

SBP

Sustainable Biomass Program

SCS Global Services Evaluation of Pinnacle Renewable Energy Inc (Entwistle Division) Compliance with the SBP Framework: Public Summary Report

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

© Copyright The Sustainable Biomass Program Limited 2018

Table of Contents

1	Overview
2	Scope of the evaluation and SBP certificate
3	Specific objective
4	SBP Standards utilised
4.1	SBP Standards utilised
4.2	SBP-endorsed Regional Risk Assessment
5	Description of Company, Supply Base and Forest Management
5.1	Description of Company
5.2	Description of Company's Supply Base
5.3	Detailed description of Supply Base
5.4	Chain of Custody system
6	Evaluation process
6.1	Timing of evaluation activities
6.2	Description of evaluation activities
6.3	Process for consultation with stakeholders
7	Results
7.1	Main strengths and weaknesses
7.2	Rigour of Supply Base Evaluation
7.3	Compilation of data on Greenhouse Gas emissions
7.4	Competency of involved personnel
7.5	Stakeholder feedback
7.6	Preconditions
8	Review of Company's Risk Assessments
9	Review of Company's mitigation measures
10	Non-conformities and observations
11	Certification recommendation

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:	22/Jun/2018
Report authors:	Haris Gilani, PhD
Name of the Company:	Pinnacle Renewable Energy Inc. – Entwistle Division
Company contact for SBP:	Joseph Aquino
Certified Supply Base:	British Columbia
SBP Certificate Code:	SBP-04-31
Date of certificate issue:	28/Aug/2018
Date of certificate expiry:	27/Aug/2023

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

Scope of evaluation:

Main (initial) audit to assess the CH's conformance to SBP standards 2, 4, and 5 and respective Instruction Notes and Documents. The evaluation included on-site visits to the pellet mill in Entwistle AB and the port facilities called Westview in Prince Rupert, BC, and/or Fibreco Export Inc. in Vancouver, BC, Canada.

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 Westview Terminals and/or Fibreco Export Inc. for storage, aggregation and seafaring vessel loadout. The scope of the certificate 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 overall system in Pinnacle procurement, production and sales process include several critical control points. First, 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. Second, the volumes are recorded on the inventory spreadsheets and for PEFC certification, PEFC credit table has been developed. The Energy data is recorded on GHG spreadsheet. Thirds, the DTS is used for any SPB related transactions and all transactions are recorded in DTS. 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, Armstrong and Lavington. Another mill in Entwistle AB just started operating this year. 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 Program 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 percentage 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	April 18, 2018	Auditor Office	SCS Haris Gilani	8 Hours
Main evaluation Audit	June 28, 2018	Pinnacle mill - Entwistle Division	Pinnacle: Joseph Aquino, Plant Manager, Plant Operator, Plant Accountant. SCS Haris Gllani	4 Hours
Main Evaluation Audit, site walkthrough	May 31, 2018	Pinnacle mill - Entwistle Division	Pinnacle: Joseph Aquino, Plant Manager, Plant Operator, Plant Accountant. SCS Haris Gilani	1.5 Hours
Main Evaluation Audit	May 29, 2018	Pinnacle Head office in Prince George, BC	Pinnacle: Joseph Aquino, Accountant, Sales staff. SCS Haris Gllani	12 Hours
Site visit Port of Westview	April 26, 2017	Port of Westview	Pinnacle: Joseph Aquino, Port Manager, Port Accountant SCS: Haris Gilani	5 hours

Site visit Port of Fiberco	April 24, 2017	Port of Fiberco	Pinnacle: Joseph Aquino, Port Manager, Port Accountant SCS: Haris Gilani	5 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.

Annual 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.

Also included was a half-day visit to each storage facility at the Ports of Westview and Fiberco and 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 annual audit of Pinnacle facility prior to the on site 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. Below is the notification sent out to stakeholders:

This email is being sent to you because SCS Global Services (SCS) has identified you as a potential stakeholder able to provide relevant comments regarding Pinnacle Renewable Energy's fiber sourcing program for their mill under that mill's certification as a Biomass Producer (BP) within the Sustainable Biomass Program (SBP) framework.

Background – About SBP

SBP was formed in 2013 by European utilities that are using biomass, mostly in the form of wood pellets or chips, in large thermal generating plants. Biomass-fired power and heat generation is seen as an important technology for achieving the EU's 2020 renewable energy targets and EU member states are adopting their own national approaches to ensuring that the biomass used is legally and sustainably sourced.

