

SBP

Sustainable Biomass Partnership

PricewaterhouseCoopers LLP Evaluation of Shaw Resources Belledune Compliance with the SBP Framework: Public Summary Report

First Surveillance Audit

www.sustainablebiomasspartnership.org



Completed in accordance with the CB Public Summary Report Template Version 1.0

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

Document history

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1 Overview

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 PwC Place, 250 Howe Street, Suite700, Vancouver, B.C., Canada V6C 3S7

Primary contact for SBP: Mike Harris, Practice Leader, 604-806-7711, mike.harris@ca.pwc.com

Report completion date: 30/May/2016

Report authors: Cheryl Woode

Certificate Holder: Shaw Resources (A Division of The Shaw Group Limited)
 Beledune Wood Pellet Facility
 52 Hodgin Road, Belledune, NB, E8G 2E3

Producer contact for SBP: Julie Griffiths, Environmental Specialist

Certified Supply Base: The Canadian Provinces of Québec (QC), New Brunswick (NB) and Nova Scotia (NS)

SBP Certificate Code: SBP-03-02

Date of certificate issue: 30/Oct/2016

Date of certificate expiry: 19/Oct/2021

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	First Surveillance Audit	Second Surveillance Audit	Third Surveillance Audit	Fourth Surveillance Audit
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Scope of the evaluation and SBP certificate

Scope of the Evaluation: The first surveillance assessment was to assess the Biomass Producer's conformance to SBP Standards 1, 2, 4, and 5 and including the respective Instruction Notes and Documents. The evaluation included an on-site visit to the pellet mill in Belledune, New Brunswick, Canada and field visit with suppliers.

Certification Scope: Production of wood pellets, for use in energy production, at Shaw Resources, Belledune and transport to the Port of Belledune, New Brunswick for storage, aggregation, vessel loading and shipping. The certification scope excludes a Supply Base Evaluation.

SBP Certificate Code: SBP-03-02

3 Specific objective

The primary objectives of the assessment were:

- Collecting assessment information through documents, interviews and on-site observations with Shaw Resources staff and suppliers;
- Confirming that information and comparing it to the Sustainable Biomass Partnership (SBP) Standards 1,2,4,5, (V1.0) (the “Standards”), the Client’s documented processes and public documents, and PwC’s requirements (the “Requirements”);
- Generating assessment findings; and
- Preparing the Assessment report and SBP Public Summary.

4 SBP Standards utilised

4.1 SBP Standards utilised

The following SBP Standards were utilized:

- Standard 1: Feedstock Compliance Standard. Version 1.0. 26 March 2015
- Standard 2: Verification of SBP – Compliant Feedstock. Version 1.0. 26 March 2015
- Standard 4: Chain of Custody. Version 1.0. 26 March 2015
- Standard 5: Collection and Communication of Data. Version 1.0. 26 March 2015

The above Standards can be accessed or requested from SBP at the following website:

<https://sbp-cert.org/>

4.2 SBP-endorsed Regional Risk Assessment

Not applicable - No SBP endorsed Regional Risk Assessment was used for this assessment.

5 Description of Biomass Producer, Supply Base and Forest Management

5.1 Description of Biomass Producer

Shaw Resources operates two wood pellet manufacturing plants, one in Belledune, NB and Milford, NS with a corporate/central office in Milford, NS. The second plant in Milford, NS (Eastern Embers) was also assessed to the SBP Framework by PwC during the same time period, but it has a separate SBP certificate and related documents. Shaw Resources holds a multi-site certification to the Programme for the Endorsement of Forest Certification (PEFC™) Chain of Custody (CoC) Standard and for the central office and two biomass producers.

The subject of this certificate, the Belledune, NB plant (Belledune), procures feedstock from both primary and secondary sources in Quebec (QC), New Brunswick (NB) and Nova Scotia (NS), and transports their finished pellets via truck to the Port of Belledune, NB.

