to around 200 different stakeholders. List of informed stakeholders is the same which is used for FSC FM/COC assessments notification in Canada and US.

4.5 Stakeholder feedback

No comments received from stakeholders prior, during or after this assessment.

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 company has conducted a rigorous supply base evaluation. The addition of standard 1 for material from Quebec has lead to using the regional risk assessment for Quebec. The organisation 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 is from Quebec after the mitigation measures are applied. The supply base covers Quebec, New Brunswick, and US states in New England, US. All feedstock from outside of Quebec is received as FSC controlled wood and not added to the SBP credit account.

The organisation 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;

biofuel for heating.

5.4 Competency of involved personnel

Overall, BP staff showed understanding of knowledge of all applicable SBP requirements. Generally, very few staff members are involved in SBP certification. Lucie Gilbert (Assistance Controleur) is the main responsible person for the implementation of the system, supported by Linda Breton and 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 Quebec.

6.2 Specified risk indicators and mitigation measures

Country/Area	Indicator	Specified risk description	Mitigation measure
Canada	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.	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.	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.
Canada	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.	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.	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.
Canada	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.	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	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.
Canada	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.	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.	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.
Canada	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)	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.	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.
Canada	2.2.4 The BP has implemented appropriate control systems and procedures to ensure that biodiversity is protected (CPET S5b).	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.	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.
Canada	2.2.5 The BP has implemented appropriate control systems and procedures for verifying that the process of residue removal minimises harm to ecosystems.	Private forests without development assistance: Forest activities may be carried out without assistance programs, such 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.	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.
Canada	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).	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.	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.
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7 Non-conformities and observations

NC number NC-001393 (53501)	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	6.2 The BP shall record the place of harvesting and the identity of the primary wood processor responsible for the supply of inputs classified as SBP-compliant secondary feedstock.
Description of Non-conformance and Related Evidence:	
The BP has defined relatively large supply base as they can potentially source material from quite far away. The size of the defined SB is almost 204 million hectares. The identification of the origin is based on supplier declarations from the suppliers where the origin is provided by each sub-supplier. These declarations are provided by the direct suppliers and who should have a contract with the sub-suppliers requesting to be informed whenever the origin region would change. During the audit, sample of sub-supplier declarations were checked, and it was revealed that one declaration was missing and that the contract with the direct supplier is missing the statement that supplier is obliged to inform the BP whenever the origin would change. Considering the fact that the SB defined by the BP is very large and therefore there is relatively small risk that the material would be coming from outside the defined SB, this is classified as minor NCR.	
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:	Supplier declarations including all requirements gathered for each sub-supplier.
Findings for Evaluation of Evidence:	Extensive supplier declarations were checked and it was revealed that all sampled suppliers and sub-suppliers provided the declaration. Additionally, the supplier declarations were updated and they include the requirement to provide the information to the BP in case the origin would change.
NC Status:	Closed

NC number NC-001394 (53508)	NC Grading: Minor
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5
Requirement:	6.7.1 The BP shall record the total quantity of biomass leaving the processing plant during the Reporting Period.

Description of Non-conformance and Related Evidence:	
The organization has reported that the total production was 101 869t during the reporting period. The auditor did the calculation based on the reported input material 208,803 t with weighted moisture 48,74% and considering that 29 320 t of material reported under feedstock was used in the dryer. This calculation provided results of 97 296 t of theoretical production which is 4.7% less than what was actually reported as produced (if feedstock with high humidity would be used, the difference would be 3.25% on the other hand, if the material used in the dryer would be the driest, the difference could be as big as 10.4%). The organization was not able to provide sufficient evidence why there was such a difference between the theoretical and real production. The production records as well as the records of material used in the dryer were checked and found consistent and well documented. Considering the fact that the difference in the volumes is less than 5% this non-conformity 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:	The information provided in the 2022 mass balance was equal and there was no discrepancy between the figures.
Findings for Evaluation of Evidence:	Mass balance sheet demonstrated balance, and SAR document figures were therefore correct.
NC Status:	Closed

NC number NC-001395 (53502)	NC Grading: Major
Standard:	SBP Standard 4: Chain of Custody
Requirement:	5.1.2 The legal owner shall implement all aspects of the SBP-approved CoC system requirements for the SBP feedstock and biomass. Where there is a conflict between the requirements in the SBP-approved CoC system requirements and those specified in the SBP standards, the SBP standards shall have precedence. Note: SBP feedstock or biomass will not necessarily enter into the scope of the SBP-approved CoC system certification, but the SBP-approved CoC system CoC processes and requirements shall extend to SBP feedstock and biomass.
Description of Non-conformance and Related Evidence:	
All aspects of FSC CoC system are implemented. During this assessment, critical control points in FSC CoC system were evaluated by auditor, and no non-conformities identified. The BP has defined the conversion factor as 0.9 but during the audit it was revealed that the calculation was not done properly. In fact, the final conversion factor for the reporting period should be 0.84.	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	The BP has updated the calculation just after the audit and provided updated credit table with updated CF.

