

SCS Global Services
Evaluation of Pinnacle
Renewable Energy Inc
(Entwistle Division)
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*

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1 Overview

CB Name and contact: SCS Global Services, 2000 Powell St. Ste 600 Emeryville, CA 94608

Primary contact for SBP: Sarah Harris, SHarris@scsglobalservices.com

Current report completion date: 05/Aug/2019

Report authors: Haris Gilani, Ph.D.

Name of the Company: Pinnacle Renewable Energy - Smithers Pellet Limited Partnership

Company contact for SBP: Joseph Aquino

Certified Supply Base: British Columbia

SBP Certificate Code: SBP-04-33

Date of certificate issue: 28/Aug/2018

Date of certificate expiry: 27/Aug/2023

This report relates to the First Surveillance Audit

2 Scope of the evaluation and SBP certificate

Scope of evaluation:

First annual surveillance audit to assess the CH's conformance to SBP standards 1, 2, 4, and 5 and respective Instruction Notes and Documents. The audit included on-site visits to the pellet mill in Smithers and forest level evaluations. Port facility, Fibreco Export Inc. in Vancouver, BC, Canada was also visited as part of this audit.

Scope of certificate:

This certificate covers production and distribution of wood pellets, for use in energy production, at Pinnacle pellet mill in Entwistle and rail transportation to port facility Prince Rupert and/or Fibreco Export Inc. for storage, aggregation and seafaring vessel loadout. The scope of the certificate does not include Supply Base Evaluation. It does include the communication of dynamic batch sustainability data.

3 Specific objective

The specific objective of this audit 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 following critical control points were identified and evaluated:

Processes for procurement and processing, transport and storage

The overall system in Pinnacle procurement, production and sales process include several critical control points. The feedstock is received from several different suppliers and is stored in the warehouse. The material is weighed on the truck scaled and a load slip is issued which includes supplier name, address, origin, type of feedstock and quantity.

Volume accounting method

the volumes are recorded on the inventory spreadsheets and for PEFC certification, PEFC credit table has been developed.

Documentation of transactions

The DTS is used for any SPB related transactions and all transactions are recorded in DTS.

Energy data collection and reporting

The Energy data is recorded on GHG spreadsheet. Auditor reviewed GHG spreadsheet, DTS, PEFC ledger and load slips to ensure material is tracked throughout critical control points.

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

Pinnacle owns and operates seven pellet plants, one deep-water port and leases space at another port all in the British Columbia (“BC”). Collectively the pellet plants produce more than one and a half million tonnes annually. All Pinnacle plants operate 24 hours a day, seven days a week. The pellet plants are located in the BC communities of Houston, Burns Lake, Meadowbank, Williams Lake, Smithers, Armstrong and Lavington. Smithers just started operating in 2018. In total, more than 250 people are employed by Pinnacle in those communities. In addition to the production facilities, Pinnacle operates a port in Prince Rupert called Westview Wood Pellet Port where pellets from Pinnacle’s northern facilities (Houston & Burns Lake) are transported. Pinnacle also leases space at Fiberco Export Inc., a deep-water port in Vancouver, B.C. Pellets produced at the southern plants are transported to Fiberco.

The Entwistle wood pellet production facility (“Entwistle”) is located in Entwistle, AB. The Entwistle facility has a production capacity of over 300,000 metric tons of pellets per year. Pellets produced at this plant are transported by rail to either Westview in Prince Rupert, BC or Fiberco in Vancouver, BC for export to European utilities

5.2 Description of Company’s Supply Base

All primary fibre supplied to Pinnacle Renewable Energy Inc.- Entwistle Division originates in the Province of Alberta (AB), Canada. The supply base is the Province of Alberta, which has a total land base of 66.1 million hectares of which 53% or (35 million hectares) is forested, where approximately 77% are within forest management agreement areas. Approximately 77% of Alberta Forests are within the Boreal-mixed forests, which includes several tree species such as white and black spruce, aspen, balsam poplar, lodgepole pine, jack pine, balsam fir, larch and tamarack. There are numerous parks and protected areas within the Province totalling 9.5 million hectares or approximately 14% of the total land base.

The Province of Alberta owns all public forested land within the Province totalling 35.2 million hectares. Alberta has a robust sustainability and certification program covering all managed forest lands in the Province. Alberta Agriculture and Forestry has ISO 9001 certification for all ten offices in the Province conducting compliance monitoring on managed forest lands. Many licensees operating on managed forest lands also have voluntary certification schemes such as SFI, FSC or CSA that monitor forest management activities.

Entwistle procures their feedstock from secondary sources only. Pinnacle’s internal fiber procurement group is responsible for implementing and maintaining conformance to the Programme for the Endorsement of Forest Certification (PEFCTM) CoC Standard, which operates as the platform to the Sustainable Biomass Partnership Standards. Secondary feedstock is sourced through their PEFC Due Diligence system from a

variety of sawmill suppliers. Sawmills source high-quality logs from the forest and mill them into products like two-by-fours. Entwistle procures the sawdust and shavings generated by these sawmills.

