SBP

Sustainable Biomass Program

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

Main (Initial) Audit

www.sbp-cert.org

Completed in accordance with the CB Public Summary Report Template Version 1.2

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

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1 Overview

CB Name and contact:	NEPCon, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus
Current report completion date:	13/Feb/2019
Report authors:	Christian Rahbek and Darren Johnson
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 Main (Initial) 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 at the Biomass Producer's pellet mill in Princeton, British Columbia, Canada and inland transportation to the port of North Vancouver, B.C. The scope of the certification 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 10 other primary and secondary wood industries, of which 9 are located in the province of British Columbia, and one located in the US state of Washington. The feedstock includes material from a Supply Base consisting areas fully contained within the province of British Columbia. The scope of the certification does not include the use of logistics sites.

5.2 Description of Company's Supply Base

The feedstock for the production of wood pellets is sourced from 9 primary wood industries in the province of British Columbia, and 2 secondary wood industries of which one is located in B.C. and one is located in the US state of Washington, but operating under Canadian ownership and solely on Canadian feedstock. The feedstock includes material from a Supply Base consisting of defined area within the province of British Columbia.

1. Quantification of Total Supply Base area (ha): cumulative area of all forest types within SB – **9,887,225 ha**

2. Tenure by type (ha): privately owned/public/community concession – **8,754,856 ha Crown, 178,724 ha Federal, 953,645 ha Private**
3. Forest by type (ha): boreal/temperate/tropical **Temperate Conifer Forests (Interior) - 9,887,225 ha**
    1. British Columbia mainland coastal forests
    2. Cascade Mountains leeward forests
    3. Fraser Plateau and Basin complex
    4. North Central Rockies forests
    5. Okanagan dry forests
    6. Palouse grasslands
    7. Puget lowland forests
4. Forest by management type (ha): **100% natural managed forests - 9,887,225 ha**
5. 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 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

TSA	Certification	Certified Area of TSA
Arrow TSA	CSA and SFI	83.06 %
Okanagan TSA	CSA and SFI	80.04 %
Kamloops TSA	CSA and SFI	59.26 %
Merritt TSA	CSA and SFI	79.27 %
Lillooet TSA	CSA	78.57 %
Boundary TSA	SFI	91.52 %
Fraser TSA	CSA and SFI	44.18 %

TFL – Crown Land

TFL	Cert Category	Company 1	Company 2	Certified Area of TFL
TFL8	SFI	Interfor		100 %
TFL23	SFI	Interfor		100 %
TFL33	CSA and SFI	The Gorman Group of Companies	BC Timber Sales	100 %
TFL59	CSA and SFI	Weyerhaeuser Company Ltd.	BC Timber Sales	100 %

Data that quantifies the BP's Supply Base can also be found it 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/

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 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 130,000 ODMT of raw material annually. The fibre received is then used in the pellet plant and in our baled shavings plant. Annual output of pellets is approximately 99,000MT. Pellets are produced for sales in two distinct markets and are used in our bio burners.