SBP's objective is to develop the tools necessary to demonstrate that, as a minimum, solid biomass used for energy production meets these national requirements. The SBP Framework is designed as a clear statement of principles, standards and processes necessary to demonstrate such compliance. Wherever possible, the Framework takes into account and builds on existing regulatory mechanisms and on voluntary certification standards already applied to other forest product streams or to other biomass sources.

The SBP Framework provides a means to collect data describing the nature of the feedstock as well as data to be employed in the regulatory calculations of greenhouse gas (GHG) savings from its use. It also provides a means to demonstrate that risks to forest carbon stocks are managed and that forests' carbon sequestration capability is maintained.

Collectively, the six SBP Standards represent a certification framework, or scheme, against which organizations can be assessed for compliance by independent third-party Certification Bodies (CBs) such as SCS. An organization that satisfactorily demonstrates compliance receives a certificate and is entitled to make SBP claims in relation to its biomass.

For more information, and/or to obtain copies of the six SBP standards, please visit: www.sbp-cert.org

Consultation

With this email, SCS encourages interested stakeholders to submit relevant information and/or comments regarding the BP's forest management and fiber sourcing/procurement operations, in order to evaluate the BP's compliance with SBP requirements. SCS will:

- review and record all submissions

- evaluate relevant submissions

- document actions taken in relation to relevant submissions, and

- document its conclusions regarding compliance of the BP with the Standards.

If you have any questions/concerns regarding this notification, please email us back and we will follow up with you accordingly.

If you are not interested in participating or providing any comments for this organization, then you do not need to do anything at all in response to this email.

If you would like to be permanently removed from our stakeholder list (and thus not receive any future notifications in regards to this, or any other company), please reply with 'remove'.

7 Results

7.1 Main strengths and weaknesses

Pinnacle's staff, which include registered professional foresters who have a strong knowledge of the AB 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.

7.2 Rigour of Supply Base Evaluation

Not applicable

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. Armstrong division demonstrated full competency to analyse and report the required data on Greenhouse Gas emissions.

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 of AB and BC 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

SCS received two comments who have concerns about tracking certified pellets. SCS confirmed receipt of the comments and determined that comments were not valid given a strong trackign system in place and deemed that no further follow-up correspondence was necessary.

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.

Not applicable

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			

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	NC Grading: Minor
Standard & Requirement:	SBP ST2 V1.0 section 15.7
Description of Non-conformance and Related Evidence:	
The organization has a comprehensive management system in place for tracking and handling of fibre. The staff interviewed demonstrated adequate knowledge of the procedures and requirements of SBP standards. However, the organization did not conduct any formal training and hence failed to produce a training record.	
Timeline for Conformance:	By the next surveillance audit, but no later than 12 months from report finalisation date
Evidence Provided by Company to close NC:	Click or tap here to enter description provided by Company to close the NC.
Findings for Evaluation of Evidence:	
NC Status:	Open

NC number 02	NC Grading: Observation
Standard & Requirement:	SBP ST2 V1.0 IN-2C 1.1
Description of Non-conformance and Related Evidence:	
The organization has a prepared an SBR report but it has not been made publicly available.	
Timeline for Conformance:	Other

	Response is optional
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	
NC Status:	Open

NC number 3	NC Grading: Minor
Standard & Requirement:	SBP ST4; 5.3.3
Description of Non-conformance and Related Evidence:	
The organization uses one credit ledger for all sites and then allocate the amount to different sites based on credits sold. This indicates that the calculations, including data of inputs and outputs, are not site specific and are being combined between different sites. PEFC credits to be used for the production of SBP-compliant biomass cannot be exchanged between different SBP certificates.	
Timeline for Conformance:	6 months from the report finalisation
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>
Findings for Evaluation of Evidence:	
NC Status:	Open

NC number 4	NC Grading: Observation
Standard & Requirement:	SBP ID 5B, 4.2.1
Description of Non-conformance and Related Evidence:	
Entwistle mill sources only secondary fibre, however, the supply base report states that all primary fibre supplied to Pinnacle Renewable Energy Inc.- Entwistle Division originates in the Province of Alberta (AB), Canada. This contradicts with the actual feedstock supplied which is all secondary.	
Timeline for Conformance:	Other Response is optional
Evidence Provided by Company to close NC:	<i>Click or tap here to enter description provided by Company to close the NC.</i>

Findings for Evaluation of Evidence:	
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):	Sebastian Häfele
Date of decision:	24/08/2018
Other comments:	<i>Click or tap here to enter text.</i>