5.3 Detailed description of Supply Base

Currently 100% of the fibre procured by PREI – Entwistle Division is secondary fibre. Secondary fibre is residual material or bi-products from the lumber, plywood and remanufacturing industry in the form of bark, sawdust, shavings and hog. EC and UK feedstock types correspond to PREI feedstock types as follows:

In total, approximately 500,000 oven dry tonnes (odt's) of fibre are converted to biomass fuel in the form of wood pellets. Approximately 95% of the fibre procured by PREI – Entwistle Division is forest management certified and is accompanied by chain of custody claim certificates. The fibre supply accompanied with a PEFC CoC claim certificate represents the tonnage of SBP compliant material produced. The portion received without a PEFC CoC claim is considered SBP controlled as determined by the PEFC DDS regional risk assessment covering the Province of Alberta. All fibre supplied to Entwistle Division originates from within the supply base area.

5.4 Chain of Custody system

Joseph Aquino, Head of Sustainability, is the person responsible for implementing the PEFC Chain of Custody system and also manages the organizations SBP management system. The organization operates the volume based method for controlling PEFC claims based on volume credits. Pinnacle also verifies PEFC Controlled Sources through a DDS including a risk assessment covering British Columbia.

All wood fibre is tracked through the process from the District of Origin through the mill to the final bill of sale. Pinnacle uses a database to gather and control information related to the feedstock such as supplier name, scale tickets, fibre type, certification, and district of origin. Pinnacle has appropriate control mechanisms to calculate output volumes, claims and trademark/logo approval. Additionally, Pinnacle conducts an annual Management Review of the commitments, programs and procedures to evaluate the overall effectiveness of the SBP management system.

The organizations PEFC management system and procedures were previously evaluated by another certification body and no open nonconformities exist. The organization has detailed and comprehensive procedures and databases to cover the necessary requirements regarding the SBP-approved Chain of Custody system.

6 Evaluation process

6.1 Timing of evaluation activities

Activity	Date	Location	Persons Involved	Time
Desk review (pre-audit)	May 17, 2019	Auditor Office	SCS Haris Gilani	8 Hours
Opening meeting and surveillance audit	May 21, 2019	Pinnacle Head Office in Prince George, BC	Pinnacle: Joe Aquino SCS Haris Gllani	4 Hours
Site walkthrough	July 12, 2019	Pinnacle mill – Entwistle Division	Pinnacle: Plant Manager, Plant Operator, Plant Accountant. SCS Haris Gilani	2 Hours
Port visit	July 11, 2019	Fibreco	Pinnacle: Joe Aquino SCS Haris Gilani	2 Hours

6.2 Description of evaluation activities

Desk review:

The desk review consisted of a review of the Supply Base Report (SBR), Audit Report on Energy and GHG Data (SAR), Static Biomass Profiling Data sheet, PEFC and SBP procedures, Health and Safety procedures, suppliers list, product groups PEFC certificate validity check and review of last PEFC audit report.

Surveillance audit:

The on-site audit included an audit of the SBR, documented management system, work instructions, training plan and training records, health and safety procedures and commitment, and procedures on collection and communication of greenhouse gas data. The appropriate personnel were interviewed to cover all aspects of the audit and certificate scope and the SBP requirements.

A tour of the site including a tour of the pellet plant in Entwistle from receiving, storage, hammer mills, dryers, pelletization, cooling, storage to loading. Furthermore, the scale was inspected, and records reviewed at the scale house.

The audit methods consisted of review of documentation, records, websites, emails, databases and staff interviews. The site tour and visits were evaluated by review of documentation, monitoring results, observations, and interviews.

6.3 Process for consultation with stakeholders

SCS launched their stakeholder consultation for the main evaluation audit of Pinnacle facility prior to the onsite audit. Stakeholders had the opportunity to present their points of view to the auditor(s) in confidence.

Geographical area(s): The geographical area for the stakeholder consultation is the same as the supply areas identified in the company's Supply Base. This area is, at minimum, at the level of the province of British Columbia.

List of Stakeholders invited: SCS relies on its Master Stakeholder List, which contains stakeholders that are identified by type, e.g. ENGO, Government/regulatory, Educational/Academic, Industry, Indigenous/Aboriginal/Tribal, etc. This list is categorized by country and state/province at the very least, and for this consultation was filtered to omit any stakeholders that were not geographically relevant to the certificate-holder/applicant's supply area(s). Relevant FSC Network Partners were also included in the invitation process.

No stakeholder comments were received by SCS or have come to the attention of SCS and the audit team.