Shaw Resources purchases all feedstock within the scope of their PEFC CoC and Due Diligence management system; however, some primary feedstock is sourced from forests without a Sustainable Forest Management (SFM) certification and some secondary feedstock is sourced from production facilities without a CoC certification, therefore, a Supply Base Evaluation (SBE) and the associated Risk Assessments have been completed because Shaw Resources Belledune intends on using the “SBP Compliant” claim.

5.2 Description of Biomass Producer’s Supply Base

Shaw Resources Belledune supply base is considered the Canadian provinces of Quebec, New Brunswick and Nova Scotia. Shaw Resources procures primary feedstock from round wood and secondary feedstock sawmill residues.

Primary fibre procured directly from the forest in the form of round wood is only from managed forest lands (Crown and private woodlots) in New Brunswick from Crown licensees or regional marketing boards. Secondary fibre (sawmill residues) such as chips, sawdust and shavings are supplied mostly through local New Brunswick sawmills, but some sawmill residuals are sourced from south eastern Quebec and on occasion from Nova Scotia, Canada.

Each of the 3 provinces where fiber is procured, have provincial acts and legislation which aid in the protection of the region’s forests, land titles and use, and also to ensure the scaling and transportation of logs and wood fibre is documented.

Forest management plans are required on Crown lands and highly encouraged on all private lands. Silviculture program funding and guidance are available to private woodlot owners to assist with forest management.

Additional detail is provided in Shaw Resources Belledune Supply Base Report (SBR), which can be found on their website at the following address: <https://shawresources.ca/about-shaw/why-shaw/>

5.3 Detailed description of Supply Base

Shaw Resources Belledune manufactures industrial wood pellets for export to European power utilities. The supply base is considered the Canadian Provinces of Québec (QC), New Brunswick (NB) and Nova Scotia (NS).

Québec Supply Base

In 2012, the province of Québec adopted the Sustainable Forest Development Act. The newly formed timber marketing boards distribute supply guarantees. The system allows the volumes of wood not used by the guarantee holder to be made available to other mills. In addition, guarantee holders must pay annual dues and dues on every cubic meter of timber purchased (rates are based on the price obtained at auctions of timber from the public forests). About 25% of the timber from the public forest is allocated via a public auction.

The Minister of Natural Resources and Wildlife (MRN) is responsible for planning, monitoring and controlling forest management, scaling the wood and allocating the rights of crown forest in Québec. About 85% of all productive Crown forest in Québec is certified, either through SFI, CSA or FSC. The annual allowable cuts are determined by the Chief Forester.

Private woodlots contribute about 20% of wood supplies in Québec. Although more stringent regulations exist for Crown Land, private lands are not exempt from Provincial and Federal Regulations & Legislation. The Federation of Forest Producers of Québec (Fédération des producteurs forestiers du Québec, FPFQ) is the provincial organization that promotes the interests of the 130,000 private woodlot owners, which includes 35,000 forest producers. There are 13 regional syndicates that were formed to help with the protection and enhancement of Québec's private forests and for the orderly marketing of timber from these areas. The MRN offers technical & financial support to assist privately owned woodlots with sustainable management; however, only certified private woodlots have access to government programs. In Québec, private forests are considered to be agricultural product and are governed by the Act Respecting the Marketing of Agricultural, Food, and Fish Products along with the Sustainable Forest Development Act. Municipalities have by-laws to restrict/regulate cutting of trees to limit the size of cut blocks and to protect riparian zones and sensitive environments. Permits for logging on private lands are required in all municipalities. The Civil Code of Québec provides recourse for logging performed on private property without the consent of the landowner.

