

SBP

Sustainable Biomass Program

NEPCon Evaluation of Princeton Standard Pellet Corporation Compliance with the SBP Framework: Public Summary Report

First Surveillance Audit

www.sbp-cert.org



Completed in accordance with the CB Public Summary Report Template Version 1.4

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

Document history

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1 Overview

CB Name and contact:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus ot@nepcon.org, +420 606 730 382
Current report completion date:	21/Jan/2020
Report authors: :	Christian Rahbek, Lead Auditor
Name of the Company:	Princeton Standard Pellet Corporation
Company contact for SBP:	Richard White, General Manager. +1 250-295-6940 / +1-888-669-9191 / richard@eagle-valley.ca
Certified Supply Base:	Province of British Columbia, Canada
SBP Certificate Code:	SBP-07-15
Date of certificate issue:	19/Feb/2019
Date of certificate expiry:	18/Feb/2024

This report relates to the First Surveillance Audit

2 Scope of the evaluation and SBP certificate

The scope of the SBP certificate is production of wood pellets from secondary and pre-consumer tertiary feedstock, with sale from the end-point at the Biomass Producer's pellet mill in Princeton, British Columbia, Canada. The certification scope does not include the use of logistics sites and does not include Supply Base Evaluation.

3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Producer's management system is capable of ensuring that all requirements of specified SBP 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 PEFC system control points, analysis of the existing PEFC CoC system;
- Interviews with responsible staff;
- Review of the records, calculations and conversion coefficients;
- Energy data collection analysis;

4 SBP Standards utilised

4.1 SBP Standards utilised

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from <https://sbp-cert.org/documents/standards-documents/standards>

- SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)
- SBP Framework Standard 2: Verification of SBP-compliant Feedstock (Version 1.0, 26 March 2015)
- SBP Framework Standard 4: Chain of Custody (Version 1.0, 26 March 2015)
- SBP Framework Standard 5: Collection and Communication of Data (Version 1.0, 26 March 2015)

4.2 SBP-endorsed Regional Risk Assessment

Not applicable

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Princeton Standard Pellet Corporation operates a pellet mill and acts as a Biomass Producer with production of wood pellets from secondary and pre-consumer tertiary feedstock in the town of Princeton, British Columbia, Canada. The feedstock for the production of wood pellets is sourced from a sawmill located immediately next to the pellet mill, and from app. 8 other primary and 5 secondary wood industries, located in the province of British Columbia, and in the US state of Washington. The feedstock includes material from a Supply Base consisting of areas within the province of British Columbia as well as a small proportion from the US state of Washington. The scope of the certification does not include the use of logistics sites; all sales are finalized Ex Works.

5.2 Description of Company’s Supply Base

Supply Base

a. Total Supply Base area (ha): cumulative area of all forest types within SB

British Columbia	21,143,597 ha
Washington State	18,401,794 ha
SBA	39,545,391 ha

b. Tenure by type (ha): privately owned/public/community concession – **8,754,856 ha Crown, 178,724 ha Federal, 953,645 ha Private**

c. Forest by type (ha): boreal/temperate/tropical: **Temperate Forest**
British Columbia (97%) 20,732,579 ha

Washington State – Temperate Forests – 18,401,794 ha

d. Forest by management type (ha): **100% natural managed forests**

British Columbia	21,143,597 ha
Washington State	18,401,794 ha
SBA	39,545,391 ha

e. Certified forest by scheme (ha): (e.g. hectares of FSC or PEFC-certified forest)

Timber Supply Area (TSA) and Timber Farm License (TFL) are two processes managed by the British Columbia provincial government to grant timber access to the forest industry plants. The TSA designations ensure BC Timber Sales has sufficient allowable annual cut allocation. The TFL grants exclusive rights to harvest timber and manage and conserve forest resources within a defined area of land.