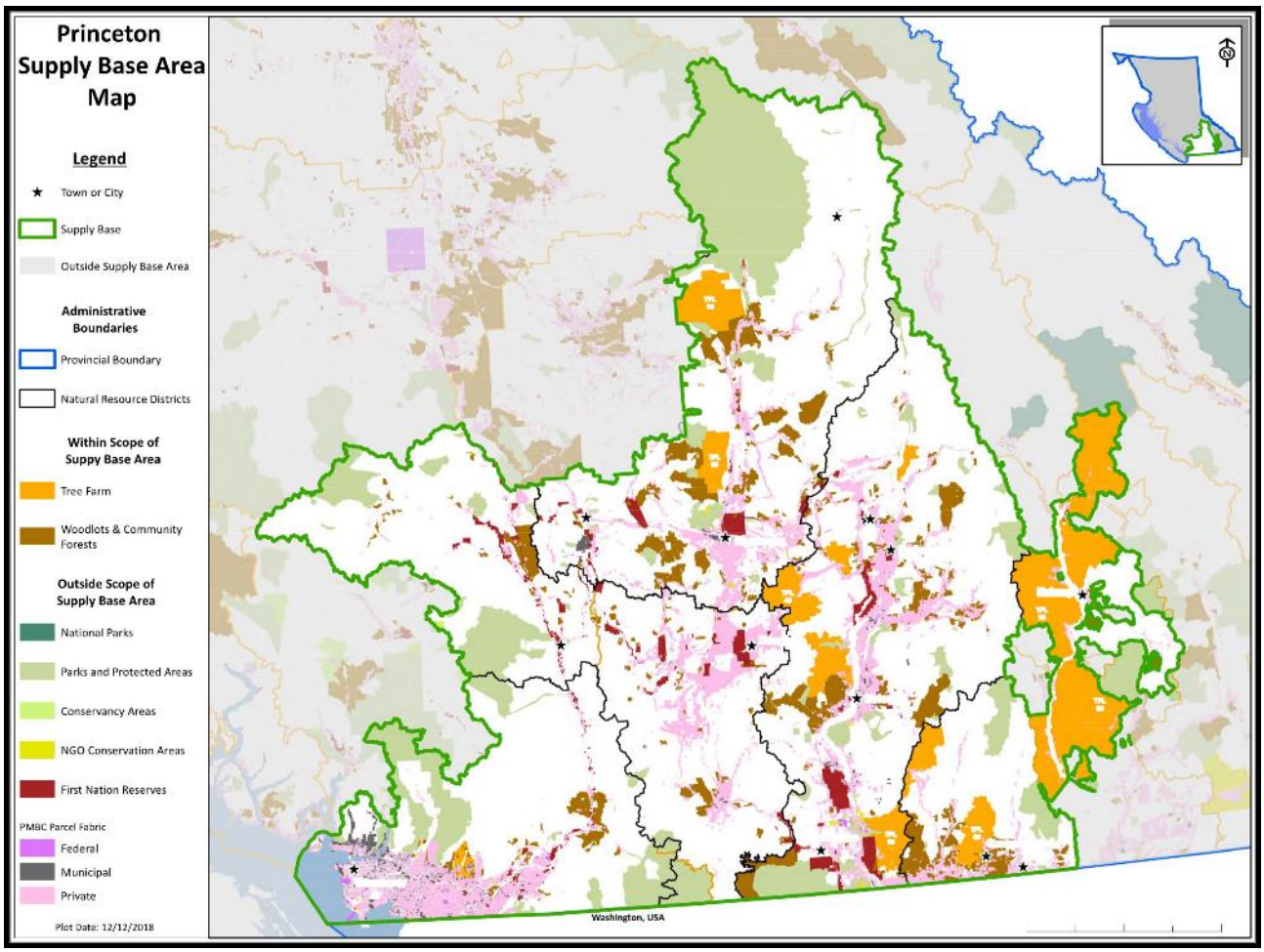
PSPC source fibre from a supply base area that includes public lands within South Central and Coastal BC. There is a minor component of feedstock sourced from private lands.

The following lists the geographic areas:

Forest Districts/TSA in BC	Forest Certification Programs
1. TSA: Merrit, Okanagan, Boundry, Lilooet, Kamloops, Fraser	CSA & SFI
2. Forest licence : A18698, A18969, A18970, A18686, A84658, A89985, A8998, A18698	CSA & SFI
3. Tree Farm Licence: #5, #8, #23, #33	CSA & SFI

4. Castlegar Woodlands, Arrow Lake	CSA & SFI

Supply Base Area – Princeton Standard Pellet Corporation



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

Suppliers for PSPC include sawmills (9) and reman facilities (2), all from Southern BC but one reman facility from Washington, USA.

On public lands (Crown – CAD) 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 associated regulations regarding the granting and regulation of harvesting rights 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) 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.

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

On private lands, harvesting on is legislated through the Private Managed Forest Land Act (PMFLA) in BC. 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.

A detailed description of the BP's Supply Base can also be found it 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/

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 main assessment auditing process was conducted largely in accordance with the audit agenda below, which had been provided to the BP prior to the audit.

Agenda Monday, December 17th

Activity	Location	Auditor(s)	Date/time
Opening meeting*	Main Office	CAR, DJ	17/12/2018 9.00 - 9.30
Documents and procedures review, including review of: 1. Supply Base Report 2. Management System for SBP (and PEFC) 3. Feedstock invoices, dummy sales invoice 4. Training records	Office	CAR, DJ	9:30 - 11.30
Interview with Purchasing department representative	Purchasing department	CAR, DJ	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“ tecnical data	Production facilities, Offices	CAR, DJ	13:00 - 14:00
Review of „SAR“ and GHG calculations, including review of documentation: 1. Production records 2. Records of and invoices for: 1. electricity 2. diesel 3. natural gas 4. propane 5. biomass (for drying) 3. Samples of transport documents / invoices (finished products) •	Office	CAR, DJ	14:00 – 16:00
Interview with Sales and Marketing department representatives:	Sales department	CAR, DJ	16:00 - 16:30

1. Preperation of invoices for SBP biomass 2. Use of DTS for SPB claims 3. SBP Trademark use •			
Closing meeting*	Office	CAR, DJ	16:30 – 17:00
Estimated end of the evaluation			App. 17:00

6.2 Description of evaluation activities

The audit started with an opening meeting on Monday Dec 17 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, and the BPs external consultant.