New Brunswick Supply Base

The New Brunswick provincial government proclaimed the Crown Lands and Forests Act in 1982, and this is the legal foundation of Crown forest management in New Brunswick. The Act divides NB's Crown land into 10 timber licences; each license is leased through a 25 year forest management agreement to a large forest based company called a Licensee. On a 5 year cycle, the New Brunswick Department of Natural Resources assesses how the licensee has managed the Crown forest during the previous five years, and if satisfactory, will renew the agreement for another 5 year period. Each licensee must produce a forest management plan that covers a 25 year period, and must be sustainable over an 80 year planning horizon. Annual operating plans are also required of licensees and are monitored by the government to ensure that each licensee is following the regulations and standards. All forest operations on Crown land must be ISO 14001 certified and certified under an independent sustainable Forest Management System (i.e. CSA, FSC, SFI), making NB the first jurisdiction in the world to require certification of licensee operations.

The provincial government sets the annual allowable cut (AAC) for both Crown and private woodlots based on on-going research on forest inventory. New Brunswick has one of the best forest inventory programs in

Canada. Data obtained from aerial photography analysis and ground sample plots chart the province's timber growth and yield and are updated on an annual cycle using a computerized geographical information system.

Although more stringent regulations exist for Crown Land, private lands are not exempt from Provincial and Federal Regulations & Legislation. Private woodlots in New Brunswick are monitored through 1 of 7 regional marketing boards. The marketing boards provide forest management assistance to private woodlot owners such as calculating timber inventory, harvesting layout, management plan development and programs that encourage the improved management of woodlots. Private woodlot owners operating under regional marketing boards can also obtain annual subsidies for silviculture programs.

Nova Scotia Supply Base

Nova Scotia's Code of Forest Practice provides the guidelines for sustainable forest management which are mandatory on Crown lands (administered by NSDNR), and encouraged on private woodlots in Nova Scotia. A large part of the code is implemented through various provincial and federal legislation and regulations. The Forests Act and the Crown Lands Act is enforced by the Nova Scotia Department of Natural Resources (NSDNR).

The majority of primary wood products supplied to industry in Nova Scotia are from privately owned woodlots. Although more stringent regulations exist for Crown Land, private lands are not exempt from Provincial and Federal Regulations & Legislation, The provincial government implements and develops forest management programs to encourage and assist private woodlot owners to manage their land more effectively. This is done by providing training programs and financial incentives such as the Sustainable Forestry Fund to encourage the sustainable use of private woodlots. The Nova Scotia Registry of Buyers is a registry where businesses and individuals register to acquire primary forest products for processing. The registry provides reliable data to help understand the demand and estimate sustainable harvest levels, as well as aiding in the long term management of Nova Scotia forests. An annual report is released by the Registry of Buyers which outlines the volumes of wood harvested throughout the province.

The Nova Scotia Forests Act was implemented to develop a healthy productive forest capable of yielding high volumes of high quality product and is directed towards both private woodlot owners and Crown lands in the province. Registered buyers of primary forest products are required to contribute to a silviculture program in the Sustainable Forest Fund based on a rate per volume basis. The enforcement division of NSDNR completes regular visits to areas being harvested on both Crown and private lands to ensure that both the Forests Act and the Crown Lands Act are being followed. The provincial government is currently implementing an increased level of silviculture programs to ensure the continued sustainability of forestlands in Nova Scotia.

The primary feedstock consists of mostly spruce, pine, fir species from small forest landowners (42%) and large forest landowners (58%). Secondary feedstock comes from residual chips or sawdust produced at sawmills and shavings from planer mills. All secondary feedstock is a combination of softwood and hardwood.

5.4 Chain of Custody system

Shaw Resources Belledune has implemented the requirements of the PEFC CoC Standard. A database is used to gather and control feedstock information such as supplier name, scale tickets, fiber type, certification, and district of origin. Shaw Resources Belledune has appropriate control mechanisms to calculate output volumes, claims and trademark/logo approval. Additionally, Shaw Resources Belledune conducts an annual management review of the commitments, programs and procedures to evaluate the overall effectiveness of the SBP management system.

Shaw Resources Belledune has completed a Supply Base Evaluation (SBE). The SBE determined that all wood fiber in the supply base area met the definitions, criterion and indicators in SBP Standard 1 and are considered “low risk”.