TSA – Crown Land – British Columbia

TSA	Certification	Certified Area of TSA
Arrow	SFI	83.05
Arrowsmith	SFI	49.71
Boundary	SFI	91.52
Cranbrook	FSC/SFI	72.85
Fraser	SFI/CSA	44.18
GBR South	SFI	83.99
Kamloops	SFI/CSA	80.54
Kootenay Lake	FSC/SFI	75.29
Lillooet	SFI/CSA	73.01
Merritt	SFI/CSA	79.27
North Island	SFI/CSA	82.15
Okanagan	SFI	80.04
Soo	SFI	20.91
Sunshine Coast	SFI	86.73

TFL – Crown Land – British Columbia

TFL	Cert Category	% Certified Area	TFL	Cert Category	% Certified Area
TFL 23	SFI	100.00	TFL 18	SFI	100.00
TFL 3	SFI	100.00	TFL 35	SFI	100.00
TFL 44	CSA	98.60	TFL 19	SFI	100.00
TFL 46	CSA	93.12	TFL 39	CSA/SFI	99.87
TFL 54	SFI	N/A	TFL 6	CSA	99.15
TFL 57	SFI	N/A	TFL 37	SFI	100.00
TFL 8	SFI	100.00	TFL 47	SFI	100.00
TFL 26	SFI	3.56	TFL 33	SFI	100.00
TFL 25	SFI	100.00	TFL 49	SFI	100.00
TFL 47	SFI	100.00	TFL 59	SFI	100.00

TFL	Cert Category	% Certified Area	TFL	Cert Category	% Certified Area
TFL 39	SFI	99.87	TFL 38	SFI	16.86
TFL 45	SFI	100.00	TFL 39	CSA	99.87

Feedstock

- f. Total volume of Feedstock: **99,000 ODMT**
- g. Volume of primary feedstock: N/A
- h. List percentage of primary feedstock (g), N/A
- i. List all species in primary feedstock, including scientific name : N/A
- j. Volume of primary feedstock from primary forest – N/A
- k. List percentage of primary feedstock from primary forest (j), by the following categories. Subdivide by SBP-approved Forest Management Schemes:
 - a. Primary feedstock from primary forest certified to an SBP-approved Forest Management Scheme – **0%**
 - b. Primary feedstock from primary forest not certified to an SBP-approved Forest Management Scheme – **0%**
- l. Volume of secondary feedstock: specify origin and type – **99% sawmill residuals from the SBA**
- m. Volume of tertiary feedstock: specify origin and composition - the volume may be shown as a % of the figure in (f) and percentages may be shown in a banding between XX% to YY% if a compelling justification is provided*. – **1%**

Data that quantifies the BP's Supply Base can also be found in the Supply Base Report, which will be available online for download from www.sbp-cert.org/accreditations-and-certifications/certificate-holders/ and from the biomass producer's website at <http://www.eaglevalleyfuelpellets.com/news.php>

5.3 Detailed description of Supply Base

Princeton Standard Pellet Corporation (PSPC) is an independently owned company that produces wood pellets at its facility located in Princeton, British Columbia. PSPC's Fibre Procurement operations include the purchase and transport of residual fibre from sawmills and/or reman facilities. PSPC purchases majority of its fibre from certified forest management landbase and/or through chain of custody certification, however, a portion of fibre is non-certified. A risk assessment has been prepared to verify that the risk of the non-certified fibre being from controversial sources is negligible.

PSPC receives approximately 148,500 MT of raw material annually. The fibre received is then used in the pellet plant. Annual output of pellets is approximately 99,000 ODMT. Pellets are produced for sales in two distinct markets and are used in our bio burners.

PSPC source fibre from a supply base area that includes lands within South Central and Coastal Timber Supply Areas (TSA) in BC, as well as a small portion from Washington State. Majority of this feedstock is secondary, with a small component of tertiary feedstock.