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 afternoon of Monday Dec 17 with a closing meeting with attendance by the General Manager, administrative staff and the BPs external consultant. 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

NEPCon has conducted a stakeholder consultation by means of sending a stakeholder notification email to stakeholder organizations. The notification encourages all stakeholders to forward any comments regarding harvesting practices, environmental performance and any other direct or indirect effect on stakeholders to NEPCon.

NEPCon had not received any comments from stakeholders at the time of the main assessment, but during the audit (see also section 7.5 of this report), local authorities were contacted by the audit team, this by means of an email to Stephanie Palmar, City of Princeton By-Law Officer

7 Results

7.1 Main strengths and weaknesses

The main strength of the BP lies within it 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 endpoints at the BP pellet mill in Princeton, B.C. and at the harbour of North Vancouver, BC. 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, the external consultant Nicolas Blanchette, INCOS Strategies, who showed very good understanding of both the overall objectives and specific requirements of the SBP system and standards.

7.5 Stakeholder feedback

NEPCon had not received any comments from stakeholders at the time of the main assessment, but during the audit (see also section 7.5 of this report), local authorities were contacted by the audit team, this by means of an email to Stephanie Palmar, City of Princeton By-Law Officer, who in response gave an account of the BP's compliance with local by-laws and summarized her comments: *"In general the mill owners/staff respond very quickly to complaints and work effectively to mitigate any issues. As a result Princeton Standard Pellet Corporation is generally considered to be a good corporate citizen and a positive asset to the community."*

7.6 Preconditions

There are no open Preconditions to the certification.

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

Table 1. Final risk ratings of Indicators as determined BEFORE 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

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 during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. Click on the + symbol on the right bottom corner of the table to repeat the table. *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 #2, Requirement 7.1
Description of Non-conformance and Related Evidence:	
The BP has defined procedures for this in the Management System (Section 3.01 “General Requirements”), and was aware of the requirement of posting their SBR on their website. The BP had not yet uploaded the SBR at the time of the main assessment. See exhibit 2. Since making the SBR available for download is a pre-requisite to SBP certification, Major NCR 01/19 was raised.	
Timeline for Conformance:	Prior to (re)certification
Evidence Provided by Company to close NC:	Shortly after the assessment the BP has provided a link to their website. The SBR is linked to from the footer of the website. See http://www.eaglevalleyfuelpellets.com/environment.php
Findings for Evaluation of Evidence:	Auditor finds that the corrective action is sufficient, and the NCR is closed on this background.
NC Status:	Closed

NC number 02/19	**NC Grading:** Minor
Standard & Requirement:	SBP Standard #5, Instruction Document 5b, requirement 3.2.9
Description of Non-conformance and Related Evidence:	
The BP has prepared a SAR prior to the audit, and during the audit the information in the SAR was reviewed and verified by the audit team. The audit team did identify a small number if discrepancies between the reported data, and the background data records.	
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:	Upon the identification of the discrepancies, the BP chose to follow up immediately and update the figures and data in the SAR.
Findings for Evaluation of Evidence:	Auditor finds that the updates are sufficient, and the NCR is closed on this background.
NC Status:	Closed

11 Certification decision

Based on the auditor's recommendation and the Certification Body's quality review, the following certification decision is taken:	
Certification decision:	Certificate can be issued
Certification decision by (name of the person):	Ondřej Tarabus
Date of decision:	13.02.2019
Other comments:	N/A

12 General information

Dispute resolution: If NEPCon clients encounter organisations or individuals having concerns or comments about NEPCon services, these parties are strongly encouraged to contact the relevant NEPCon regional office or any member of the NEPCon Chain of Custody Programme. Formal complaints and concerns should be sent in writing.

Impartiality commitment: NEPCon commits to using impartial auditors and our clients are encouraged to inform NEPCon management if violations of this are noted. Please see our Impartiality Policy here: http://www.nepcon.org/impartiality-policy