Shaw Resources Belledune has a management system and documented procedures that are fully capable of determining feedstock compliance. All wood fiber (primary and secondary) is tracked through the process from the district of origin through production to the final bill of sale. Finished pellets are trucked from Shaw Resources Belledune to the Port of Belledune where they are stored and then loaded onto vessels.

6 Evaluation process

6.1 Timing of evaluation activities

Evaluation Activity	Date / Location	Persons Involved	Approx. Duration
PwC Stakeholder Consultation	December 18, 2015 – January 17, 2016. Off-site from PwC's office.	Cheryl Woode, SBP Lead Auditor, PwC	2 hours
Pre-Assessment/ Document Review	January 15, 2016 Off-site from PwC's office	Cheryl Woode, SBP Lead Auditor, PwC	6 hours
Initial Assessment	January 18-19, 2016. Cheryl Woode, SBP Lead Auditor, PwC	Cheryl Woode, SBP Lead Auditor, PwC Julie Griffiths, Shaw Resources, Environmental Specialist Rene Landry, Shaw Resources, Director Wood Pellet Operations Nate Ryant, Independent Consultant Interview with North Shore Marketing Board in Bathurst, New Brunswick	12 hours
Supplier Assessments	March 4, 2016. Off-site phone interviews from PwC's office.	Cheryl Woode, SBP Lead Auditor, PwC <ul style="list-style-type: none"> • 4 primary feedstock suppliers • 2 secondary feedstock suppliers 	3 hours
Audit Closure and PwC Certification Decision	April 25-29, 2016 Off-site from PwC's office.	Bruce Eaket, Qualified SBP Lead Auditor, PwC Peer Reviewer Shawn Ellsworth, Qualified SBP Lead Auditor, PwC Peer Reviewer Mike Harris, PwC Certification Decision Maker, PwC Practice Leader	4 hours

6.2 Description of evaluation activities

PwC completed the initial SBP assessment in four phases, with the most significant phase being the on-site assessment.

Pre-Assessment / Document Review (DRR):

The purpose of the DRR Assessment was to evaluate if the requirements of the Standards had been met, in particular those requirements that must be documented. In addition, PwC evaluated the Chain of Custody Process/Management System to ensure that it had been through a complete Plan-Do-Check-Act (PDCA) cycle; including internal audit and management review or that these activities have been scheduled to occur prior to the Initial Assessment. In addition, Shaw Resources is certified to the PEFC CoC Standard. Time during this phase of the assessment was focused on reviewing the SBP requirements that are unique from the other standards, such as Greenhouse Gas (GHG) data and collection.

Initial Assessment:

PwC conducted the Initial Assessment on-site at Shaw Resources Belledune pellet plant through observations, reviewing records and conducting interviews with staff and management. A thorough review of the CoC processes, GHG data and collection, and fibre input and output were conducted. Critical control points such as the weigh station, quality testing lab, control room, and truck loadout were included in the Assessment. PwC also interviewed a sample of secondary suppliers for verifying the location of the fibre and their sustainable forest management practices.

Additionally, PwC conducted a site visit to the Port of Belledune. Pellets produced at Belledune are transported by truck to the Port for storage, handling and export to customers. A thorough review of the CoC processes, GHG data and collection, and storage and handling of the pellets was conducted.

PwC Stakeholder Consultation:

Discussed below in Section 6.3 of this public summary. There were no comments received from the stakeholders PwC contacted.

Audit Closure and PwC Certification Decision:

PwC provided the draft non-conformity to Shaw Resources Belledune at the closing meeting of the Initial Assessment. Shaw Resources responded with their root cause/action plans and if appropriate, provided PwC with revised management system procedures and templates, forms, etc. Once the lead auditor accepted Shaw Resources' changes and closed the audit findings, the PwC lead auditor's working papers including protocols/checklists and evidence of conformance was reviewed by a peer lead auditor. The complete file was then reviewed by the PwC Practice Leader who made the final PwC certification decision.