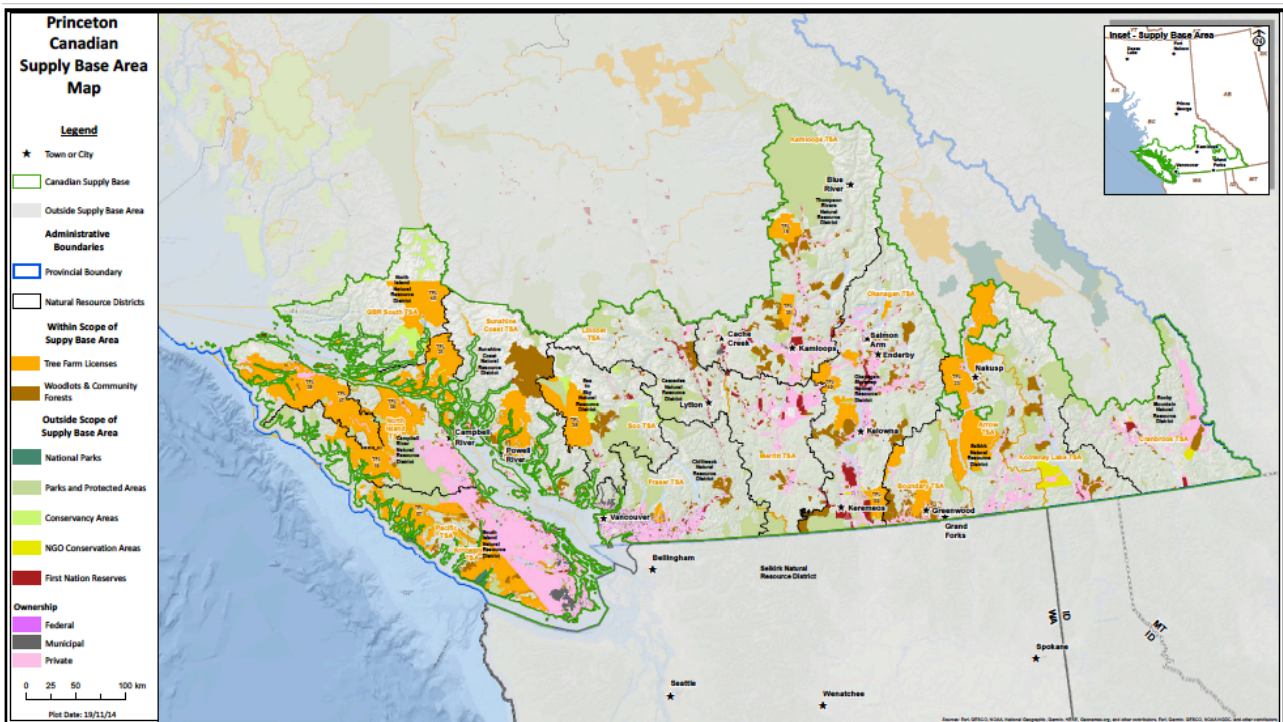
The following lists the geographic areas:

Country	Forest Region	Forest Certification Program	CoC
Canada	Arrow, Boundry, Cranbrook, Kootenay Lake, Merrit, Okanagan, Lillooet, Kamloops, Fraser, North Island, Great Bear Rainforest, Vancouver Island	CSA & SFI	PEFC
United States	Washington State	-	PEFC

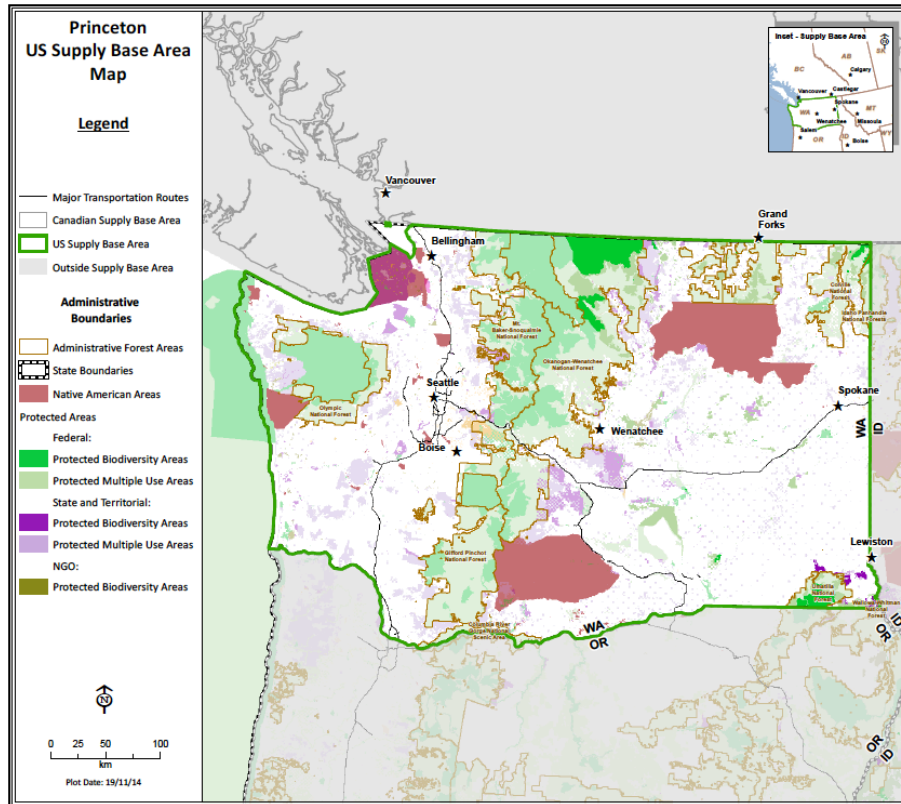
Suppliers for PSPC include sawmills (9) and remanufacturing facilities (5), from south and coastal BC, as well as Washington State.