7 Results

7.1 Main strengths and weaknesses

Pinnacle's staff, which include registered professional foresters who have a strong knowledge of the B.C. forestry industry, practices as well as a good working relationship with their suppliers. The organization has a very comprehensive and detailed management and procedural system in place which covers all aspects of the SBP audit scope and the underlying PEFC chain of custody certification. The databases to keep track of qualitative and quantitative information are well managed, readily accessible and featured all information as requested by the auditor. Procedures, commercial documentation, records on paper were also easily accessible throughout the audit.

Weaknesses have been recorded as nonconformities and observations and are discussed in section 10 (if applicable).

7.2 Rigour of Supply Base Evaluation

Pinnacle Renewable Energy Inc has developed a detailed SBE including a clear description of their Supply Base Area. The geographical scope of the SBE is within the Alberta province, ensuring fiber is not received from outside the SBE scope area. The SBE was developed internally by qualified personnel using credible third-party data sources and their existing management and monitoring systems implemented to meet other voluntary standards and designed to ensure compliance with applicable laws and regulations. Risk was designated low for all core Indicators.

7.3 Collection and Communication of Data

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

7.4 Competency of involved personnel

Pinnacle's fibre procurement team are registered professional foresters in the Province of British Columbia with local forestry experience and knowledge of ecological and social values associated with the supply base, applicable laws and regulations, business management practices, operation of suppliers, and the local forest resource. Pinnacle assigned management with appropriate skills and competency to implement and execute the management and control systems relating to SBP compliance. Management interviewed during the assessment were found to be knowledgeable of the SBP requirements.

7.5 Stakeholder feedback

No stakeholder feedback was received. No other comments from stakeholders came to the attention of SCS and the audit team.

7.6 Preconditions

None.

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.

The initial risk assessment determined that all indicators are low risk for all areas from which the BP procures biomass. The risk ratings were determined by reviewing the SBE along with supporting evidence such as the company policy requires, COC procedures, PEFC Due Diligence Risk Assessment, supplier agreements and verification through field visits to the forest and supplier interviews.

Table 1. Final risk ratings of Indicators as determined BEFORE the SVP and any mitigation measures.

Indicator	Risk rating (Low or Specified)		Indicator	Risk rating (Low or Specified)	
	Producer	CB		Producer	CB
1.1.1	Low	Low	2.3.3	Low	Low
1.1.2	Low	Low	2.4.1	Low	Low
1.1.3	Low	Low	2.4.2	Low	Low
1.2.1	Low	Low	2.4.3	Low	Low
1.3.1	Low	Low	2.5.1	Low	Low
1.4.1	Low	Low	2.5.2	Low	Low
1.5.1	Low	Low	2.6.1	Low	Low
1.6.1	Low	Low	2.7.1	Low	Low
2.1.1	Low	Low	2.7.2	Low	Low
2.1.2	Low	Low	2.7.3	Low	Low
2.1.3	Low	Low	2.7.4	Low	Low
2.2.1	Low	Low	2.7.5	Low	Low
2.2.2	Low	Low	2.8.1	Low	Low
2.2.3	Low	Low	2.9.1	Low	Low
2.2.4	Low	Low	2.9.2	Low	Low
2.2.5	Low	Low	2.10.1	Low	Low
2.2.6	Low	Low			
2.2.7	Low	Low			
2.2.8	Low	Low			
2.2.9	Low	Low			
2.3.1	Low	Low			

2.3.2	Low	Low
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Table 2. Final risk ratings of Indicators as determined AFTER the SVP and any mitigation measures.

Indicator	Risk rating (Low or Specified)	
	Producer	CB
1.1.1	Low	Low
1.1.2	Low	Low
1.1.3	Low	Low
1.2.1	Low	Low
1.3.1	Low	Low
1.4.1	Low	Low
1.5.1	Low	Low
1.6.1	Low	Low
2.1.1	Low	Low
2.1.2	Low	Low
2.1.3	Low	Low
2.2.1	Low	Low
2.2.2	Low	Low
2.2.3	Low	Low
2.2.4	Low	Low
2.2.5	Low	Low
2.2.6	Low	Low
2.2.7	Low	Low
2.2.8	Low	Low
2.2.9	Low	Low
2.3.1	Low	Low
2.3.2	Low	Low

Indicator	Risk rating (Low or Specified)	
	Producer	CB
2.3.3	Low	Low
2.4.1	Low	Low
2.4.2	Low	Low
2.4.3	Low	Low
2.5.1	Low	Low
2.5.2	Low	Low
2.6.1	Low	Low
2.7.1	Low	Low
2.7.2	Low	Low
2.7.3	Low	Low
2.7.4	Low	Low
2.7.5	Low	Low
2.8.1	Low	Low
2.9.1	Low	Low
2.9.2	Low	Low
2.10.1	Low	Low

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.*

None.

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):	Theodore Brauer
Date of decision:	15/Aug/2019
Other comments:	<i>Click or tap here to enter text.</i>