6.3 Process for consultation with stakeholders

Shaw Resources completed a stakeholder consultation for its initial SBP certification audit. PwC reviewed the names and organizations that were included in the stakeholder consultation. The following table includes a representation of stakeholders from government, environmental non-governmental organizations (ENGOs), forestry workers, associations, education institutions and forest industries in Quebec, New Brunswick and Nova Scotia.

<u>Province</u>	<u>Government</u>	<u>Aboriginal</u>	<u>ENGOs</u>	<u>Forestry Workers</u>	<u>Education</u>	<u>Associations</u>
NS	26	2	1	1	1	2
NB	4	3	1	4		
QB	2			1		

PwC followed-up after the closure of the Shaw Resources stakeholder consultation to obtain a summary of any feedback received and the resulting changes to the SBE/Risk Assessment, if applicable. Shaw Resources reported they received no feedback during their stakeholder consultation period for the Belledune Supply Base Area.

As part of the audit process, PwC reviewed all stakeholder submissions and reviewed Shaw's approach to evaluating them.

7 Results

7.1 Main strengths and weaknesses

This summary of strengths and weaknesses should be read in conjunction with the summary of the SBE Risk Assessment in Section 8 and the summary of the Initial Assessment findings in Section 10 of this public summary. The strength of Shaw Resources SBP program is their integration of the SBP requirements with their existing fiber sourcing management system and procedures designed to meet the requirements of applicable laws and regulations in the Supply Base Area (SBA) and the requirements of PEFC CoC Standard. Shaw Resources staff have demonstrated a strong knowledge of the forestry industry practices, have a good awareness of the suppliers operating in the region and have limited the number of suppliers from which they purchase fiber.

PwC has concluded that Shaw Resources has the organizational capability to systematically meet the performance objectives and the requirements of the SBP Standards based on the elements of the SBP Standards that were tested, with the exception of nonconformity that were identified which has since been addressed by Shaw Resources and closed by the Lead Auditor.

7.2 Rigour of Supply Base Evaluation

Shaw Resources has developed a detailed SBE including a clear description of their SBA. 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.

The SBE was completed by Shaw Resources Environmental Management System Representative, the same individual responsible for the maintaining the PEFC Chain of Custody management system. The SBE process involved a detailed review of all feedstock sources within the Supply Base Area for the Belledune facility which included New Brunswick, Nova Scotia and Quebec. Shaw Resources consulted with the New Brunswick Department of Natural Resources, the North Shore Forestry Marketing Board, and the Forest Sector from the Department of Environment in Quebec to evaluate the ecological and social values, applicable laws and regulations, business management practices, operation of suppliers, and the local forest resource in the Supply Base Area.

Furthermore, the SBE was peer reviewed by a qualified Registered Professional Forester. Nate Ryant, RPF, has many years of experience in auditing forestry certification programs across Canada and risk assessments for chain of custody systems. Nate Ryant is a consultant based out of British Columbia whom has experience assisting clients with the acquisition of forest management certifications, and is the recommended consultant of the Wood Pellets Association of Canada (WPAC). Nate reviewed provincial government research and publications, and was in contact with the local forest marketing board and the Maritime SFI Implementation Committee to assist him in gaining familiarity with local forestry practices.

PwC has reviewed the SBE process and conclude that it meets the SBP standard requirements

7.3 Compilation of data on Greenhouse Gas emissions

During the initial on-site assessments at both Shaw Resources Belledune and the Port of Belledune, PwC:

- 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;
- Reviewed how the input data was measured;
- Conducted 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.
- Where appropriate, we obtained a sample of records to support the evidence provided in these interviews;
- Reviewed procedures and records on how and when emissions were calculated; and
- Inquired about controls on data collection and records.

PwC concluded that Shaw Resources Belledune has the competency to analyse and accurately report the required data on Greenhouse Gas emissions.