Supply Base Area – Princeton Standard Pellet Corporation – 2019

British Columbia



Washington State



95% of the forests are classified within the Temperate Conifer Forest region and none of the forest types are classified as CITES or IUCN species.

Various Natural Resources, Clean Water and Endangered Species legislation, specific to the forest industry includes, but is not limited to *Forest Act* and *Forest and Range Practices Act (FRPA)* in BC and the *Forest Practices Act* in WA and associated regulations regarding harvest regulations and the marking, scaling and transportation of timber/fibre, as well as the planning, harvesting, reforestation, and environmental protection on Crown and State Lands. In addition to legislation, regional land use plans with legally established objectives must be followed within Forest Stewardship Plans (BC), Forest Practices Habitat Conservation Plan (WA) and Woodlot Licence Plans and subsequent cutting permits and/or transport documents.

Enforcement of natural resources legislation is supported by the Province's Compliance & Enforcement Agency, under the Ministry of Forests Lands and Natural Resource Operations and Rural Development (FLNRORD). In addition, the Provincial Forest Practices Board conducts independent audits and investigations. In Washington state, enforcement is supported by the State's Forest Practices Board who adopts Forest Practices Rules to carry objectives of the State's *Forest Practices Act*.

Natural resources legislation through federal *Species at Risk Act* (BC and Canada), *Endangered Species Act* (US), CITES, provincial Timber Marking and Transport Regulations, provincial labour and health legislation, and applicable enforcement agencies address forest activities.

Harvesting on private managed forest land is legislated through the *Private Managed Forest Land Act* (PMFLA) in BC and the *Forest Practices Act* in Washington State. Further legislation is provided through the federal *Species at Risk Act* (BC), *Endangered Species Act* in Washington, CITES, the provincial Timber Marking and Transport Regulations, provincial labour and health legislation. Forest activities are regulated/monitored for conformance and alleged non-compliance via the Managed Forest Council in BC and the Forest Practices Board in Washington state.

5.4 Chain of Custody system

The Biomass Producer's PEFC Chain of Custody system is based on the Volume Credit method, and all inputs to the production site are either received as XX% PEFC certified or sourced as PEFC Controlled Sources under the BP's PEFC Due Diligence System.

6 Evaluation process

6.1 Timing of evaluation activities

The annual surveillance audit process was conducted on Wednesday, November 13, largely in accordance with the audit agenda below, which had been provided to the BP prior to the audit. However, since some additional time was needed, so the last evaluations were carried out onsite on Thursday 14th from 9:00 – 10:30 with the closing meeting from app. 10:30 -11:30.