Findings for Evaluation of Evidence:	The auditor reviewed the updated credit table, it was revealed that the available credit was not in negative figures in any time. The figure used in the credit account are correct and in line with auditor calculation.
NC Status:	Closed

NC number NC-001396 (53503)	NC Grading: Minor
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5
Requirement:	3.2.1 The BP shall determine the Scope End-points for biomass supplied with an SBP Claim. A Scope End-point occurs after production where biomass is transferred outside the scope of the BP's certificate to another Legal Owner. An example is a port where the transfer of ownership takes place for delivery to an End-user or Trader. There can be more than one Scope End-point for a single biomass production facility.
Description of Non-conformance and Related Evidence:	
The organization has not defined the first SDI at factory gate as required.	
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:	The BP has updated the SAR just after the audit and included the SDI factory gate there.
Findings for Evaluation of Evidence:	The updated SAR was reviewed and it was revealed that SDI was defined are required by the standard.
NC Status:	Closed

NC number NC-001397 (53506)	NC Grading: Major
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5
Requirement:	6.2.1 The SAR Reporting Period shall meet the following criteria: - the period should be 12 consecutive months; and - the start date shall not exceed 18 months before the audit onsite closing meeting date as indicated in the SAR. The BP may select a convenient Reporting Period, for example, fiscal year, civil/calendar year or any other 12-month period if it fits those requirements. Examples: 1) The audit

	onsite closing meeting is conducted on 1 April year Y. The BP may use data from the calendar year Y-1 as the start date of the reporting period is 15 months before the date of the audit onsite closing meeting. 2) The audit onsite closing meeting is conducted on 1 November year Y. The BP may not use the whole calendar year Y-1 as the reporting period as Y-1 exceeds 18 months from the date of the audit onsite closing meeting. The BP could select the period 1 May year Y-1 to the end of April year Y, as the Reporting Period start date then corresponds to 18 months before the date of the audit onsite closing meeting
Description of Non-conformance and Related Evidence:	
The BP has reported the data for electricity for 11 months from the reporting period and 1 month outside the reporting period.	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	The BP has provided updated SAR.
Findings for Evaluation of Evidence:	The auditor has reviewed the updated SAR and the figures from the received invoices for electricity. The review has revealed that the data for the electricity consumption are correct and cover the reporting period.
NC Status:	Closed

NC number NC-001398 (53509)	NC Grading: Observation
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 SBR is well covering most of the features required and the latest template is followed (SBP Portal is used). There are some minor deficiencies identified in the SBR which the BP should pay attention to: 1. Socio economic conditions are not covered in the SBR. 2. Information about species used by the BP is missing for the US regions (but covered for Canada which are similar). 3. Information about CITES or IUCN species is covered very superficially for US regions (but covered for Canada which are similar). Considering the good general quality and level of detail provided in the SBR the auditor decided to raise an observation for the missing information in the SBR	
Timeline for Conformance:	N/A

Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	N/A

NC number NC-001399 (53510)	NC Grading: Observation
Standard:	SBP Standard 4: Chain of Custody
Requirement:	6.3.2 The legal owner shall determine and implement effective arrangements against corruption, proportionate to the nature and the scale of organisation
Description of Non-conformance and Related Evidence:	
The organization has some clause in the contract with the supplier about providing of the information and that if any corruption would be identified they might terminate the contract. All the payments are done via bank transfers. The organization has not presented any code of conduct which would cover anti-corruption measures.	
Timeline for Conformance:	N/A
Evidence Provided by Company to close NC:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	N/A

NC number NC-001658 (68041)	NC Grading: Major
Standard:	SBP Standard 4: Chain of Custody
Requirement:	5.5.4 'SBP-compliant biomass' is biomass which is produced in compliance with all relevant SBP standards using the rules of an SBP-approved Chain of Custody (CoC) System and is derived from SBP-compliant primary feedstock. It may physically contain SBP-compliant feedstock, Controlled Feedstock or EUTR-compliant biomass.

Description of Non-conformance and Related Evidence:	
There was an error in a formula of the credit table, resulting in the organization overselling FSC Mix and therefore SBP Compliant credits of about 5 044 DMT since March 2022. This is a major non-compliance with a 3 month deadline as non-compliant products were sold with a non-valid FSC claim but not SBP. It was a systematic issue that had effect on the SBP compliant credits.	
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

NC number NC-001659 (68046)	NC Grading: Minor
Standard:	SBP Standard 2: Verification of SBP-compliant Feedstock
Requirement:	IN2B; 1.2 Affected stakeholders shall be notified in advance of the SBE if feedstock harvesting is likely to negatively impact on them. They shall also be provided with opportunities for engagement in order to identify ways to avoid or reduce any negative impacts.
Description of Non-conformance and Related Evidence:	
The organisation conducted stakeholder consultation however did not include first nations in its stakeholder consultation list. The RRA for Quebec that was recently approved did have stakeholder outreach to first nations people. This non-conformity is considered minor in the context of the recent regional risk assessment approval for Quebec.	
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-003011 (84103)	NC Grading: Minor
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5
Requirement:	6.10.2 If feedstock is dried, then the following data shall be recorded in the corresponding Tables 3.5.2 of the SAR. Initial moisture of the feedstock, as received, and method for its evaluation: - weighted average of moisture measurements performed on all Feedstock Groups; - typical value based on some measurements (frequency of measurements, - supplier / process specifications); or - default value, e.g. for round wood. Type of dryer: - drum dryer; - belt dryer; or - other (specify). Energy carrier: - steam; - hot water; - hot air / flue gases; or - other (specify) Heat consumption if a meter is installed Origin of the heat: - burner; - conventional burner; or - CHP
Description of Non-conformance and Related Evidence:	
A miscalculation regarding the weighted average of moisture measures for all feedstock groups has resulted in volume data not calculating correctly in the auditor mass balance sheet. The organisation is capturing the data however it has not been correctly presented, resulting in a minor NCR	
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):	Ondrej Tarabus
Date of decision:	21 Sep 2022
Other comments:	N/A