7.4 Competency of involved personnel

Shaw Resources engaged Nate Ryant, RPF, an external forestry expert to perform the Supply Base Evaluation. PwC found the individual assigned to perform the SBE to have local forestry experience and knowledge of ecological and social values associated with the SB, applicable laws and regulations, business management practices, operation of suppliers, and the local forest resource. The individual also demonstrated note-taking and report-writing skills, interviewing skills and appropriate management skills.

Shaw Resources 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

Not applicable. As discussed in Section 6.3 of this public summary, neither Shaw Resources Belledune nor PwC received feedback during the stakeholder consultation processes that changed our assessment of risk as discussed in Section 8 of this public summary

7.6 Preconditions

PwC issued one precondition to Shaw Resources Belledune. As discussed in Section 10 of this public summary, there was one non-conformity that was closed before a certificate could be issued.

Shaw Resources had collected and reported the energy consumption associated with the production of pellets; however, the fuel and power used at the Port of Belledune for storage, handling and trans-shipment has not been reported. Shaw subsequently collected electricity and diesel fuel consumption data from the Port of Belledune and has documented procedures to ensure the data is collected on an annual basis. Power bill invoices from the Port of Belledune and updated greenhouse gas calculations were provided to PwC.

8 Review of Biomass Producer's Risk Assessments

Shaw Resources is also certified to multi-site PEFC Chain of Custody Standard. Shaw Resources Belledune purchases all feedstock within the scope of their PEFC CoC system, and since the PEFC CoC Standard is SBP-approved, Shaw Resources Belledune could potentially sell their pellets with an "SBP Controlled" claim. However, Shaw Resources intends on using the "SBP Compliant" claim, therefore a Supply Base Evaluation (SBE) and the associated Risk Assessment are required. Shaw Resources' SBE Risk Assessment is attached as Annex 1 to their Supply Base Report (SBR).

PwC completed Shaw Resources initial certification to the PEFC Chain of Custody Standards in 2015 and therefore is familiar with their management systems, monitoring systems, suppliers and the applicable laws and regulations in their supply base area.

PwC assessed risk for the indicators using the guidance in Section 11 of SBP Framework Standard 2: Verification of SBP-compliant Feedstock and evaluation of regional risk. When completing their Risk Assessment, Shaw Resources primarily relied on their existing management and monitoring systems implemented to meet the PEFC CoC Standard and designed to ensure compliance with applicable laws and regulations. PwC performed a document review of Shaw Resources SBE which included a review of the evidence of compliance with regulatory requirements in each of the three provinces where Shaw Resources procures fiber from, Quebec, New Brunswick and Nova Scotia. Additionally, our review of the SBE included interviewing the staff and suppliers.

Each criterion was evaluated and measured against Shaw Resources' existing chain of custody program. The supply base evaluation was peer reviewed by and independent third party. Shaw Resources determined that all indicators have low risk; therefore, a Supplier Verification Programme (SVP) and mitigation measures were not completed, and PwC agrees with Shaw Resources assessment of risk as shown in Table 1.

Table 1. 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 Biomass Producer's mitigation measures

Not currently applicable to Shaw Resources Belledune because as discussed previously in Section 8 of this public summary, all indicators were assessed to be low risk at the time of the Risk Assessment.

10 Non-conformities and observations

The details of the Non-conformities and Opportunities for Improvement raised during the evaluation are provided in Table 2:

Table 2. Audit Findings

PwC Reference Number	SBP Requirement	Finding Details	Status
Non-conformities			
SBP-IA-NC-01 MAJOR nonconformity	SBP Instruction Note 5A @ 5.2 requires that the legal owner report the fuel and power used at the different storage, handling and trans-shipment locations within the scope of its certification.	<p>Shaw Resources has collected and reported the energy consumption associated with the production of pellets; however, the fuel and power used at the Port of Belledune for storage, handling and trans-shipment has not been reported.</p> <p>Shaw Resources was given 60 days to resolve the issue and has subsequently provided PwC with an acceptable action plan and evidence of implementation.</p>	CLOSED

No new Opportunities for Improvement were identified.

