



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

Second Surveillance Audit

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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

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Table of Contents

1	Overview
2	Scope of the evaluation and SBP certificate
2.1	Description of the company
2.2	Detailed description of the Chain of Custody system
3	Specific objective
4	Evaluation process
4.1	Timing of evaluation activities
4.2	Description of evaluation activities
4.3	Sampling methodology
4.4	CB stakeholder engagement
4.5	Stakeholder feedback
5	Results
5.1	Main strengths and weaknesses
5.2	Rigour of Supply Base Evaluation
5.3	Collection and communication of data
5.4	Competency of involved personnel
6	Review of company's risk assessments
6.1	Overview of company's risk assessments and mitigation measures
6.2	Specified risk indicators and mitigation measures
7	Non-conformities and observations
8	Certification decision

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:	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:	Gilbert Lucie
Company contact email:	lgilbert@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:	24 May 2023
Audit cycle:	Second 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; SBP Framework Instruction Document REDII: Bridging requirements of the SBP scheme for meeting REDII v1.0	☐
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: 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. 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 (BP) 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 (SBE), and mitigation measures in accordance with regional risk assessment for Quebec;
- Assessment of the organization's conformance to REDII requirements;
- GHG data collection analysis and assessment of compliance with ID 5E;
- Review of the records, calculations and conversion coefficients.

4 Evaluation process

4.1 Timing of evaluation activities

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

<i>Audit Schedule</i>			
Activity	Location	Auditor name	Date/time
<i>Opening meeting</i>	On-site	Yves Bouthillier	24 May 2023/8:30
<i>SBP and FSC on-site audit (document review, interviews, mill tour including stock piles of feedstock, weight bridge)</i>	On-site	Yves Bouthillier	24 May 2023/9:00

<i>Closing meeting</i>	On-site	Yves Bouthillier	24 May 2023/15:30
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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 on-site audit verified the implementation of the management system for SBP certification: roles and responsibilities, documentation and records (procedures, SBR, SBE, REDII, origin of the material), material classification and control points (inputs, stocks, outputs and conversion factors), REDII requirements and GHG data conformance.

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 requirements. After that auditor went, through all applicable requirements of the applicable SBP standards and instruction document, 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. The auditor also interviewed the BP's only supplier. The audit continued with further evaluation for data reported in the SBR and 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

The audit sampling has been planned and implemented using a risk-based approach using the following criteria: - Management system changes, including staff changes; - Standards requirements update; - Supply base and supply chain complexity (upstream and downstream); - Information collection by the BP (how, when, what; ex. for its suppliers when data is collected by the BP once per month higher sampling of documents would be implemented); - Most and less productive periods. Consequently, the auditor audited: - Supplier information on the origin of the feedstock (invoices, trip tickets, self-declarations); - Documentation related to energy and carbon data correctness and calculation for the chosen periods to evaluate the summary data per month collected for the SAR; - DTS information which was compared to input and output trade and transport documentation to assess 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.). - Production facilities inspection, as well as interviews with staff to confirm understanding and implementation of the management system built to conform to the standard's requirements. Confidential interviews we performed when needed to confirm implementation of measures on Critical Control Points (ex. workers at weigh scale)

4.4 CB stakeholder engagement

There was no stakeholder consultation for the 2023 surveillance audit.

For the SBE implementation in 2022, PbN performed a stakeholder consultation 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

2022 audit: 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 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 2023, Linda Breton, Administrative Assistant will take over the role of person in charge of the SBP certification, as Lucie Gilbert (Assistance Contrôleur) is going into retirement. 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 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-003351 (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-003353 (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-003357 (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-003352 (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-003355 (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-003359 (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-003350 (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-003356 (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:	- Flawed credit table (TableCreditsFSCEnergetex2017-2022) - Corrected credit table (20230224CreditsFSC-Energetex) - Communications with client
Findings for Evaluation of Evidence:	The previous credit table (TableCreditsFSCEnergetex2017-2022) distinguished the credits by type of input. However, they were all accounted for in the same credit table. It was then impossible to know in the credits tab whether the available credits were FSC or SBE Compliant. The new credit table (20230224CreditsFSC-Energetex) makes the distinction for inputs but also for outputs.
NC Status:	Closed

NC number NC-003358 (68046)	NC Grading: Major
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:	3 months from the report finalisation
Evidence Provided by Company to close NC:	- Communications with client
Findings for Evaluation of Evidence:	Since the 2022 first surveillance audit, the BP did not do anything to address this non-conformance. This NCR is upgraded to Major during the 2023 second surveillance audit. PbN NC Number 68046; new deadline for this Major NC is 3 months from the initial Minor NC

	deadline, so 2023-12-21
NC Status:	Open

NC number NC-003354 (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:	- Updated SAR for 2022 - Production records - Communication with client
Findings for Evaluation of Evidence:	For the 2022 auditing period, the BP provided updated production records and SAR with correct calculations. This NC is closed.
NC Status:	Closed

NC number NC-003364 (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.
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:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-003361 (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.
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:	N/A

Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-003362 (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.
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:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-003360 (90991)	NC Grading: Observation
Standard:	SBP Framework Instruction Document REDII: Bridging requirements of the SBP scheme for meeting REDII v1.0
Requirement:	8.1.2 The organization shall have written procedures and/or work instructions or equivalent to ensure the implementation of all elements of the mass balance requirements. This shall include at minimum the following: • Complete and up to date procedures covering the implementation of all the elements of the supply chain model requirements. • Complete and up to date records and reports that

	demonstrate compliance with the supply chain model requirements (including training records). • Identification of the role of the person(s) having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person(s) shall be able to demonstrate awareness of the economic operator's procedures for the implementation of this document.
Description of Non-conformance and Related Evidence:	
The BP has procedures (EXH 01) and documented engagement (EXH 12) for these requirements. However the current procedures could be clearer in detailing responsibilities and roles related to the REDII requirements.	
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-003476 (92245)	NC Grading: Major
Standard:	Instruction Document 5E: Collection and Communication of Energy and Carbon Data 1.5
Requirement:	4.1.8 BPs approved to communicate DBSD shall use AA "99" if including DBSD. Note: The BP may add additional "0" (zero) values in front of the "AA" values where this facilitates integration with existing data systems.
Description of Non-conformance and Related Evidence:	
The BP is approved to communicate DBSD. However, review of DBSD transactions in the DTS (Radix-Tree) confirmed the BP is not using AA "99". Per requirement 4.1.7 of Instruction 5E, the Production Batch ID shall be in the form: SBP-XX-YY-ZZ-AA where: o SBP-XX-YY-ZZ is the Static Data Identifier o AA is the DBSD Indicator	
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
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NC number NC-003477 (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.
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:	N/A
Findings for Evaluation of Evidence:	N/A
NC Status:	Open

NC number NC-003478 (92249)	NC Grading: Major
Standard:	SBP Framework Instruction Document REDII: Bridging requirements of the SBP scheme for meeting REDII v1.0
Requirement:	8.3.7 The organisation shall set up and maintain a Mass Balance account separately for each Product Group.
Description of Non-conformance and Related Evidence:	
At the time of the audit, the BP had not prepared its Mass Balance account per the REDII requirements.	
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:	21 Aug 2023
Other comments:	REDII scope extension is not approved due to open major NCR