Agenda

Activity	Location	Auditor(s)	Date/time
Opening meeting*	Main Office	CAR	13/11/2019 9.00 - 9.30
Documents and procedures review, including review of: <ol style="list-style-type: none"> 1. Supply Base Report and annual update 2019 2. Management System for SBP and PEFC 3. Review of Feedstock and sales invoices 4. Training records 	Office	CAR	9:30 - 11.30
Interview with Purchasing department representative	Purchasing department	CAR	11:30 - 12:00
Lunch break			12:00 – 13:00
Site tour: Interview with feedstock reception department, production and shipping. Inspection of installations, comparison with „SAR“ technical data	Production facilities, Offices	CAR	13:00 - 14:00
Review of „SAR“ and GHG calculations, including review of documentation: <ol style="list-style-type: none"> 1. Production records 2. Records of and invoices for: <ul style="list-style-type: none"> o electricity o diesel o natural gas o propane o biomass (for drying) 3. Samples of transport documents / invoices (finished products) 	Office	CAR	14:00 – 16:00

•			
Interview with Sales and Marketing department representatives: 1. Preperation of invoices for SBP and PEFC wood pellets 2. Use of DTS for SPB claims 3. SBP and PEFC Trademark use •	Sales department	CAR	16:00 - 16:30
Closing meeting*	Office	CAR	16:30 – 17:00
Estimated end of the evaluation			App. 17:00
Thursday, November 14th, 2019			
Additional evaluation of documents	Office	CAR	9:00 – 10:30
Closing Meeting	Office	CAR	10:30 -11:00

6.2 Description of evaluation activities

The audit started with an opening meeting on Wednesday Nov 13 at 9:00 - 9:30 with attendance from the General Manager and overall responsible, and administration staff with all daily responsibilities for the BP's CoC and SBP procedures.

The audit included extensive documents review and check of calculations in regard to the GHG emission data reported by the BP. The audit also included a site tour, with review of production facilities and equipment, weighbridge and feedstock reception, feedstock storage and final product storage. Interviews were conducted with all staff relevant to the critical control points and key responsibilities in relation to the reception, production, storage and sales of the certified products.

The audit was concluded in the morning of Thursday Nov 14 with a closing meeting with attendance by the General Manager and administrative staff. During the closing meeting the auditor presented the conclusions of the audit, including the NCRs and a few points for follow-up.

6.3 Process for consultation with stakeholders

No stakeholder consultations were conducted in relation to this annual surveillance audit.

7 Results

7.1 Main strengths and weaknesses

The main strength of the BP lies within its relatively simple scope and its use of secondary and pre-consumer tertiary feedstock, which is all received as PEFC Certified or as PEFC Controlled Sources and therefore can be sourced without the need for a Supply Base Evaluation. There is access to necessary information regarding the Forest Districts / TSA area of origin through own records, publicly available records of felling permits and the tool www.woodsupplychain.com. With this, the geographical location of the stand can be confirmed as being inside the defined Supply Base.

For weaknesses, please see the NCRs in Section 10 of this report.

7.2 Rigour of Supply Base Evaluation

Not applicable

7.3 Collection and Communication of Data

Since the BP uses secondary and pre-consumer tertiary feedstock only, has documentation for all energy and most fuel use in the production of pellets, and a simple transport scheme with the sole endpoint at the BP pellet mill in Princeton, B.C. The accuracy and completeness of GHG data is evaluated as good.

7.4 Competency of involved personnel

The BP does not implement an SBE. The General Manager Richard White has been appointed overall responsible for the SBP and PEFC CoC systems, and he was found to have very detailed knowledge of all aspects of the feedstock sourcing, pellet production and final product characteristics and logistics. He is supported by administrative staff Ms. Kaileigh Schofield, who handles all daily responsibilities for the SBP and PEFC systems, and by the external consultants Nicolas Blanchette, and Brenda Hopkin, INCOS Strategies, which both provide assistance in Supply Chain mapping, clarifications and preparation of SBP documents.

7.5 Stakeholder feedback

The BP has not received any stakeholder comments or complaints in relation to any SBP or sustainability questions, and NEPCon has not conducted any stakeholder consultation as a part of this process.

7.6 Preconditions

There are no open preconditions to this certification process.

8 Review of Company's Risk Assessments

Describe how the Certification Body assessed risk for the Indicators. Summarise the CB's final risk ratings in Table 1, together with the Company's final risk ratings. Default for each indicator is 'Low', click on the rating to change. Note: this summary should show the risk ratings before AND after the SVP has been performed and after any mitigation measures have been implemented.