11 Certification decision

PwC has concluded that Shaw Resources Belledune has the organizational capability to systematically meet the performance objectives and the requirements of the Standards based on the elements of the Standards that were tested as discussed earlier in Section 6 of this Public Summary. PwC's Practice Leader recommends certification of Shaw Resources Belledune as of May 30, 2016. The next assessment should be completed prior to January 18, 2017.

12 Surveillance updates

12.1 Evaluation details

The first surveillance evaluation was carried out January 24-25, 2017, whereby the assessment of the Belledune facility was performed on January 24. The site visit to the Port of Belledune and field visits for the supply base area were performed on January 25. The facility visit included a walkthrough of the whole facility following the feedstock from delivery through production, storage and shipping. The port visit included a thorough review of the CoC processes, GHG data and collection, and storage and handling of the pellets. Six suppliers were visited, 2 primary suppliers and 4 secondary suppliers.

12.2 Significant changes

There have been no changes in the supply base, mitigation measures or risk ratings since the main evaluation in 2016.

12.3 Follow-up on outstanding non-conformities

The non- conformities identified during the initial evaluation have been closed.

12.4 New non-conformities

The details of the Non-conformities and Opportunities for Improvement raised during the first surveillance evaluation are provided in Table 3:

Table 3. Audit Findings

PwC Reference Number	SBP Requirement	Finding Details	Status
SBP-IA-NC-01 MAJOR nonconformity	Sustainable Biomass Program (SBP) Standard 2 (V1.0) @ 5.1 requires that the SBR shall be formally updated every year. Each annual update shall provide actual values for the previous 12 months and forecast values for the following 12 months	Shaw Resources updated the SBR with the actual values for the previous 12 months; however the update was not provided in the form of a revised report or additional pages to the original SBR and was not completed using the most current version. Shaw Resources was given 60 days to resolve the issue and has subsequently provided PwC with an acceptable action plan and evidence of implementation.	CLOSED
SBP-MA1-NC-02-Minor nonconformity	Sustainable Biomass Program (SBP) Instruction Document 5B (V1.0) @ 2.1.2 requires that each Legal Owner shall operate a	Shaw Resources completed an SAR for Belledune for the reporting period of November 2, 2015 – October 30, 2016; however there were a number of inconsistencies and does not fully meet the SBP requirements.	CLOSED

	management system to ensure that data recorded is consistently compliant with the requirements specified in this Instruction Document	Shaw Resources was given 60 days to resolve the issue and has subsequently provided PwC with an acceptable action plan and evidence of implementation	
SBP-MA1-NC-03-Minor nonconformity	Sustainable Biomass Program (SBP) Instruction Document 5B (V1.0) @ 5.6.1 requires that the BP shall record the total quantity of biomass leaving the processing plant during the Reporting Period.	<p>Shaw Resources completed an SAR for Belledune for the reporting period of November 2, 2015 – October 30, 2016; however the method for quantifying the annual biomass did not meet the SBP requirements.</p> <p>Shaw Resources was given 60 days from the closing meeting date to provide a root cause analysis for the minor nonconformity indicating the cause of the system or process failure, and an acceptable action plan.</p>	OPEN

No new Opportunities for Improvement were identified during this assessment.

12.5 Stakeholder feedback

There have been no comments or concerns raised by stakeholders about the Biomass Producer organisation since the previous evaluation.

12.6 Conditions for continuing certification

SBP-MA1-NC-03-Minor nonconformity implementation of the action plan should be assessed during the next surveillance assessment.

12.7 Certification recommendation

PwC has concluded that Shaw Resources Belledune has the organizational capability to systematically meet the performance objectives and the requirements of the Sustainable Biomass Program (SBP) Standards 1,2,4,5, (V1.0) based on the elements of the Standards that were tested. PwC's Practice Leader recommends continued certification of Shaw Resources Belledune. The next assessment should be completed prior to February 2018.