Not applicable

9 Review of Company's mitigation measures

Not applicable

10 Non-conformities and observations

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). *Please use as many copies of the table as needed. For each, give details to include at least the following:*

- applicable requirement(s)
- grading of the non-conformity (major or minor) or observation with supporting rationale
- timeframe for resolution of the non-conformity
- a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.

NC number 01/19	NC Grading: Major
Standard & Requirement:	SBP Standard 4, Requirement 5.2.1
Description of Non-conformance and Related Evidence:	
<p>The organization’s Documented Control System was generally found to be covering all necessary responsibilities and procedures, including material flows, CoC procedures for goods reception, document control, maintenance for credit account, claims and invoicing, internal auditing and complaints resolution. However, it was found that the documented procedures did not include the procedure for physical separation of input materials in the mill yard. The organization receives similar input materials which are not handled under the credit system on included in PEFC product groups, this includes shavings from a specific supplier, which are baled for animal bedding, and also test loads from suppliers that are not yet included as regular suppliers. In the mill yard physical segregation was implemented; however, this was not described in the Documented Control System. Since the DCS system is a central part of the organizations chain-of-custody system, the NCR is raised as a Major NCR.</p>	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	Immediately following the audit, the organization provided an updated Documented Control System, where the procedures for physical segregation in the mill yard has been described in detail. See Exhibit 1.
Findings for Evaluation of Evidence:	Auditor has evaluated the updated DCS and has found that it sufficiently addresses the identified NCR.
NC Status:	Closed

NC number 02/19	NC Grading: Major
Standard & Requirement:	SBP Standard 4, Requirement 5.2.2
Description of Non-conformance and Related Evidence:	

<p>The suppliers' invoices are based on a self-invoicing system, where the organization sends a report of all truckloads received for a monthly billing period. The suppliers will then generate an invoice which includes the information a) – e) above, and also fills in the “claims transfer document”, which includes the required information f) and g). See exhibit 1 and 6. However, during the audit it was found that the “claims transfer documents” had not been received from two suppliers. The organization had still added the volumes to the credit table as 100% PEFC certified, although the document carrying the claim had not been received. The suppliers do hold valid PEFC certificates, and the organization only sources the co-products of suppliers, and the PEFC Credit table show a significant surplus of PEFC credits. However, since this is a central part of any chain-of-custody system, Major NCR 02/19 is raised.</p>	
Timeline for Conformance:	3 months from the report finalisation
Evidence Provided by Company to close NC:	Immediately following the audit, the organization provided Claims transfer documents from the two missing suppliers. This documents that the suppliers are making the agreed PEFC 100% certified claims for the material received by the organization. See Exhibit 6.
Findings for Evaluation of Evidence:	Auditor has evaluated the suppliers' claims transfer documents and has found that they sufficiently address the identified NCR.
NC Status:	Closed

NC number 03/19	NC Grading: Minor
Standard & Requirement:	<i>SBP Standard 2, Requirement 7.5</i>
Description of Non-conformance and Related Evidence:	
<p>The BP has defined procedures for this in the Management System (Section 3.01 “General Requirements”). See exhibit 2.</p> <p>The BP has updated the SBR with regards to the Supply Base, which has been extended to include other regions within the province of British Columbia for the audited reporting period, and the annual update section was updated with the projected volumes of feedstock for the next reporting period. However, in the annual update section of the SBR, the volume of feedstock sourced in the reporting period and projected for the coming reporting period is stated as being 88,000 MT, and therefore does not match the feedstock figures in the SAR of 148,740 MT as sourced. The update section also does not mention the expansion of the geographical extend of the Supply Base to cover a larger area of British Columbia as well as a small part of Washington state. See Exhibit 1.</p>	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 monhts from report finalisation date
Evidence Provided by Company to close NC:	PENDING
Findings for Evaluation of Evidence:	PENDING
NC Status:	Open

11 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):	Pilar Gorria Serrano
Date of decision:	21/Jan/2020
Other comments:	<i>Click or tap here to enter text.</i>